中国人寿保险股份有限公司
China Life Insurance Company Limited

Stock Code : 2628

2023 Annual Report

The Company was established in Beijing, China on 30 June 2003 according to the Company Law and the Insurance Law of the People's Republic of China. The Company was successfully listed overseas in December 2003 and returned to the domestic market as an A-share listed company in January 2007. The Company's registered capital is RMB28,264,705,000.

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

Our products and services include individual life insurance, group life insurance, and accident and health insurance. The Company is a leading provider of individual and group life insurance, annuity products and accident and health insurance in China. As at 31 December 2023, the Company had approximately 328 million long-term individual and group life insurance policies, annuity contracts, and long-term health insurance policies in force. We also provide both individual and group accident and short-term health insurance policies and services.

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CORE COMPETITIVENESS

Long history and excellent brand

The predecessor of the Company, one of the first batch of enterprises to underwrite insurance business in China, was approved by the Chinese Government for establishment in October 1949. After the restructuring and reorganisation, the Company was successively listed overseas and domestically. The Company has been playing the role of an explorer and pioneer in China's life insurance industry, and through long-term and continuous brand building, China Life has become one of the famous and strong brands in the world with growing brand value and influence.

Prominent principal business and sound financial strength

The Company sticks to the original role of insurance and further explores the huge potentials of the life insurance market. The Company has a sound institutional and services network, with its business outlets and services counters covering both urban and rural areas across China, which forms a powerful distribution and services network and through which the Company maintains its leading position in China's life insurance market and becomes the life insurance service provider within the reach of customers. Through the long-term development and accumulation, China Life has solid financial strength comparable to world-class enterprises in the world, with its total assets ranking No. 1 in the life insurance industry in China. As one of the largest institutional investors in China, the Company becomes one of the largest insurance asset management companies in China through its controlling shareholding in China Life Asset Management Company Limited.

Convenient services and superb customer experience

The Company adheres to the service concept of "honest and trustworthy, professional and efficient, customer-oriented, and first-class experience", develops the operation model of "multiple accesses at the front-end, intelligent centralisation at the headquarters, and comprehensive sharing for operations", and has established a customer-oriented digital operation and service system. The Company keeps considering and catering to demands of its customers, devoting itself to improve customer experience, and providing customers with "convenient, quality and caring" services. The Company also adheres to the concept of "people-oriented, caring for life, creating value and serving the community", with the aim to consistently contribute to the protection of people's good life.

Leading technologies and innovation empowerment

The Company implements the "Technology-driven China Life" development strategy in great depth by adhering to the leading concept of technological innovation. The Company has established digital platforms closely integrating online and offline resources with teams and outlets as the support and industry-leading hybrid clouds as the base, creating an open, win-win and diversified digital insurance ecosystem, facilitating the Company's digital transformation in all aspects, and accelerating the replacement of old growth drivers with new ones, through which the Company's business operation is empowered in all aspects, and the Company is able to provide smart, convenient, efficient and well-targeted comprehensive financial and insurance services to the public.

Professional and stable core team

During the long course of its development, the Company has accumulated a wealth of experience in operation and management and has a stable and professional management team that is well versed in the art of management in China's life insurance market. The Company's core management team and key personnel comprise those who have in-depth knowledge and understanding of the life insurance market in China, including the Company's senior management, experienced underwriting personnel, insurance actuaries, investment managers and risk management teams. During the Reporting Period, there was no change of the above personnel which might have a material impact on the Company. The Company has been pushing forward the reform of the market-oriented remuneration system, continuously stimulating its internal vitality, and building a talent team that matches its high-quality development.

HONORS AND AWARDS

"2023 Forbes Global 2000", ranking 62nd
"2023 Forbes China ESG Innovative Enterprise"

Forbes

"2023 Fortune China 500 List", ranking 12th

Fortune China

"Best Listed Insurance Company of the Year"

Financial Times
"2023 Gold Medal List of Chinese Financial Institution – Golden Dragon Award"

"Ark Prize for Insurance Company with High-quality Development in 2023"
"Ark Prize for Innovation in the Insurance Industry in 2023"
"Ark Prize for Excellent Social Responsibility in the Insurance Industry in 2023"

Securities Times
"Assessment and Selection of the Ark Prizes for China's Insurance Industry in 2023"

"2023 Excellent Insurance Company"
"2023 Digital Transformation Institution"

21st Century Business Herald

"Excellent Life Insurance Company of the Year"

National Business Daily
"2023 China Golden Tripod Awards"

"Annual Insurance Protection Brand Award"
"Annual Protection-oriented Insurance Product Award"
"Annual Insurance Service Award"

Shanghai Securities News
"2023 Assessment and Selection of the 'Golden Wealth Management'"

"2023 Top 50 List of Chinese Listed Company Governance"

China Corporate Governance Experts 50 Forum

"2023 Top 100 Chinese Listed Companies with ESG Best Practices selected by Wind"

Wind

"2023 Financial Institution with High-quality Development"

Chinatimes.net.cn

"Investment Golden Bull Award for the Insurance Industry"

China Securities Journal
"Assessment and Selection of the 3rd Investment Golden Bull Awards for China's Insurance Industry"

"Best Insurance Company for Responsible Investment"

Sina Finance
"2023 China Corporate ESG 'Golden Responsibility Award'"

BUSINESS HIGHLIGHTS

Gross written premiums
641,380
million

Total assets
5,802,086
million

Investment assets
5,659,250
million

Embedded value
1,260,567
million

Value of one year's sales
36,860
million

Comprehensive solvency ratio
218.54%

First-year regular premiums
112,573
million

First-year regular premiums with a payment duration of ten years or longer
49,522
million

Number of long-term in-force policies
3.28
hundred million

FINANCIAL SUMMARY

The Company has prepared the annual report 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*.

MAJOR FINANCIAL DATA AND INDICATORS FOR THE PAST FIVE YEARS[1]

RMB million

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

INFORMATION ON THE DIFFERENCE BETWEEN THE FINANCIAL STATEMENTS 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

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

MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS WITH CHANGE OF OVER 30% AND THE REASONS FOR CHANGE[Note]

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

Note: The items significantly affected by *IFRS 9 – Financial Instruments* are not presented because of no comparability with the same items last year.

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.

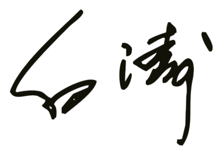
We advanced reforms in greater depth and continued to bring together the internal driving forces for development. Following the policy direction and responding to market demands, we gave full play to our own advantages and pushed forward a series of reforms (including the "Eight Reform Programs"), so 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 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.

By Order of the Board



Bai Tao
Chairman

27 March 2024

MANAGEMENT DISCUSSION AND ANALYSIS[1]

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.

1 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 report are relevant data under ASBE.

From left to right:

Mr. Bai Kai, Mr. Ruan Qi, Mr. Li Mingguang, Ms. Liu Hui, Mr. Zhao Guodong

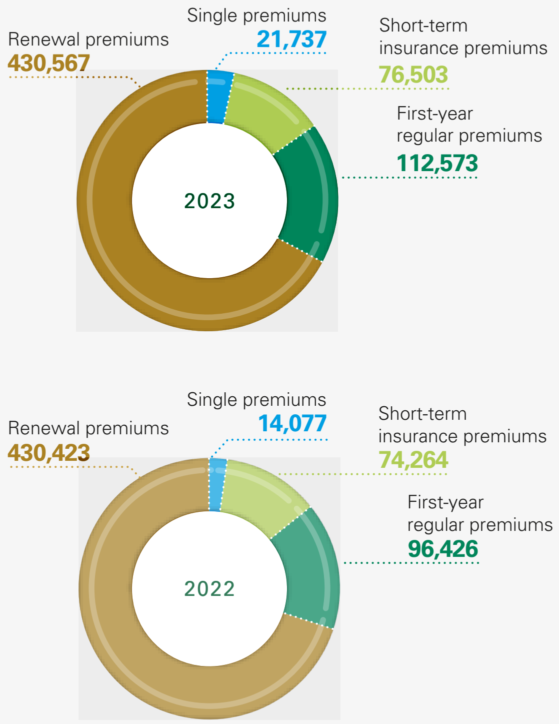
Key Performance Indicators of 2023

RMB million

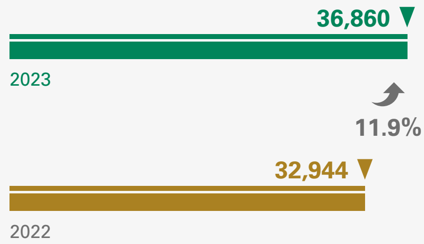
	2023	2022
Gross written premiums	**641,380**	615,190
Premiums from new policies	**210,813**	184,767
Including: First-year regular premiums	**112,573**	96,426
First-year regular premiums with a payment duration of ten years or longer	**49,522**	41,821
Renewal premiums	**430,567**	430,423
Value of one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

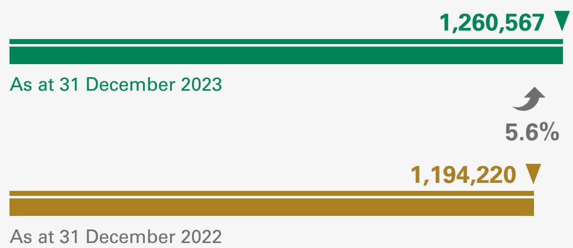
Gross written premiums breakdown (RMB million)



Value of one year's sales (RMB million)



Embedded value (RMB million)



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 accounting standards for insurance contracts 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.

BUSINESS ANALYSIS

Figures of Gross Written Premiums

Gross Written Premiums Categorised by Business

For the year ended 31 December RMB million

	2023	2022
Life insurance business	**512,622**	485,642
First-year business	**130,839**	105,291
First-year regular	**109,112**	91,273
Single	**21,727**	14,018
Renewal business	**381,783**	380,351
Health insurance business	**114,023**	115,329
First-year business	**65,655**	65,777
First-year regular	**3,460**	5,149
Single	**62,195**	60,628
Renewal business	**48,368**	49,552
Accident insurance business	**14,735**	14,219
First-year business	**14,319**	13,699
First-year regular	**1**	4
Single	**14,318**	13,695
Renewal business	**416**	520
Total	**641,380**	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%.

Gross Written Premiums Categorised by Channel

For the year ended 31 December RMB million

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

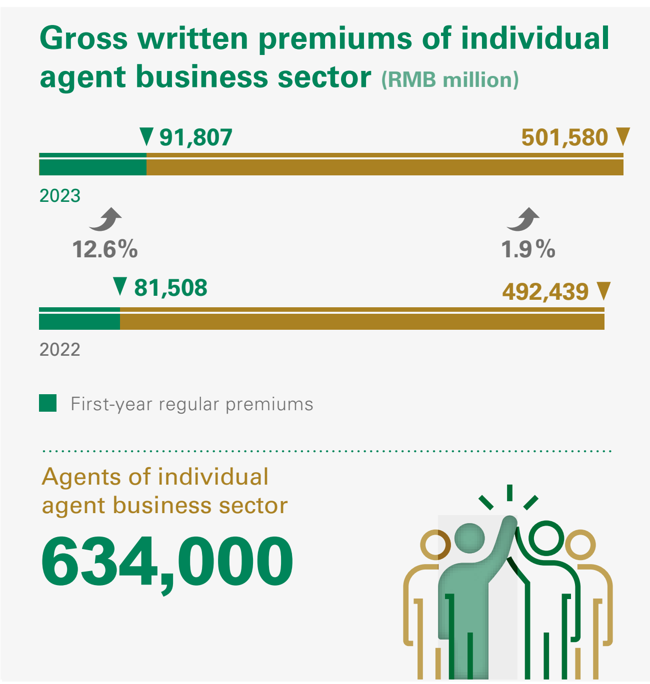
Insurance Business

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%[2] year on year.



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

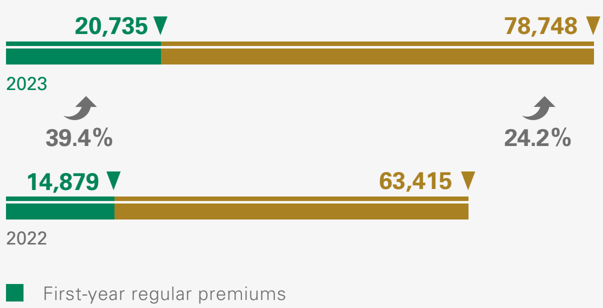
The diversified business sector pushed forward specialised business operation in great depth, concentrating on both business scale and value, and advancing the high-quality development of the Company. In 2023, the sector carried out more refined channels management, made new achievements in specialised 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%[3] year on year.

[2] The growth rate is calculated based on the restated results for 2022 using the 2023 embedded value economic assumptions.

[3] 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.

Gross written premiums of bancassurance channel (RMB million)

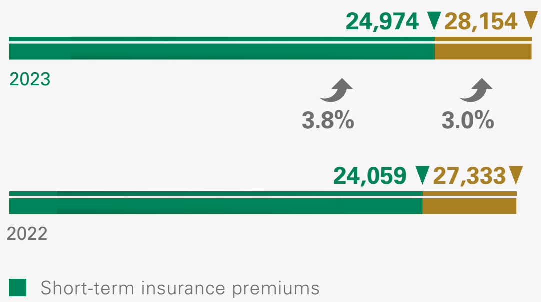


Account managers of bancassurance channel

23,000

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.

Gross written premiums of group insurance channel (RMB million)



Direct sales representatives of group insurance channel

37,000

Proportion of high-performance personnel rose by from the end of 2022 **4.7** percentage points

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[4] 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 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 Pension Company cross-sold by the Company through collaboration were RMB8,655 million. The Company entrusted 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 AMC and CLI, 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.

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.

4 Including premiums from online insurance business acquired by different sales channels of the Company.

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.

Top Five Insurance Products in terms of Gross Written Premiums

For the year ended 31 December 2023 RMB million

Insurance product	Gross written premiums	Standard premiums from new policies[Note]	Major sales channel	Surrender payment
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.

Top Three Insurance Products in terms of Net Increase in Policyholder Deposits[note]

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.

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.

Investment Portfolios

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

RMB million

Investment category	As at 31 December 2023 Amount	As at 31 December 2023 Percentage	As at 31 December 2022[1] Amount	As at 31 December 2022[1] Percentage
Fixed-maturity financial assets	**4,119,072**	**72.78%**	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[2]	**484,828**	**8.57%**	455,026	9.46%
Other fixed-maturity investments[3]	**61,215**	**1.08%**	80,126	1.67%
Equity financial assets	**1,099,601**	**19.43%**	890,926	18.51%
Common stocks	**430,200**	**7.60%**	432,700	8.99%
Funds[4]	**206,963**	**3.66%**	145,341	3.02%
Other equity investments[5]	**462,438**	**8.17%**	312,885	6.50%
Investment properties	**12,753**	**0.23%**	13,193	0.28%
Cash and others[6]	**169,064**	**2.99%**	166,127	3.45%
Investments in associates and joint ventures	**258,760**	**4.57%**	262,488	5.45%
Total	**5,659,250**	**100.00%**	4,811,893	100.00%

Notes:

1. 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.
2. 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.
3. Other fixed-maturity investments include statutory deposits-restricted and interbank certificates of deposits, etc.
4. 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.
5. Other equity investments include private equity funds, unlisted equities, preference shares and equity investment plans, etc.
6. 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%.

Investment Income

For the year ended 31 December RMB million

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

Notes:

1. 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.
2. 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%.

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.

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.

ANALYSIS OF SPECIFIC ITEMS

Insurance Contract Liabilities

RMB million

	As at 31 December 2023	As at 31 December 2022	Change
Insurance contract liabilities of long-term insurance business	**4,825,405**	4,231,075	14.0%
Insurance contract liabilities of short-term insurance business	**33,770**	35,872	-5.9%
Total of insurance contract liabilities	**4,859,175**	4,266,947	13.9%
Including: Contractual service margin	**769,137**	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.

Analysis of Cash Flows

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.

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.

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 — RMB million

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

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:

RMB million

	As at 31 December 2023	As at 31 December 2022
Core capital	**710,527**	699,688
Actual capital	**981,594**	1,007,601
Minimum capital	**449,160**	487,290
Core solvency ratio	**158.19%**	143.59%
Comprehensive solvency ratio	**218.54%**	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.

Sale of Material Assets and Equity

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

Major Subsidiaries and Associates of the Company[1]

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 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[2]	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
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

Notes:

1. For details, please refer to Note 10 and Note 33(b) in the Notes to the Consolidated Financial Statements in this annual report.
2. 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*.

Structured Entities Controlled by the Company

Details of structured entities controlled by the Company are set out in Note 33(b) in the Notes to the Consolidated Financial Statements in this annual report.

TECHNOLOGY CAPABILITIES, OPERATIONS AND SERVICES

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.

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.

FUTURE PROSPECT

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.

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.

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.

EMBEDDED VALUE

BACKGROUND

China Life Insurance Company Limited prepares financial statements to public investors in accordance with the relevant accounting standards. An alternative measure of the value and profitability of a life insurance company can be provided by the embedded value method. Embedded value is an actuarially determined estimate of the economic value of the life insurance business of an insurance company based on a particular set of assumptions about future experience, excluding the economic value of future new business. In addition, the value of one year's sales represents an actuarially determined estimate of the economic value arising from new life insurance business issued in one year based on a particular set of assumptions about future experience.

China Life Insurance Company Limited believes that reporting the Company's embedded value and value of one year's sales provides useful information to investors in two respects. First, the value of the Company's in-force business represents the total amount of shareholders' interest in distributable earnings, in present value terms, which can be expected to emerge over time, in accordance with the assumptions used. Second, the value of one year's sales provides an indication of the value created for investors by new business activity based on the assumptions used and hence the potential of the business. However, the information on embedded value and value of one year's sales should not be viewed as a substitute of financial measures under the relevant accounting basis. Investors should not make investment decisions based solely on embedded value information and the value of one year's sales.

It is important to note that actuarial standards with respect to the calculation of embedded value are still evolving. There is still no universal standard which defines the form, calculation methodology or presentation format of the embedded value of an insurance company. Hence, differences in definition, methodology, assumptions, accounting basis and disclosures may cause inconsistency when comparing the results of different companies.

Also, the calculation of embedded value and value of one year's sales involves substantial technical complexity and estimates can vary materially as key assumptions are changed. Therefore, special care is advised when interpreting embedded value results.

The values shown below do not consider the future financial impact of transactions between the Company and CLIC, CLI, AMC, Pension Company, CLP&C, and etc.

DEFINITIONS OF EMBEDDED VALUE AND VALUE OF ONE YEAR'S SALES

The embedded value of a life insurer is defined as the sum of the adjusted net worth and the value of in-force business allowing for the cost of required capital.

"Adjusted net worth" is equal to the sum of:

- Net assets, defined as assets less corresponding policy liabilities and other liabilities valued; and

- Net-of-tax adjustments for relevant differences between the market value and the book value of assets, together with relevant net-of-tax adjustments to certain liabilities.

The market value of assets can fluctuate significantly over time due to the impact of the prevailing market environment. Hence the adjusted net worth can fluctuate significantly between valuation dates.

The "value of in-force business" and the "value of one year's sales" are defined here as the discounted value of the projected stream of future shareholders' interest in distributable earnings for existing in-force business at the valuation date and for one year's sales in the 12 months immediately preceding the valuation date.

The value of in-force business and the value of one year's sales have been determined using a traditional deterministic discounted cash flow methodology. This methodology makes implicit allowance for the cost of investment guarantees and policyholder options, asset/liability mismatch risk, credit risk, the risk of operating experience's fluctuation and the economic cost of capital through the use of a risk-adjusted discount rate.

PREPARATION AND REVIEW

The embedded value and the value of one year's sales were prepared by China Life Insurance Company Limited in accordance with the "CAA Standards of Actuarial Practice: Appraisal of Embedded Value" issued by the China Association of Actuaries ("CAA"). Deloitte Consulting (Shanghai) Co., Ltd. performed a review of China Life's embedded value. The review statement is contained in the "Independent Actuaries Review Opinion Report on Embedded Value of China Life Insurance Company Limited" section.

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:

Components of Embedded Value and Value of One Year's Sales

RMB million

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

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

	31 December 2023	31 December 2022
By First Year Premium	**29.9%**	27.4%
By Annual Premium Equivalent	**31.3%**	31.0%

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
K	**Embedded Value as at 31 December 2023 (sum A through J)**	**1,260,567**

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	629,037	–

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	**41,035**	36,004	14.0%

INDEPENDENT ACTUARIES REVIEW OPINION REPORT ON EMBEDDED VALUE OF CHINA LIFE INSURANCE COMPANY LIMITED

China Life Insurance Company Limited ("China Life") has prepared embedded value results as at 31 December 2023 ("EV Results"). The disclosure of these EV Results, together with a description of the methodology and assumptions that have been used, are shown in the Embedded Value section.

China Life has retained Deloitte Consulting (Shanghai) Co., Ltd. to review its EV Results. The task is undertaken by Deloitte Actuarial and Insurance Solutions of Deloitte Consulting (Shanghai) Co., Ltd. ("Deloitte Consulting" or "we").

Scope of Work

Our scope of work covered:

- a review of the methodology used to develop the embedded value and value of one year's sales as at 31 December 2023, in accordance with the "CAA Standards of Actuarial Practice: Appraisal of Embedded Value", issued by the China Association of Actuaries ("CAA");

- a review of the economic and operating assumptions used to develop embedded value and value of one year's sales as at 31 December 2023; and

- a review of China Life's EV Results, including embedded value, value of one year's sales, analysis of embedded value movement from 31 December 2022 to 31 December 2023, and the sensitivity results of value of in-force business and value of one year's sales.

Basis of Opinion, Reliance and Limitation

We carried out our review work based on "CAA Standards of Actuarial Practice: Appraisal of Embedded Value", issued by CAA. In carrying out our review, we have relied on the completeness and accuracy of audited and unaudited data and information provided by China Life.

The determination of embedded value is based on a range of assumptions on future operations and investment performance. The future actual experiences are affected by internal and external factors, many of which are not entirely controlled by China Life. Hence the future actual experiences may deviate from these assumptions.

This report is addressed solely to China Life in accordance with the terms of our engagement letter. To the fullest extent permitted by applicable law, we do not accept or assume any responsibility, duty of care or liability to anyone other than China Life for or in connection with our review work, the opinions we have formed, or for any statements set forth in this report.

Opinion

Based on the scope of work above, we have concluded that:

- The embedded value methodology used by China Life is in line with the "CAA Standards of Actuarial Practice: Appraisal of Embedded Value" issued by CAA. This method is commonly used by life and health insurance companies in China;

- The economic assumptions used by China Life have taken into account the current investment market conditions and the investment strategy of China Life;

- The operating assumptions used by China Life have taken into account the past experience and the expectation of future experience; and

- The embedded value results are consistent with its methodology and assumptions used. The overall result is reasonable.

For and on behalf of
Deloitte Consulting (Shanghai) Co., Ltd.
Eric Lu Yu Jiang

27 March 2024

SIGNIFICANT EVENTS

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.).

MATERIAL LITIGATIONS OR ARBITRATIONS

During the Reporting Period, the Company was not involved in any material litigation or arbitration.

MAJOR CONNECTED TRANSACTIONS

Continuing Connected Transactions

During the Reporting Period, the following continuing connected transactions were carried out by the Company pursuant to Rule 14A.76(2) of the Rules Governing the Listing of Securities on the HKSE (the "Listing Rules"), including the insurance sales framework agreement between the Company and CLP&C, the asset management agreement between the Company and AMC, the framework agreement between the Company and China Life Capital, and the framework agreements entered into by China Life AMP with the Company, CLIC and CLI, respectively. These continuing connected transactions were subject to the reporting, announcement and annual review requirements but were exempt from the independent shareholders' approval requirement under the Listing Rules. CLIC, the controlling shareholder of the Company, holds 60% of the equity interest in CLP&C and 100% of the equity interest in CLI and China Life Capital. Therefore, each of CLIC, CLP&C, CLI and China Life Capital constitutes a connected person of the Company. AMC is held as to 60% and 40% by the Company and CLIC, respectively, and is therefore a connected subsidiary of the Company. China Life AMP is a subsidiary of AMC, and is therefore also a connected subsidiary of the Company.

During the Reporting Period, the continuing connected transaction carried out by the Company that was subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules included the agreement for entrusted investment and management and operating services with respect to alternative investments with insurance funds between the Company and CLI. Such agreement and the transactions thereunder have been approved by the independent shareholders of the Company.

During the Reporting Period, the Company also carried out certain continuing connected transactions, including the policy management agreement between the Company and CLIC, and the asset management agreement between CLIC and AMC, which were exempt from the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules in respect of the above continuing connected transactions. When conducting the above continuing connected transactions during the Reporting Period, the Company has followed the pricing policies and guidelines formulated at the time when such transactions were entered into.

Policy Management Agreement

The Company and CLIC entered into the 2022-2024 policy management agreement on 31 December 2021, with a term from 1 January 2022 to 31 December 2024. Pursuant to the agreement, the Company will accept CLIC's entrustment to provide policy administration services relating to the non-transferred policies. The Company acts as a service provider under the agreement and does not acquire any rights or assume any obligations as an insurer under the non-transferred policies. For details as to the method of calculation of the service fee, please refer to Note 33 in the Notes to the Consolidated Financial Statements. The annual cap in respect of the service fee to be paid by CLIC to the Company for each of the three years ending 31 December 2024 is RMB491 million.

For the year ended 31 December 2023, the service fee paid by CLIC to the Company amounted to RMB463.21 million.

Insurance Sales Framework Agreement

The Company and CLP&C entered into the 2021 insurance sales framework agreement on 20 February 2021, with a term of two years from 8 March 2021 to 7 March 2023, which could be automatically extended for one year to 7 March 2024. Pursuant to the agreement, CLP&C would entrust the Company to act as an agent to sell selected insurance products within the authorised regions, and pay an agency service fee to the Company in consideration of the services provided. For details as to the method of calculation of the agency service fee, please refer to Note 33 in the Notes to the Consolidated Financial Statements. The annual caps for the three years ended 31 December 2023 were RMB3,500 million, RMB3,830 million and RMB4,240 million, respectively.

The Company and CLP&C has entered into the 2024 insurance sales framework agreement on 23 February 2024, with a term of three years from 8 March 2024 to 7 March 2027. Pursuant to the agreement, CLP&C will continue to entrust the Company to act as an agent to sell selected insurance products within the authorised regions, and pay an agency service fee to the Company in consideration of the services provided. The annual caps for the three years ending 31 December 2026 are RMB2,620 million, RMB2,840 million and RMB3,110 million, respectively.

For the year ended 31 December 2023, CLP&C paid the Company an agency service fee of RMB1,705.64 million.

Asset Management Agreements

Asset Management Agreement between the Company and AMC

The Company and AMC entered into the 2023-2025 asset management agreement on 1 January 2023, with a term from 1 January 2023 to 31 December 2025. Pursuant to the 2023-2025 asset management agreement, AMC agreed to invest and manage assets entrusted to it by the Company, on a discretionary basis, within the scope granted by the Company and in accordance with the requirements of applicable laws and regulations, regulatory requirements and the investment guidelines given by the Company. In consideration of AMC's services in respect of investing and managing various categories of assets entrusted to it by the Company under the agreement, the Company agreed to pay AMC a service fee. For details as to the method of calculation of the service fee, please refer to Note 33 in the Notes to the Consolidated Financial Statements. The annual caps for the three years ending 31 December 2025 are RMB4,000 million, RMB5,000 million and RMB6,000 million, respectively.

For the year ended 31 December 2023, the Company paid AMC a service fee of RMB3,264.68 million.

Asset Management Agreement between CLIC and AMC

CLIC and AMC entered into the 2023-2025 asset management agreement on 29 December 2022, with a term from 1 January 2023 to 31 December 2025. Pursuant to the 2023-2025 asset management agreement, AMC agreed to invest and manage assets entrusted to it by CLIC, on a discretionary basis, subject to the investment guidelines and instructions given by CLIC. In consideration of AMC's services in respect of investing and managing assets entrusted to it by CLIC under the agreement, CLIC agreed to pay AMC a service fee. For details as to the method of calculation of the service fee, please refer to Note 33 in the Notes to the Consolidated Financial Statements. The annual cap for each of the three years ending 31 December 2025 is RMB500 million.

For the year ended 31 December 2023, CLIC paid AMC a service fee of RMB140.82 million.

Agreement for Entrusted Investment and Management and Operating Services with respect to Alternative Investments with Insurance Funds between the Company and CLI

As approved by the First Extraordinary General Meeting 2021 of the Company, the Company and CLI entered into the 2022-2024 agreement for entrusted investment and management and operating services with respect to alternative investments with insurance funds (the "2022-2024 Alternative Investment Agreement") on 27 December 2021. The 2022-2024 Alternative Investment Agreement was for a term from 1 January 2022 to 31 December 2023, and could be automatically renewed for one year. Pursuant to the 2022-2024 Alternative Investment Agreement, the Company would entrust CLI to perform services including the entrusted investment and management and the entrusted operation with respect to alternative investments. For the entrusted investment and management, it covered the equity/real estate direct investments, equity/real estate funds, non-standard financial products and quasi-securitisation financial products already entrusted by the Company to CLI for investment and management under the existing projects, as well as the non-standard financial products and quasi-securitisation financial products entrusted for investment under the new projects. CLI would invest and manage assets entrusted to it by the Company, on a discretionary basis, within the scope of utilisation of insurance funds as specified by the regulatory authorities and in accordance with the requirements of applicable laws and regulations and the investment guidelines of the Company, and the Company would pay CLI the investment management service fee, product management fee, real estate operation management service fee and performance reward in respect of the investment and management services provided by CLI to the Company. For the entrusted operation, CLI would provide the operating services to the Company with respect to the equity/real estate funds invested by the Company at its own discretion and within the scope prescribed in the agreement, and the Company would pay CLI the entrusted operation fee in this regard.

As approved by the 2022 Annual General Meeting of the Company, the Company and CLI entered into the 2023-2025 agreement for entrusted investment and management and operating services with respect to alternative investments with insurance funds (the "2023-2025 Alternative Investment Agreement") on 30 June 2023 to modify the type of assets entrusted by the Company to CLI for investment and management under the 2022-2024 Alternative Investment Agreement, and to set forth the pricing principle for each type of the products. The 2023-2025 Alternative Investment Agreement is for a term from 1 July 2023 to 31 December 2024, and can be automatically renewed for one year. The 2022-2024 Alternative Investment Agreement has been terminated and replaced by the 2023-2025 Alternative Investment Agreement after the latter came into effect. Pursuant to the 2023-2025 Alternative Investment Agreement, CLI will continue to invest and manage assets entrusted to it by the Company, on a discretionary basis, within the scope of utilisation of insurance funds as specified by the regulatory authorities and in accordance with the requirements of applicable laws and regulations and the investment guidelines of the Company, and the Company will pay CLI the investment management service fee, product management fee, real estate operation management service fee and performance reward in respect of the investment and management services provided by CLI to the Company. The entrusted assets under the 2023-2025 Alternative Investment Agreement include insurance asset management products, financial products, equity/real estate funds and public REITs products (which are mainly conducted by way of strategic fund and restrict to the participation in strategic placement). In addition, CLI will continue to provide the operating services to the Company with respect to the equity/real estate funds invested by the Company at its own discretion and entrusted by it to CLI for operation and management, and the Company will pay CLI the entrusted operation fee in this regard. For details as to the method of calculation of the fees for the investment and management services (including the investment management service fee, product management fee, real estate operation management service fee and performance reward) and the entrusted operation fee in relation to the operating services, please refer to Note 33 in the Notes to the Consolidated Financial Statements.

For the three years ending 31 December 2025, the annual caps on the contractual amount of assets newly entrusted by the Company to CLI for investment and management are RMB120,000 million (or its equivalent in foreign currency), RMB140,000 million (or its equivalent in foreign currency) and RMB150,000 million (or its equivalent in foreign currency), respectively, and the annual caps on the fees for the investment and management services payable by the Company to CLI (including the investment management service fee, product management fee, real estate operation management service fee and performance reward) and the entrusted operation fee in relation to the operating services are RMB1,500 million (or its equivalent in foreign currency), RMB1,800 million (or its equivalent in foreign currency) and RMB2,200 million (or its equivalent in foreign currency), respectively. The annual cap on the contractual amount of assets newly entrusted for investment and management, as well as the annual cap on the fees for the investment and management services and the entrusted operation fee for the year ended 31 December 2023 under the 2022-2024 Alternative Investment Agreement were both revised as the relevant annual caps under the 2023-2025 Alternative Investment Agreement, after the latter came into effect.

For the year ended 31 December 2023, the fees for the investment and management services (including the investment management service fee, product management fee, real estate operation management service fee and performance reward) and the entrusted operation fee in relation to the operating services paid by the Company to CLI amounted to RMB770.49 million, and the contractual amount of assets newly entrusted by the Company to CLI for investment and management was RMB76,764.50 million.

Cooperation Framework Agreement for Investment Management with Insurance Funds between the Company and China Life Capital

The Company and China Life Capital entered into the 2023-2025 framework agreement on 28 December 2022, with a term from 1 January 2023 to 31 December 2025. Pursuant to the agreement, the Company will subscribe in the capacity of the limited partner for the fund products of which China Life Capital or any of its subsidiaries serves (individually and jointly with third parties) as the general partner, and/or the fund products of which China Life Capital serves as the manager (including the fund manager and co-manager). For each of the three years ending 31 December 2025, the annual cap for the subscription by the Company in the capacity of the limited partner of the fund products of which China Life Capital or any of its subsidiaries serves as the general partner is RMB5,000 million, and the annual cap for the management fee charged by China Life Capital as the general partner or the manager of the fund products is RMB500 million.

For the year ended 31 December 2023, the amount of subscription by the Company in the capacity of the limited partner of the fund products of which China Life Capital or any of its subsidiaries serves as the general partner was RMB4,000.00 million, and the management fee charged by China Life Capital as the general partner or the manager of the fund products was RMB142.20 million.

Framework Agreements with China Life AMP

Framework Agreement between the Company and China Life AMP

The Company and China Life AMP entered into the 2023-2025 framework agreement on 30 December 2022, with a term of three years from 1 January 2023 to 31 December 2025. Pursuant to the agreement, the Company and China Life AMP will conduct certain daily transactions, including the subscription and redemption of fund products and private asset management. Pricing of the transactions under the agreement shall be determined by the parties through arm's length negotiations with reference to industry practices. For each of the three years ending 31 December 2025, the annual cap of the subscription price and corresponding subscription fee for the subscription of fund products is RMB20,000 million, the annual cap of the redemption price and corresponding redemption fee for the redemption of fund products is RMB20,000 million, and the annual cap of the management fee payable by the Company for the private asset management is RMB700 million.

For the year ended 31 December 2023, the subscription price and corresponding subscription fee for the subscription of fund products were RMB11,314.00 million, the redemption price and corresponding redemption fee for the redemption of fund products were RMB8,130.26 million, and the management fee paid by the Company for the private asset management was RMB26.70 million.

Framework Agreement between CLIC and China Life AMP

CLIC and China Life AMP entered into the 2023-2025 framework agreement on 9 December 2022, with a term of three years from 1 January 2023 to 31 December 2025. Pursuant to the agreement, CLIC will subscribe for or redeem the fund units of the funds managed by China Life AMP, and pay the relevant fees. Pricing of the transactions under the agreement shall be determined by the parties through arm's length negotiations with reference to industry practices. For each of the three years ending 31 December 2025, the annual cap of the subscription price and corresponding subscription fee for the subscription of fund products is RMB2,000 million, and the annual cap of the redemption price and corresponding redemption fee for the redemption of fund products is RMB2,000 million.

For the year ended 31 December 2023, the subscription price and corresponding subscription fee for the subscription of fund products were RMB0 million, and the redemption price and corresponding redemption fee for the redemption of fund products were RMB87.91 million.

Framework Agreement between CLI and China Life AMP

CLI and China Life AMP entered into the 2023-2025 framework agreement on 29 December 2022, with a term of three years from 1 January 2023 to 31 December 2025. Pursuant to the agreement, CLI and its subsidiaries will conduct certain daily transactions with China Life AMP, including the subscription and redemption of fund products and private asset management. Pricing of the transactions under the agreement shall be determined by the parties through arm's length negotiations with reference to industry practices. For each of the three years ending 31 December 2025, the annual cap of the subscription price and corresponding subscription fee for the subscription of fund products is RMB2,000 million, the annual cap of the redemption price and corresponding redemption fee for the redemption of fund products is RMB2,000 million, and the annual cap of the management fee payable by CLI and its subsidiaries for the private asset management is RMB20 million.

For the year ended 31 December 2023, the subscription price and corresponding subscription fee for the subscription of fund products were RMB140.00 million, the redemption price and corresponding redemption fee for the redemption of fund products were RMB140.00 million, and the management fee paid by CLI and its subsidiaries for the private asset management was RMB0 million.

Confirmation by Auditor

The Board has received a comfort letter from the auditor of the Company with respect to the above continuing connected transactions which were subject to the reporting, announcement and/or independent shareholders' approval requirements, and the letter stated that during the Reporting Period:

- nothing has come to the auditors' attention that causes them to believe that the disclosed continuing connected transactions have not been approved by the Company's Board of Directors;

- for transactions involving the provision of goods or services by the Company, nothing has come to the auditors' attention that causes them to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Company;

- nothing has come to the auditors' attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and

- nothing has come to the auditors' attention that causes them to believe that the amounts of the continuing connected transactions have exceeded the total amount of the annual caps set by the Company.

Confirmation by Independent Directors

The Company's Independent Directors have reviewed the above continuing connected transactions which were subject to the reporting, announcement and/or independent shareholders' approval requirements, and confirmed that:

- the transactions were entered into in the ordinary and usual course of business of the Company;

- the transactions were conducted on normal commercial terms;

- the transactions were entered into in accordance with the agreements governing those continuing connected transactions, and the terms are fair and reasonable and in the interests of shareholders of the Company as a whole; and

- the amounts of the above transactions have not exceeded the relevant annual caps.

Other Major Connected Transactions

Investment in Jiangxi Jiaotou Expressway Investment Fund (Limited Partnership)

As approved by the twenty-second meeting of the seventh session of the Board of Directors of the Company, the Company contributed RMB3,000,000,000 to the equity investment plan established by CLI and entered into an entrustment contract with CLI on 27 April 2023 for such purpose. All funds under the equity investment plan would be used for the subscription of limited partnership interest in Jiangxi Jiaotou Expressway Investment Fund (Limited Partnership). The partnership would primarily invest in highway projects in Jiangxi Province, the PRC. CLI had, on behalf of the equity investment plan and as a limited partner, entered into a partnership agreement with Jiangxi Jiaotou Jinshi Transportation and Investment Management Co., Ltd. ("Jiaotou Jinshi") (as the general partner and managing partner), and Jiangxi Communications Investment Group Co., Ltd. and Jiangxi Transportation Development Fund (Limited Partnership) (each as a limited partner) in relation to the formation of the partnership on 24 November 2022. China Life Jinshi Asset Management Company Limited ("China Life Jinshi") served as the manager of the partnership.

Investment in Jicang (Tianjin) Logistics Equity Investment Fund Partnership (Limited Partnership)

As approved by the twenty-third meeting of the seventh session of the Board of Directors of the Company, the Company contributed RMB999,000,000 to the equity investment plan established by CLI and entered into an entrustment contract with CLI on 8 May 2023 for such purpose. All funds under the equity investment plan would be used for the subscription of limited partnership interest in Jicang (Tianjin) Logistics Equity Investment Fund Partnership (Limited Partnership). The partnership would, directly or through one- or multi-level investment vehicles, make equity investment in certain project companies which are engaged in the operation of logistics real estate located in the PRC and which are held or to be acquired by Cainiao Network Technology Co., Ltd. and its designated affiliates. Such logistics real estate would be the completed projects for high-standard modernised warehouses with sophisticated operation that are located in the areas of important logistics node cities in the Yangtze River Delta where supplies and demands are relatively healthy. CLI had, on behalf of the equity investment plan and as a limited partner, entered into a partnership agreement with Hangzhou Youhu Enterprise Management Limited and China Life Properties Investment Management Company Limited ("China Life Properties") (each as a general partner and managing partner), and Zhejiang Cainiao Supply Chain Management Co., Ltd., Manulife-Sinochem Life Insurance Co., Ltd. and Chasing Jixiang Life Insurance Co., Ltd. (each as a limited partner) in relation to the formation of the partnership on 23 February 2023. China Life Capital served as the manager of the partnership.

Investment in Beijing MTR Equity Investment Fund Partnership (Limited Partnership)

As approved by the twenty-third meeting of the seventh session of the Board of Directors of the Company, the Company and CLP&C contributed RMB5,000,000,000 and RMB1,000,000,000, respectively, to the equity investment plan established by CLI. The Company entered into an entrustment contract with CLI on 12 May 2023 for such purpose. All funds under the equity investment plan would be used for the subscription of limited partnership interest in Beijing MTR Equity Investment Fund Partnership (Limited Partnership). The partnership would make equity investment in Beijing MTR Corporation Ltd. and eventually invest in the metro projects being developed and operated and to be developed and operated by such company. CLI had, on behalf of the equity investment plan and as a limited partner, entered into a partnership agreement with Beijing Capital Chuangxin Enterprise Management Co., Ltd. and China Life Industrial Investment Management Co., Ltd. ("CLIIM") (each as a general partner and managing partner), and Beijing Capital Group Co., Ltd. (as a limited partner) in relation to the formation of the partnership on 18 April 2023. China Life Capital served as the manager of the partnership.

Each of CLI, Jiaotou Jinshi, China Life Jinshi, China Life Properties, China Life Capital and CLIIM is an associate of CLIC, and therefore a connected person of the Company. The above transactions constituted one-off connected transactions of the Company that were subject to the reporting and announcement requirements but were exempt from the independent shareholders' approval requirement under Rule 14A.76(2) of the Listing Rules.

The Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules in respect of the above one-off connected transactions.

Statement on Claims, Debt Transactions and Guarantees etc. of a Non-operating Nature with Related Parties

During the Reporting Period, the Company was not involved in claims, debt transactions or guarantees of a non-operating nature with related parties.

MATERIAL CONTRACTS AND THEIR PERFORMANCE

During the Reporting Period, the Company neither acted as trustee, contractor or lessee of other companies' assets, nor entrusted, contracted or leased its assets to other companies, the profit or loss from which accounted for 10% or more of the Company's profits for the Reporting Period, nor were there any such matters that occurred in previous periods but subsisted during the Reporting Period.

During the Reporting Period, China Life Insurance Company Limited neither gave external guarantees nor provided guarantees to its holding subsidiaries.

As at the end of the Reporting Period, the external guarantee balance of the holding subsidiaries of the Company was RMB447 million[5].

Entrusted investment management during the Reporting Period or any entrusted investment management occurred in previous periods but subsisted during the Reporting Period: Investment is one of the principal businesses of the Company. The Company mainly adopts the mode of entrusted investment for management of its investment assets, and has established a diversified framework of entrusted investment management with China Life's internal managers playing the key role and the external managers offering effective supports. The internal managers include AMC and its subsidiaries, and CLI and its subsidiaries. The external managers comprise both domestic and overseas managers, including fund companies, securities companies and other professional investment management institutions. The Company selected different investment managers based on the purpose of allocation of various types of investments, their risk features and the expertise of different managers, so as to establish a great variety of investment portfolios and improve the efficiency of insurance fund utilisation. The Company entered into entrusted investment management agreements or asset management contracts with all managers and supervised the managers' daily investment performance through the measures such as investment guidelines, asset custody and performance appraisals. The Company also adopted risk control measures in respect of specific investments based on the characteristics of different managers and investment products.

Except as otherwise disclosed in this report, the Company had no other material contracts during the Reporting Period.

UNDERTAKINGS MADE BY THE PARTIES INCLUDING THE COMPANY'S EFFECTIVE CONTROLLER, SHAREHOLDERS, RELATED PARTIES, ACQUIRERS AND THE COMPANY WHICH ARE EITHER GIVEN OR EFFECTIVE DURING THE REPORTING PERIOD

Prior to the listing of the Company's A Shares (30 November 2006), land use rights were injected by CLIC into the Company during its reorganisation. Out of these, four pieces of land (with a total area of 10,421.12 square meters) had not had its formalities in relation to the change of ownership completed. Further, out of the properties injected into the Company, there were six properties (with a gross floor area of 8,639.76 square meters) in respect of which the formalities in relation to the change of ownership had not been completed. CLIC undertook to assist the Company in completing the above-mentioned formalities within one year of the date of listing of the Company's A Shares, and in the event that such formalities could not be completed within such period, CLIC would bear any potential losses to the Company due to the defective ownership.

CLIC strictly followed these commitments. As at the end of the Reporting Period, save for the two properties and related land of the Company's Shenzhen Branch, the ownership registration formalities of which had not been completed due to historical reasons, all other formalities in relation to the change of land and property ownership had been completed. The Shenzhen Branch of the Company continues to use such properties and land, and no other parties have questioned or hindered the use of such properties and land by the Company.

The Company's Shenzhen Branch and the other co-owners of the properties have issued a letter to the governing department of the original owner of the properties in respect of the confirmation of ownership of the properties, requesting it to report the ownership issue to the State-owned Assets Supervision and Administration Commission of the State Council ("SASAC"), and requesting the SASAC to confirm the respective shares of each co-owner in the properties and to issue written documents in this regard to the department of land and resources of Shenzhen, so as to assist the Company and the other co-owners to complete the formalities in relation to the division of ownership of the properties.

5 The guarantee occurred before the company became a holding subsidiary of the Company in 2023, and did not involve the provision of guarantee for the Company's shareholders, effective controller or their related parties.

Given that the change of ownership of the above two properties and related land use rights were directed by the co-owners, and all formalities in relation to the change of ownership were proceeded slowly due to reasons such as issues rooted in history and government approvals, CLIC, the controlling shareholder of the Company, made further commitment as follows: CLIC will assist the Company in completing, and urge the co-owners to complete, the formalities in relation to the change of ownership in respect of the above two properties and related land use rights as soon as possible. If the formalities cannot be completed due to the reasons of the co-owners, CLIC will take any other legally practicable measures to resolve the issue and will bear any potential losses suffered by the Company as a result of the defective ownership.

ALLEGED VIOLATION OF LAWS AND REGULATIONS BY, PENALTIES IMPOSED ON AND RECTIFICATION OF THE COMPANY AND ITS CONTROLLING SHAREHOLDERS, EFFECTIVE CONTROLLER, DIRECTORS, SUPERVISORS OR SENIOR MANAGEMENT

During the Reporting Period, the Company was not investigated for suspected crimes according to law, and none of its controlling shareholders, effective controller, Directors, Supervisors and senior management were subject to any compulsory measures for suspected crimes according to law. The Company or its controlling shareholders, effective controller, Directors, Supervisors and senior management were not subject to any criminal punishment, investigation by the CSRC for alleged violation of laws and regulations, administrative penalty by the CSRC, or material administrative penalty by other competent authorities, nor were they detained by the disciplinary inspection and supervision authorities for alleged serious violation of disciplines or laws or duty-related crimes which had an impact on their performance of duties. None of the Company's Directors, Supervisors and senior management were subject to any compulsory measures by other competent authorities for alleged violation of laws and regulations which had an impact on their performance of duties.

RESTRICTION ON MAJOR ASSETS

The major assets of the Company are financial assets. During the Reporting Period, there was no major asset of the Company being seized, detained or frozen that is subject to the disclosure requirements.

OTHER MATTERS

The "Resolution on the Issue of Capital Supplementary Bonds by the Company" was considered and approved at the First Extraordinary General Meeting 2023 of the Company, pursuant to which the Company intended to issue capital supplementary bonds in the PRC with a total amount of no more than RMB35 billion in one or more tranches, depending on market conditions. The proceeds from the issue of the capital supplementary bonds will be used for replenishing the supplementary tier 1 capital of the Company in accordance with applicable laws and the approvals from regulatory authorities, so as to support the sustained and steady development of its business. The issue is still subject to the approval by regulatory authorities. Investors are advised to pay attention to the announcements made by the Company in its listed jurisdictions for the further development in this regard.

CORPORATE GOVERNANCE

REPORT OF THE BOARD OF DIRECTORS

Directors of the Company during the Reporting Period and up to the date of this report were as follows:

EXECUTIVE DIRECTORS	Bai Tao (Chairman)	
	Li Mingguang	
	Zhao Peng	(resigned on 4 August 2023 due to the adjustment of work arrangements)
NON-EXECUTIVE DIRECTORS	Wang Junhui	
	Zhuo Meijuan	(appointed on 21 June 2023)
INDEPENDENT DIRECTORS	Lam Chi Kuen	
	Zhai Haitao	
	Huang Yiping	
	Chen Jie	

From left to right:

Mr. Huang Yiping, Mr. Lam Chi Kuen, Mr. Wang Junhui, Mr. Bai Tao, Mr. Li Mingguang, Ms. Zhuo Meijuan, Mr. Zhai Haitao, Ms. Chen Jie

PRINCIPAL BUSINESS

The Company is a leading life insurance company in China and possesses an extensive distribution network comprising exclusive agents, direct sales representatives, and dedicated and non-dedicated agencies, providing products and services such as individual and group life insurance, accident and health insurance. The Company is one of the largest institutional investors in China, and becomes one of the largest insurance asset management companies in China through its controlling shareholding in AMC. The Company also has controlling shareholding in Pension Company.

BUSINESS REVIEW

Overall Operation of the Company during the Reporting Period

For details of the overall operation of the Company during the Reporting Period, the future development of its business and the principal risks faced by it, please refer to the sections headed "Management Discussion and Analysis" and "Internal Control and Risk Management" in this annual report. These discussions form part of the "Report of the Board of Directors".

Environmental and Social Responsibilities

Work on Green Finance

To consistently carry out the national decisions and arrangements with respect to promoting green development, the Company established a green finance system with China Life characteristics, promoting the high-quality development of green insurance business. It continued to step up its support to green, low-carbon and circular economy, and consistently enhanced the quality and effectiveness of green insurance business in serving the green transition of economy and society. Focusing on key fields and major industries of ecological civilisation construction, the Company safeguarded the high-quality development in a green and low-carbon way. In 2023, the Company improved its capability in supplying green insurance products, providing insurance protection of RMB603,165 million to customers from the green industries. It also incorporated ESG concept into investment management and practices. As at 31 December 2023, its green investments amounted to RMB462,788 million.

Work on Low-carbon Operation

With the incorporation of the overall environmental goal of "ensuring a healthy and friendly environment for the accomplishment of 'carbon neutrality'" into all aspects of its operations, the Company effectively proceeded with various tasks such as energy saving and emission reduction, green operation and green office, prioritising eco-environmental conservation and green development with steadfast efforts. In 2023, the Company continued to improve its online, intensive and intelligent operations and services, as a result of which over 6,000 tonnes of paper were saved. The "Measures for the Administration of Energy Saving and Emission Reduction of China Life Insurance Company Limited" was revised to strengthen the planning, organisation, adjustment and control and management of the energy supply and entire energy process, and a number of office buildings were awarded LEED platinum certification. With the construction of a sustainable supply chain as its goal, the Company considered environmental performance as one of the key factors for assessment of its suppliers, and gave priority to the procurement of energy-saving products and equipments as well as new energy vehicles, practising an eco-friendly, low-carbon operational model.

Work on Social Responsibility

The Company integrated the concept of "performing social responsibilities" into its core values, gave full play to the advantages of the insurance industry, and shouldered corporate social responsibilities in serving the "National Priorities". The Company continued to improve its capability in inclusive financing services and established a senior-care service supply mode featuring "one main model with several complementary models". As at 31 December 2023, the Company carried out over 200 supplementary major medical expenses insurance programs, covering nearly 350 million people. It also implemented over 120 city-customised commercial medical insurance projects accumulatively, covering over 40 million people. Meanwhile, it undertook over 70 long-term care insurance programs, providing services to more than 38 million people. The third-pillar private pension business ranked among the top of the industry, with its investment in the senior-care field amounting to nearly RMB10 billion. Adhering to the aspiration of sharing the achievements of corporate development with the society, the Company devoted itself to public welfare and charitable undertakings, and organised charitable activities such as "Art Education Program – Children's Charity Spring Festival Gala" and "Caring for Women and Protecting their Health". It donated RMB36 million to China Life Foundation as well as public welfare insurance policies to 776,700 people-times. The Company organised volunteer service teams to take part in volunteer service activities such as "Civilisation 100+", formed over 320 service teams consisting of youth volunteers, with more than 2,800 registered youth volunteers, and offered volunteer services of over 540 times.

Specific Work on Consolidation of Achievements in Poverty Alleviation and Rural Revitalisation Undertakings

In 2023, the Company strengthened its corporate responsibility, coordinated joint forces from all fronts to offer assistance, and continued to improve its long-term mechanism for assistance, so as to make every effort to enhance the quality and efficiency of finance and insurance serving rural revitalisation. The Company dispatched 980 cadres staying at villages for assistance, undertook projects in 1,171 assistance localities, and devoted assistance funds of RMB33.66 million for the year, helping farmers to improve both production and income. The Company made substantial efforts to develop insurance business in response to the demands of rural residents for diversified insurance protection and offered risk protection of RMB30.71 trillion for 280 million rural residents within the year. The claims payment of RMB15,858 million were made to 4.35 million people, which helped guard against the bottom line of poverty. Based on the characteristics of people lifted out of poverty, the Company commenced targeted insurance business in relation to rural revitalisation and developed four new exclusive products to provide multi-level insurance protections, offering risk protection of RMB1.53 trillion for the year, a year-on-year increase of 43%. The Company strived to make innovation in assistance measures, expanded the coverage for assistance, learned and practiced the experience acquired from "Ten Million Projects", so as to enhance the effectiveness of assistance initiatives and facilitate rural revitalisation in all aspects.

Compliance by the Company with the Relevant Laws and Regulations that have a Significant Impact

The Company adhered to the code of conduct of "being trustworthy, assuming risks, emphasising on services and being legal compliant" and promoted the compliance culture and concepts of "being compliant on a proactive basis, and creating value from compliance", thereby creating the compliance environment of "starting from the top level and having responsibility for all to be compliant". The Company strictly observed and effectively implemented applicable laws and regulations and regulatory requirements, such as the Insurance Law, the Company Law, the Securities Law, the "Personal Information Protection Law", the "Regulations on Preventing and Dealing with Illegal Fund-raising", the "Provisions on the Administration of Insurance Companies", the "Measures of the China Banking and Insurance Regulatory Commission on Administrative Punishment", the "Measures for the Administration of the Utilisation of Insurance Funds", the "Provisions on the Supervision and Administration of Insurance Agents", the "Rules for the Information Disclosure of Personal Insurance Products with a Term of One Year or More", the "Standards for the Corporate Governance of Banking and Insurance Institutions", the "Provisions on the Administration of Solvency of Insurance Companies", the "Solvency Regulatory Rules II for Insurance

Companies", the "Notice on Optimising the Solvency Regulatory Standards for Insurance Companies", the "Measures for the Administration of Connected Transactions of Banking and Insurance Institutions", and the "Measures for the Administration of Banking and Insurance Supervision and Statistics", consistently improved its systems and mechanisms, and stringently implemented the spirit and requirements of major regulatory documents on insurance product development and design, information disclosure, sales management, insurance agents management, protection of consumers' rights and interests and customers' information, corporate governance, fund utilisation, solvency management, connected transactions management, reinsurance management and data governance, etc., as released by the NFRA, for the purpose of further carrying out compliance management responsibilities at all levels and in various lines. The Company consistently optimised the compliance management framework of "three lines of defense" to ensure that the three lines of defense performed their own functions and responsibilities and collaborated with each other, which formed a joint force in compliance management. The Company also consolidated its foundation in all aspects for its steady and healthy development and firmly held on to the bottom line of the systematic risk, which guaranteed the healthy and high-quality development of the Company on an ongoing basis.

Relationship between the Company and its Customers

Being customer-centric all along, the Company was committed to offering high-quality services to customers, and provided insurance services and value-added services for more than 500 million customers on a cumulative basis.

The Company consistently implemented various regulatory requirements by integrating the protection of consumers' rights and interests into every aspect of corporate governance and business operation and management, further optimised the development of the systems and mechanisms for the protection of consumers' rights and interests, promoted the effective operation of various mechanisms for the protection of consumers' rights and interests such as consumer protection review and assessment, internal training and internal audit, etc., and took active actions in transition from after-event management and control to practising the consumer protection concept along the whole chain, so as to create a "comprehensive consumer protection" paradigm. In 2023, the Company carried out over 15,000 educational and promotion activities in total, with the number of consumers involved reaching approximately 290 million.

Please also refer to the "Technology Capabilities, Operations and Services" in the section headed "Management Discussion and Analysis" in this annual report.

Relationship between the Company and its Employees

The Company created a harmonious labour relationship according to law and entered into employment contracts with its employees in a timely manner. The Company strengthened the management of employees in all aspects by establishing the following mechanisms: an employee management mechanism with the characteristics of focus on grass roots, combination of training and working of employees, hierarchical responsibility and unified standard; a performance management mechanism that was strategy-based and result-oriented, adopted hierarchical classification, and focused on application; and a remuneration distribution mechanism that was based on the principles of salary determined by position, remuneration paid based on performance, emphasis on incentives and preference to the grass roots, and was compatible with the high-quality development requirements of the Company. The Company also emphasised on the cultivation and development of employees by building and optimising a "four-in-one" talent training system on an ongoing basis, pursued classification of employees for training with an equal emphasis on full coverage, strived to apply cultivation and training in the entire process of growth of cadres and employees, and continued to focus on empowerment. The Company attached importance to humanistic concern by constantly improving the mechanism for communication with employees, safeguarding the legitimate rights and interests of employees in a practical manner and encouraging employees to arrange vacations and annual leave in a scientific way, with an aim to achieve work-life balance.

The Company actively promoted the construction of a corporate democratic management system with employee representative meetings as its basic form to protect the democratic rights of employees and to facilitate the joint development between employees and the Company. The Company and its provincial branches have fully established the system of employee representative meetings, safeguarded the right to know, right to propose, right to decide and right to vote at such meetings according to law, and inspected and monitored the implementation of any resolutions adopted by employee representative meetings, thus carrying out the function of supervising the implementation of proposals in a serious manner and constantly improving democratic management. In 2023, the Company held employee representative meetings for all employees twice, during which the "Report on the By-election of Representatives of the Third Session of the Employee Representative Meeting of the Company", the "Report on the Review of the Representatives' Qualification", the "Report on the Candidates for Additional Employee Representative Supervisors of the Seventh Session of the Board of Supervisors", the "Report on the Amendments to the Provisions for Handling of Violations of Regulations by Employees of China Life Insurance Company Limited (Revised in 2023)", the "Duty Report of the Board of Supervisors of China Life Insurance Company Limited for the Year 2022", the "Report on the Amendments to the Measures for Supplementary Commercial Insurance Protection for Employees of Branches of China Life Insurance Company Limited", and the "Report on the Provisional Measures for the Administration of Professional Personnel of China Life Insurance Company Limited" were considered and approved, respectively.

For details regarding the Company's employees (including the number of employees, professional composition, education levels, employee diversity, remuneration policy and training plans), please refer to the section headed "Directors, Supervisors, Senior Management and Employees" in this annual report.

For information during the Reporting Period such as the environmental and social responsibilities of the Company, the relationship between the Company and its customers, and the relationship between the Company and its employees, please also refer to the full text of the 2023 Environmental, Social and Governance & Social Responsibility Report separately disclosed by the Company on the website of the SSE (www.sse.com.cn) and the HKExnews website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) simultaneously.

FORMULATION AND IMPLEMENTATION OF PROFIT DISTRIBUTION POLICY

In accordance with Article 217 of the Articles of Association, the Basic Principles of the Company's Profit Distribution Policy are as follows:

- The Company shall take the investment return for investors into full account and allocate the required percentage of the Company's realised distributable profits to shareholders as dividends each year;

- The Company shall maintain a sustainable and steady profit distribution policy and at the same time take into consideration the Company's long-term interest, general interest of all the shareholders and the sustainable development of the Company;

- The Company shall give priority to cash dividends as its profit distribution manner.

In accordance with Article 218 of the Articles of Association, the Company's Profit Distribution Policy is as follows:

- Profit distribution modes: The Company may distribute dividends in the form of cash or shares or a combination of cash and shares. If practicable, the Company may distribute interim dividends. The Company's dividends shall not bear interest, save in the case where the Company fails to distribute the dividends to the shareholders on the day when dividends were due to have been distributed;

- Conditions for and percentage of distribution of cash dividends: If the Company makes profits in a given year and the cumulative undistributed profit is positive, the Company shall distribute dividends in the form of cash and the cumulative profits distributed in cash over the past three years by the Company shall be no less than thirty percent (30%) of the average annual distributable profits in recent three years;

- Conditions for distribution of share dividends: If the Company's operation is sound and the Board of Directors is of the opinion that share dividends distribution is in the interest of all the Company's shareholders since the Company's stock price does not match the Company's share capital, the Company may propose a share dividends distribution plan if the conditions for cash dividends listed above are satisfied.

In addition, the Company's profit distribution is required to comply with relevant regulatory requirements. If the Company's core solvency ratio or comprehensive solvency ratio does not meet the minimum requirements, the regulatory authorities may adopt regulatory measures against the Company due to its failure to meet the minimum requirements, which may restrict the Company's ability to distribute dividends to its shareholders.

In accordance with Article 219 of the Articles of Association, the Procedures of Reviewing the Company's Profit Distribution Proposal are as follows:

The Company's profit distribution proposal shall be reviewed by the Board of Directors. The Board of Directors shall have a sufficient discussion of the reasonableness of the profit distribution proposal. After a special resolution regarding the proposal is reached and independent opinions have been given by the Company's Independent Directors, the proposal shall be submitted to the Company's general meeting for approval. In reviewing the profit distribution proposal, the Company shall provide online voting mechanism to the shareholders. When deliberating on specific cash dividend proposal by the Company's general meeting, the Company shall make active communication with shareholders, especially small- and medium-sized shareholders, through various channels. The Company shall also fully solicit opinions and appeals from shareholders, and give timely reply to concerns of small- and medium-sized shareholders.

Profit Distribution Plan and Public Reserves Capitalisation Plan for the Year 2023

In accordance with the profit distribution plan for the year 2023 approved by the Board on 27 March 2024, with the appropriation to its discretionary surplus reserve fund of RMB1,753 million (10% of the net profit for 2023), the Company, based on 28,264,705,000 shares in issue, proposed to distribute cash dividends amounting to approximately RMB12,154 million (representing 58% of the net profit attributable to equity holders of the Company in the consolidated statements) to all shareholders of the Company at RMB0.43 per share (inclusive of tax). The foregoing profit distribution plan is subject to the approval by the 2023 Annual General Meeting. Dividends payable to domestic shareholders are declared, valued and paid in RMB. Dividends payable to shareholders of the Company's overseas-listed foreign shares are declared and valued in RMB and paid in the currency of the jurisdiction in which the overseas-listed foreign shares are listed (if the Company is listed in more than one jurisdiction, dividends shall be paid in the currency of the Company's principal jurisdiction of listing as determined by the Board). The Company shall pay dividends to shareholders of overseas-listed foreign shares in conformity with the PRC regulations on foreign exchange control. If no such regulations are in place, the applicable exchange rate is the average closing rate published by the People's Bank of China one week before the date of declaration of the distribution of dividends.

No public reserve capitalisation is provided for in the profit distribution plan for the year.

The profit distribution policy of the Company complied with the Articles of Association and the examination and approval procedures of the Company, clearly defined the dividend distribution standards and percentage and the decision-making procedures and system. Small- and medium-sized shareholders of the Company have sufficient opportunities to express their opinions and appeals, and their legitimate rights have been well protected. The Independent Directors diligently considered the profit distribution policy and expressed their independent opinions in this regard.

DISTRIBUTABLE RESERVES

As at the end of 31 December 2023, the distributable reserves of the Company was RMB207,030 million.

PROPERTY, PLANT AND EQUIPMENT

Details of the movement in property, plant and equipment of the Company are set out in Note 7 in the Notes to the Consolidated Financial Statements in this annual report.

SHARE CAPITAL

Details of the movement in share capital of the Company are set out in Note 34 in the Notes to the Consolidated Financial Statements in this annual report.

MANAGEMENT CONTRACTS

No management or administration contracts for the whole or substantial part of any business of the Company were entered into during the Reporting Period.

PENSION PLAN

Full-time employees of the Company are covered by various government-sponsored pension plans, under which the employees are entitled to a monthly pension based on certain formulae. These government agencies are responsible for the pension liability to these employees upon retirement. The Company contributes on a monthly basis to these pension plans for full-time employees. All contributions made under the government-sponsored pension plans described above are fully attributable to employees of the Company at the time of the payment and the Company is unable to forfeit any amounts contributed by it to such plans. In addition to the government-sponsored pension plans, the Company established an employee annuity fund plan pursuant to the relevant laws and regulations in the PRC, whereby the Company is required to contribute to the plan at fixed rates of the employees' salary costs. Contributions made by the Company under the annuity fund plan that is forfeited in respect of those employees who resign from their positions prior to the full vesting of the contributions will be recorded in the public account of the annuity fund and shall not be used to offset any contributions to be made by the Company in the future. All funds in the public account will be attributed to the employees whose accounts are in normal status after the approval procedures are completed as required. Under these plans, the Company has no legal or constructive obligation for retirement benefit beyond the contributions made.

INTEREST-BEARING LOANS AND OTHER BORROWINGS

As at the end of the Reporting Period, the interest-bearing loans and other borrowings of the Company included a five-year bank loan of GBP275 million with a maturity date on 25 June 2024, which is fixed rate bank loan. Interest-bearing loans and other borrowings also included a five-year bank loan of USD970 million with a maturity date on 27 September 2024, a three-year bank loan of EUR330 million with a maturity date on 8 March 2024, and an eighteen-month bank loan of EUR98 million with a maturity date on 8 March 2024, all of which are floating rate bank loans. Details of the interest-bearing loans and other borrowings of the Company are set out in Note 15 in the Notes to the Consolidated Financial Statements in this annual report.

CHARITABLE DONATIONS

The total amount of charitable donations made by the Company during the Reporting Period was approximately RMB37.59 million.

INFORMATION OF TAX DEDUCTION FOR HOLDERS OF LISTED SECURITIES

Shareholders of the Company are taxed and/or enjoy tax relief for the dividend income received from the Company in accordance with the "Individual Income Tax Law of the People's Republic of China", the "Enterprise Income Tax Law of the People's Republic of China", and relevant administrative rules, governmental regulations and regulatory documents. Please refer to the announcement published by the Company on the website of the SSE on 7 July 2023 for the information on income tax in respect of the dividend distributed to A Share shareholders during the Reporting Period, and the announcement published by the Company on the HKExnews website of Hong Kong Exchanges and Clearing Limited on 28 June 2023 for the information on income tax in respect of the dividend distributed to H Share shareholders during the Reporting Period.

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.

H SHARE STOCK APPRECIATION RIGHTS

No H Share stock appreciation rights of the Company were granted or exercised in 2023. The Company will deal with such rights and related matters in accordance with the PRC governmental policies.

DAY-TO-DAY OPERATIONS OF THE BOARD

Details of the Board meetings and the Board's performance of its duties during the Reporting Period are set out in the section headed "Report of Corporate Governance" in this annual report.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

None of the Directors or Supervisors has entered into any service contracts with the Company and its subsidiaries that are not terminable within one year or can only be terminated by the Company with payment of compensation (other than statutory compensation).

INTERESTS OF DIRECTORS AND SUPERVISORS (AND THEIR CONNECTED ENTITIES) IN MATERIAL TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

None of the Directors or Supervisors (and their connected entities) is or was materially interested, directly or indirectly, in any transaction, arrangement or contract of significance entered into by the Company or its controlling shareholders or any of their respective subsidiaries at any time during the Reporting Period or subsisted at the end of the Reporting Period.

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES

No arrangements to which the Company, any of its subsidiaries or holding companies, or any subsidiary of the Company's holding companies is a party, and whose objects are, or one of whose objects is, to enable Directors or Supervisors (including their spouses and children under the age of 18) to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, subsisted at any time during the Reporting Period or at the end of the Reporting Period.

DISCLOSURE OF INTERESTS OF DIRECTORS, SUPERVISORS AND THE CHIEF EXECUTIVE IN THE SHARES OF THE COMPANY

As at the end of the Reporting Period, none of the Directors, Supervisors and the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) that were required to be recorded in the register of the Company pursuant to Section 352 of the SFO or which had to be notified to the Company and the HKSE pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules. In addition, the Board has created a code of conduct in relation to the sale and purchase of the Company's securities by Directors and Supervisors, which is no less stringent than the Model Code. Upon specific inquiry by the Company, the Directors and Supervisors have confirmed observation of the Model Code and the Company's own code of conduct in the year of 2023.

PERMITTED INDEMNITY PROVISION

The Company made appropriate insurance arrangement with respect to legal actions that might be faced by its Directors in connection with corporate activities, and such insurance arrangement was in force during the Reporting Period and up to the date of this report.

PRE-EMPTIVE RIGHTS AND ARRANGEMENTS FOR SHARE OPTIONS

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

RESPONSIBILITY STATEMENT OF DIRECTORS ON FINANCIAL REPORTS

The Directors are responsible for overseeing the preparation of the financial report for each financial period which gives a true and fair view of the Company's financial position, performance results and cash flows for that period. To the best knowledge of the Directors, there was no event or condition during the Reporting Period that might have a material adverse effect on the continuing operation of the Company.

BOARD'S STATEMENT ON INTERNAL CONTROL

In accordance with the requirements of the "Standard Regulations on Corporate Internal Control", the Board conducted an assessment on internal control relating to the Company's financial reporting functions, and confirmed that its internal control was effective as at 31 December 2023.

MAJOR CUSTOMERS

In 2023, the gross written premiums received from the Company's five largest customers accounted for less than 5% of the Company's gross written premiums for the year. There is no related party of the Company among the five largest customers.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and within the knowledge of the Directors as at the latest practicable date (27 March 2024), not less than 25% of the issued share capital of the Company (being the minimum public float applicable to the shares of the Company) was held in public hands.

AUDITORS

As considered and approved by the shareholders at the 2022 Annual General Meeting of the Company, PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers have been appointed as the domestic and overseas auditors of the Company for the year 2023, who will hold office until the conclusion of the 2023 Annual General Meeting. PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers have been serving as the Company's auditors for three consecutive years.

Remuneration paid by the Company to the auditors is subject to the approval at the shareholders' general meeting, pursuant to which the Board is authorised to determine the amount and make payment. Audit fees paid by the Company to the auditors will not affect the independence of the auditors.

Remuneration paid by the Company to PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers in 2023 was as follows:

RMB million

Service/Nature	Fees
Audit, review and agreed-upon procedures fee	64.18
Including: Internal control audit fee	4.00
Non-audit services fee (tax services and consultation services)	0.55
Total	**64.73**

The remuneration paid by the Company to PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers in 2023 increased by 25.5% year on year from 2022. The increase of the audit fee was attributable to the increased audit workload as the Company continued to implement the former standards on insurance contracts and financial instruments under ASBE, and adopted the new standards on insurance contracts and financial instruments for the first year for the preparation and disclosure of financial reports and related information under IFRSs in 2023.

The Company is taking active actions to proceed with the selection and appointment of its auditors for the year 2024, and investors are advised to pay attention to the announcements made by the Company in its listed jurisdictions for the further development in this regard.

By Order of the Board
Bai Tao
Chairman

27 March 2024

REPORT OF THE BOARD OF SUPERVISORS

From left to right:

Mr. Lai Jun, Mr. Cao Weiqing, Mr. Niu Kailong, Ms. Ye Yinglan

Pursuant to the Company Law and the Articles of Association, the Company has established a Board of Supervisors. The Board of Supervisors performs the following duties in accordance with the Company Law, the Articles of Association and the "Procedural Rules for the Board of Supervisors Meetings": to examine the finances of the Company; to monitor whether the Directors, President, Vice Presidents and other senior management of the Company have acted in contravention of laws, regulations, the Articles of Association and resolutions of the shareholders' general meetings when discharging their duties; to review the financial information of the Company such as financial reports, results reports and profit distribution plans to be approved by the Board; to propose the convening of extraordinary shareholders' general meetings, to propose resolutions at shareholders' general meetings and to perform any other duties under the laws, regulations and regulatory rules of the Company's listed jurisdictions.

The Board of Supervisors consists of Non-employee Representative Supervisors, such as shareholder representatives, and Employee Representative Supervisors, of which the Employee Representative Supervisors shall not be less than one-third of the Board of Supervisors. Non-employee Representative Supervisors, such as shareholder representatives, shall be elected and removed by a shareholders' general meeting while Employee Representative Supervisors shall be elected and removed by employees of the Company in a democratic manner.

The Board of Supervisors is accountable to the shareholders and reports its work to the shareholders' general meeting according to relevant laws. It is also responsible for appraising the Company's operations, financial reports, connected transactions and internal control, etc. during the Reporting Period.

Meetings of the Board of Supervisors are convened by the Chairman of the Board of Supervisors. According to the Articles of Association, the Company formulated the "Procedural Rules for the Board of Supervisors Meetings" and established protocols for the Board of Supervisors meetings. Board of Supervisors meetings are categorised as regular or ad-hoc meetings in accordance with the degree of pre-planning involved. There are at least three regular meetings each year, mainly to adopt and review financial reports and periodic reports, and examine the financial condition and internal control of the Company. Ad-hoc meetings are convened when necessary.

Currently, the seventh session of the Board of Supervisors of the Company comprises Mr. Cao Weiqing, Mr. Niu Kailong, Mr. Lai Jun and Ms. Ye Yinglan, with Mr. Cao Weiqing acting as the Chairman of the Board of Supervisors. Mr. Niu Kailong is a Non-employee Representative Supervisor, whereas Mr. Cao Weiqing, Mr. Lai Jun and Ms. Ye Yinglan are Employee Representative Supervisors. In June 2023, Ms. Wang Xiaoqing and Ms. Hu Zhijun resigned from their positions as Supervisors of the Company, respectively, due to the adjustment of work arrangements.

MEETINGS AND ATTENDANCE

During the Reporting Period, five meetings were held by the Board of Supervisors of the Company. Attendance records of individual Supervisors are as follows:

Name of Supervisor	Number of meetings attended in person/Number of meetings required to attend	Number of meetings attended by proxies/Number of meetings required to attend
Cao Weiqing	5/5	0/5
Niu Kailong	5/5	0/5
Lai Jun	4/5	1/5
Ye Yinglan	2/3	1/3

Attendance records of the resigned Supervisors at the meetings of the Board of Supervisors are as follows:

Name of Supervisor	Number of meetings attended in person/Number of meetings required to attend	Number of meetings attended by proxies/Number of meetings required to attend
Wang Xiaoqing	2/2	0/2
Hu Zhijun	2/2	0/2

Notes:

1. The number of meetings attended in person includes meetings attended on-site and by way of telephone or video conference.
2. Supervisors who were unable to attend any meeting of the Board of Supervisors authorised other Supervisors to attend and vote at the meeting on their behalf.

ACTIVITIES OF THE BOARD OF SUPERVISORS

Attending meetings of the Board of Supervisors and diligently discharging their duties. Pursuant to the regulatory requirements of the jurisdictions where the Company is listed, the Articles of Association and the "Procedural Rules for the Board of Supervisors Meetings" of the Company, and in accordance with the work arrangement of the Board of Supervisors, the Board of Supervisors convened its regular meetings in a timely manner, at which it considered and approved proposals in relation to the Company's financial reports, periodic reports, internal control and risk management, etc. In 2023, the Board of Supervisors held five meetings in total, at which the Supervisors earnestly expressed their views, actively participated in discussions and diligently discharged their duties, thereby providing valuable advice for the business development of the Company.

Attending and participating in corporate governance meetings and actively exercising their supervisory role. In 2023, the Board of Supervisors attended the 2022 Annual General Meeting and the First Extraordinary General Meeting 2023 of the Company, and participated in the meetings of the Board. All members of the Board of Supervisors participated in the meetings of the Audit Committee, the Nomination and Remuneration Committee, the Risk Management and Consumer Rights Protection Committee, the Strategy and Assets and Liabilities Management Committee, and the Connected Transactions Control Committee, respectively, in accordance with the work allocation among Supervisors determined by the Board of Supervisors. By attending these meetings, all Supervisors diligently discharged their duties, oversaw the procedures for convening meetings, carefully listened to the matters considered at the meetings, and participated in discussions when necessary, thus proactively pushing forward the further enhancement of corporate governance.

Keeping abreast of the business operations of the Company on a regular basis and paying attention to any major solvency risks that might arise in the course of its business operations. Members of the Board of Supervisors kept abreast of the business operations of the Company on a regular basis by reviewing the financial reports of the Company, supervised its financial operation and paid attention to any major solvency risks that might arise in the course of its business operations. Through their participation in meetings of the Board and the specialised Board committees, all Supervisors understood the management of solvency risks of the Company and performed their supervisory function with respect to the decision-making of the Company on solvency risks.

Supervising the performance of duties by the Board and senior management in reputational risk management. Members of the Board of Supervisors listened to an annual reputational risk management report prepared by the senior management through participation in the meetings of the Board and the Risk Management and Consumer Rights Protection Committee, so as to supervise the performance of duties by the Board in reputational risk management.

Organising the evaluations of the performance of duties by Directors and Supervisors. In 2023, the Board of Supervisors commenced the evaluations of the performance of duties by Directors and Supervisors in accordance with the "Measures for the Evaluation of the Performance of Duties by Directors and Supervisors" of the Company. Based on the performance of duties by Directors and Supervisors in 2023, the members of the Board of Supervisors evaluated and scored each of the Directors of the Company by reference to the information regarding the performance of duties by Directors obtained during their participation of meetings of the Board and various specialised Board committees, and evaluated and scored each of the Supervisors of the Company through a combination of self-assessment by and mutual assessment among Supervisors, and eventually formed evaluation opinions on individual Directors and Supervisors, which therefore improved the mechanism for the supervision and evaluation of duty performance of Directors and Supervisors. All members of both the Board and the Board of Supervisors of the Company were evaluated as competent in their performance of duties in 2023.

Attending investigation and research activities and training courses and constantly enhancing performance of duties by the Supervisors. In 2023, according to the work plan of the Board of Supervisors of the Company, the members of the Board of Supervisors conducted investigation and research on Zhejiang Branch and Huzhou Branch with respect to, among others, the business development of the Company, expansion of senior-care and healthcare businesses, risk prevention and control, and governance of "Five Weaknesses", carried out an on-site inspection of "city center" retirement apartments project in Hangzhou, and communicated in person with relevant business lines and sales representatives of branches at the provincial, city and country levels for exchange of ideas, which offered support to the enhancement of performance of duties by the Board of Supervisors and its decision-making in a scientific manner. In 2023, the members of the Board of Supervisors further developed and refreshed their knowledge reserve by actively attending various special training courses organised by the securities exchanges of the Company's listed jurisdictions, listed companies associations and the Company itself, so as to enhance their performance of duties. All members of the Board of Supervisors attended the training programs of the Company on anti-money laundering. Mr. Cao Weiqing and Mr. Niu Kailong attended a training course on "Performance of Duties by Supervisors of Listed Companies: Regulations, Cases and Recommendations" as organised by China Association for Public Companies. Mr. Cao Weiqing, Mr. Niu Kailong, Mr. Lai Jun and Ms. Ye Yinglan attended a special training course on the rules of independent directors of listed companies as organised by the Listed Companies Association of Beijing for listed companies within Beijing. Mr. Cao Weiqing and Ms. Ye Yinglan attended training courses of the SSE for the first-time directors, supervisors and senior management of listed companies in 2023 (Sessions II and V), respectively.

INDEPENDENT OPINION OF THE BOARD OF SUPERVISORS ON CERTAIN MATTERS

During the Reporting Period, the Board of Supervisors of the Company performed its supervisory duties in a diligent manner in accordance with the requirements of the Company Law, the Articles of Association and the "Procedural Rules for the Board of Supervisors Meetings". The Board of Supervisors had no objection in respect of the matters under its supervision during the Reporting Period.

The Company's operations in compliance with law. During the Reporting Period, the Company's operations were in compliance with the law. The Company's operations and decision-making procedures were in compliance with the Company Law and the Articles of Association. All Directors and senior management of the Company observed the principles of diligence and integrity and performed their duties conscientiously. The Board of Supervisors is not aware of any of them having violated any law, regulation, or any provision in the Articles of Association or harmed the interests of the Company in the course of discharging their duties.

The authenticity of the financial report. The Company's annual financial report truly reflected the Company's financial position and operating results. PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers have performed audits and have issued standard and unqualified auditors' reports in respect of the financial statements for the year 2023 in accordance with the China Standards on Auditing of PRC Certified Public Accountants and the International Standards on Auditing, respectively.

Acquisition and sale of assets. During the Reporting Period, the prices for acquisition and sale of assets by the Company were fair and reasonable. The Board of Supervisors is not aware of any insider trading, any acts harming the interests of shareholders or incurring any loss to the Company's assets.

Connected transactions. During the Reporting Period, the connected transactions of the Company were on commercial terms. The Board of Supervisors is not aware of any acts harming the interests of the Company.

Internal control system and self-evaluation report on internal control. During the Reporting Period, the Company sought to improve its internal control system, and continued to enhance the effectiveness of such system. The Board of Supervisors of the Company reviewed the self-evaluation report on the Company's internal control and did not raise any objection against the self-evaluation report of the Board regarding the Company's internal control.

Information disclosure. The Company performed its obligation of information disclosure in strict compliance with the regulatory requirements, seriously implemented various information disclosure management systems, and disclosed information in a timely and fair manner. The Board of Supervisors is not aware of any false representations, misleading statements or material omissions during the Reporting Period.

By Order of the Board of Supervisors
Cao Weiqing
Chairman of the Board of Supervisors

27 March 2024

CHANGES IN ORDINARY SHARES AND SHAREHOLDERS INFORMATION

CHANGES IN SHARE CAPITAL

During the Reporting Period, there was no change in the total number of shares and the share capital structure of the Company.

ISSUE AND LISTING OF SECURITIES

As at the end of the Reporting Period, the Company had not issued any securities in the last three years. During the Reporting Period, there was no change in the total number of shares and the share structure of the Company due to bonus issues or placings, nor were there any internal employees' shares.

INFORMATION ON SHAREHOLDERS AND EFFECTIVE CONTROLLER

Total Number of Shareholders and their Shareholdings

Total number of ordinary share shareholders as at the end of the Reporting Period	No. of A Share shareholders: 107,594 No. of H Share shareholders: 24,368	**Total number of ordinary share shareholders as at the end of the month prior to the disclosure of the annual report**	No. of A Share shareholders: 99,815 No. of H Share shareholders: 24,280

Particulars of Top Ten Shareholders of the Company

Unit: Shares

Name of shareholder	Nature of shareholder	Percentage of shareholding	Number of shares held as at the end of the Reporting Period	Increase/ decrease during the Reporting Period	Number of shares subject to selling restrictions	Number of shares pledged or frozen
China Life Insurance (Group) Company	State-owned legal person	68.37%	19,323,530,000	–	–	–
HKSCC Nominees Limited	Overseas legal person	25.92%	7,327,523,802	+1,830,411	–	–
China Securities Finance Corporation Limited	State-owned legal person	2.51%	708,240,246	–	–	–
Central Huijin Asset Management Limited	State-owned legal person	0.41%	117,165,585	–	–	–
Hong Kong Securities Clearing Company Limited	Overseas legal person	0.16%	44,354,939	+2,694,922	–	–
Industrial and Commercial Bank of China Limited – SSE 50 Exchange Traded Index Securities Investment Fund	Other	0.07%	20,306,703	+6,446,000	–	–
Guosen Securities Co., Ltd. – Founder Fubon CSI Insurance Theme Index Securities Investment Fund	Other	0.05%	13,701,912	–7,164,617	–	–
Industrial and Commercial Bank of China Limited – Huatai-PineBridge CSI 300 Exchange Traded Index Securities Investment Fund	Other	0.04%	12,402,733	+5,682,600	–	–
National Social Security Fund Portfolio 114	Other	0.04%	12,000,000	+12,000,000	–	–
China National Nuclear Corporation Capital Holdings Co., Ltd.	State-owned legal person	0.04%	11,108,837	+11,108,837	–	–

Notes:

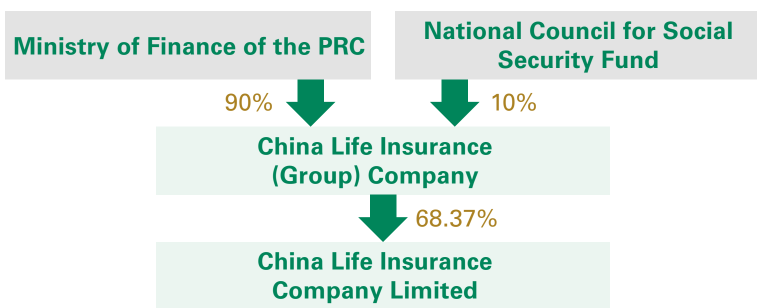
1. The above shares are tradable shares not subject to selling restrictions and do not include shares lent through refinancing.
2. HKSCC Nominees Limited is a company that holds shares on behalf of the clients of the Hong Kong stock brokers and other participants of the CCASS system. The relevant regulations of the HKSE do not require such persons to declare whether their shareholdings are pledged or frozen. Hence, HKSCC Nominees Limited is unable to calculate or provide the number of shares that are pledged or frozen.
3. Industrial and Commercial Bank of China Limited – SSE 50 Exchange Traded Index Securities Investment Fund and Industrial and Commercial Bank of China Limited – Huatai-PineBridge CSI 300 Exchange Traded Index Securities Investment Fund have Industrial and Commercial Bank of China Limited as their fund depositary. Save as above, the Company was not aware of any connected relationship and concerted parties as defined by the "Measures for the Administration of the Takeover of Listed Companies" among the top ten shareholders of the Company.
4. As at the end of the Reporting Period, the number of the Company's shares lent through refinancing and not yet returned by Industrial and Commercial Bank of China Limited – SSE 50 Exchange Traded Index Securities Investment Fund were 154,200 shares, and the number of Company's shares held in its general accounts and credit accounts, together with the number of the Company' shares lent through refinancing and not yet returned, totalled 20,460,903 shares. The number of the Company's shares lent through refinancing and not yet returned by Industrial and Commercial Bank of China Limited – Huatai-PineBridge CSI 300 Exchange Traded Index Securities Investment Fund were 20,300 shares, and the number of Company's shares held in its general accounts and credit accounts, together with the number of the Company' shares lent through refinancing and not yet returned, totalled 12,423,033 shares.

Information relating to the Controlling Shareholder and Effective Controller

The controlling shareholder of the Company is CLIC, and its relevant information is set out below:

Name of company	China Life Insurance (Group) Company
Legal representative	Bai Tao
Date of incorporation	22 August 1996 (CLIC's predecessor was PICC (Life) Co., Ltd. incorporated in August 1996. It was renamed as China Life Insurance Company, a company approved for formation by the State Council in January 1999. With the approval of the former China Insurance Regulatory Commission in 2003, China Life Insurance Company was restructured as CLIC.)
Major businesses	Insurance services including receipt of premiums and payment of benefits in respect of the in-force life, health, accident and other types of personal insurance business, and the reinsurance business; holding or investing in domestic and overseas insurance companies or other financial insurance institutions; funds application business permitted by PRC laws and regulations or approved by the State Council of the PRC; other businesses approved by insurance regulatory agencies.
Shareholdings in other subsidiaries and affiliates listed in China or abroad during the Reporting Period	As at 31 December 2023, CLIC held 1,785,098,644 H shares of Town Health International Medical Group Limited (which is one of the companies listed in China or abroad in which CLIC has over 5% of the total share capital), representing 26.35% of its total shares.

The effective controller of the Company is the Ministry of Finance. The equity and controlling relationship between the Company and its effective controller is set out as below:



During the Reporting Period, there was no change to the controlling shareholder and the effective controller of the Company. As at the end of the Reporting Period, there was no other corporate shareholder holding more than 10% of the shares in the Company.

INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY HELD BY SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS UNDER HONG KONG LAWS AND REGULATIONS

So far as is known to the Directors, Supervisors and the chief executive of the Company, as at 31 December 2023, the following persons (other than the Directors, Supervisors and the chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO, or as otherwise notified to the Company and the HKSE:

Name of substantial shareholder	Capacity	Class of shares	Number of shares held	Percentage of the respective class of shares	Percentage of the total number of shares in issue
China Life Insurance (Group) Company	Beneficial owner	A Shares	19,323,530,000 (L)	92.80%	68.37%
FMR LLC (Note 1)	Interest in controlled corporation	H Shares	449,298,275 (L)	6.04%	1.59%
BlackRock, Inc. (Note 2)	Interest in controlled corporation	H Shares	436,647,392 (L) 5,692,000 (S)	5.87% 0.08%	1.54% 0.02%

The letter "L" denotes a long position. The letter "S" denotes a short position.

(Note 1): FMR LLC was interested in a total of 449,298,275 H shares of the Company in accordance with the provisions of Part XV of the SFO. Of these shares, Fidelity Management & Research Company LLC, Fidelity Institutional Asset Management Trust Company and FIAM LLC were interested in 293,895,801 H shares, 46,313,968 H shares and 62,011,759 H shares, respectively. All of these entities are either controlled or indirectly controlled subsidiaries of FMR LLC.

(Note 2): BlackRock, Inc. was interested in a total of 436,647,392 H shares of the Company in accordance with the provisions of Part XV of the SFO. Of these shares, BlackRock Investment Management, LLC, BlackRock Financial Management, Inc., BlackRock Institutional Trust Company, National Association, BlackRock Fund Advisors, BlackRock Advisors, LLC, BlackRock Japan Co., Ltd., BlackRock Asset Management Canada Limited, BlackRock Investment Management (Australia) Limited, BlackRock Asset Management North Asia Limited, BlackRock (Netherlands) B.V., BlackRock Advisors (UK) Limited, BlackRock Asset Management Ireland Limited, BLACKROCK (Luxembourg) S.A., BlackRock Investment Management (UK) Limited, BlackRock Asset Management Deutschland AG, BlackRock Fund Managers Limited, BlackRock Life Limited, BlackRock (Singapore) Limited, BlackRock Asset Management Schweiz AG and Aperio Group, LLC were interested in 3,201,000 H shares, 7,992,070 H shares, 91,902,736 H shares, 190,345,000 H shares, 268,000 H shares, 8,860,583 H shares, 1,766,000 H shares, 3,354,000 H shares, 15,876,451 H shares, 17,474,402 H shares, 6,958,196 H shares, 58,125,917 H shares, 639,000 H shares, 9,154,628 H shares, 466,000 H shares, 11,221,030 H shares, 684,432 H shares, 5,021,000 H shares, 101,000 H shares and 3,235,947 H shares, respectively. All of these entities are either controlled or indirectly controlled subsidiaries of BlackRock, Inc. Of these 436,647,392 H shares, 30,070 H shares were cash settled unlisted derivatives.

BlackRock, Inc. held by way of attribution a short position as defined under Part XV of the SFO in 5,692,000 H shares (0.08%). Of these 5,692,000 H shares, 4,794,000 H shares were cash settled unlisted derivatives.

Save as disclosed above, the Directors, Supervisors and the chief executive of the Company are not aware of any other party who, as at 31 December 2023, had an interest or short position in the shares and underlying shares of the Company which was recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Current Directors, Supervisors and Senior Management

Name	Position	Gender	Date of birth	Term	Salary/ Remuneration paid in RMB ten thousands	Other benefits, social insurance, housing provident fund and enterprise annuity fund paid by the Company in RMB ten thousands	Total emoluments received from the Company during the Reporting Period in RMB ten thousands (before tax)	Whether received emolument from connected parties of the Company
Bai Tao	Chairman of the Board Executive Director	Male	March 1963	Since 31 May 2022	–	–	–	Yes
Li Mingguang	Executive Director President	Male	July 1969	Appointed as an Executive Director since 16 August 2019, President since November 2023	41.77	13.45	55.22	Yes
Wang Junhui	Non-executive Director	Male	July 1971	Since 16 August 2019	–	–	–	Yes
Zhuo Meijuan	Non-executive Director	Female	July 1964	Since 21 June 2023	–	–	–	Yes
Lam Chi Kuen	Independent Director	Male	April 1953	Since 29 June 2021	42.00	0	42.00	No
Zhai Haitao	Independent Director	Male	January 1969	Since 14 October 2021	42.00	0	42.00	Yes
Huang Yiping	Independent Director	Male	March 1964	Since 13 July 2022	42.00	0	42.00	No
Chen Jie	Independent Director	Female	April 1970	Since 13 July 2022	42.00	0	42.00	No
Cao Weiqing	Chairman of the Board of Supervisors	Male	September 1965	Since 4 November 2022	126.79	37.71	164.50	No
Niu Kailong	Non-employee Representative Supervisor	Male	September 1974	Since 14 October 2021	–	–	–	Yes
Lai Jun	Employee Representative Supervisor	Male	May 1964	Since 14 October 2021	102.19	34.35	136.54	No
Ye Yinglan	Employee Representative Supervisor	Female	October 1974	Since 21 June 2023	46.51	15.67	62.18	No
Liu Hui	Vice President Chief Investment Officer	Female	February 1970	Appointed as a Vice President since July 2023, Chief Investment Officer since December 2023	52.21	15.79	68.00	No
Ruan Qi	Vice President Chief Risk Officer Chief Network Security Officer	Male	July 1966	Appointed as a Vice President since April 2018, Chief Risk Officer since December 2022, Chief Network Security Officer since March 2024	125.30	40.67	165.97	No

Name	Position	Gender	Date of birth	Term	Salary/ Remuneration paid in RMB ten thousands	Other benefits, social insurance, housing provident fund and enterprise annuity fund paid by the Company in RMB ten thousands	Total emoluments received from the Company during the Reporting Period in RMB ten thousands (before tax)	Whether received emolument from connected parties of the Company
Zhao Guodong	Vice President Board Secretary	Male	November 1967	Appointed as a Vice President since August 2023, Board Secretary since February 2023	114.86	38.26	153.12	No
Bai Kai	Vice President	Male	June 1974	Since August 2023	114.86	38.72	153.58	No
Xu Chongmiao	Compliance Officer	Male	October 1969	Since July 2018	96.01	30.93	126.94	No
Hu Zhijun	Person in Charge of Audit	Female	July 1971	Since November 2023	6.25	3.58	9.83	No
Hou Jin	Chief Actuary	Female	January 1980	Since November 2023	5.29	3.42	8.71	No
Yuan Ying	Temporary Person in Charge of Finance	Female	February 1978	Since March 2024	–	–	–	No
Total	**/**	**/**	**/**	**/**	**1,000.04**	**272.55**	**1,272.59**	**/**

Notes:

1. None of the current Directors, Supervisors and senior management of the Company held any shares of the Company during the Reporting Period.
2. According to the "Procedural Rules for the Board Meetings of China Life Insurance Company Limited", Directors of the Company serve for a term of three years and may be re-elected. However, Independent Directors may not serve for more than six years. According to the Articles of Association, Supervisors of the Company serve for a term of three years and may be re-elected.
3. The positions of the Directors, Supervisors and senior management in this report reflect their positions as at the date of this report. The emoluments are calculated based on their terms of office during the Reporting Period.
4. According to the requirements of the relevant remuneration policies of the Company, the final amount of emoluments of the current Directors, Supervisors and senior management of the Company is currently subject to review and approval. The result of the review will be disclosed when the final amount is confirmed.
5. As elected by the Third Extraordinary General Meeting 2022 of the Company and upon approval by the NFRA, Ms. Zhuo Meijuan served as a Non-executive Director of the seventh session of the Board of Directors from 21 June 2023. On 20 July 2023, Ms. Zhuo Meijuan had obtained the legal advice referred to in Rule 3.09D of the Listing Rules, and confirmed that she understood her obligations as a director of the Company.
6. As elected by the tenth extraordinary meeting of the third session of the employee representative meeting of the Company and upon approval by the NFRA, Ms. Ye Yinglan served as an Employee Representative Supervisor of the seventh session of the Board of Supervisors of the Company from 21 June 2023.
7. As considered and approved by the twenty-seventh meeting of the seventh session of the Board of Directors of the Company and upon approval by the NFRA, Mr. Li Mingguang served as the President of the Company from 10 November 2023.

   As considered and approved by the twentieth meeting of the seventh session of the Board of Directors of the Company and upon approval by the NFRA, Ms. Liu Hui served as a Vice President of the Company from 27 July 2023. As considered and approved by the thirty-third meeting of the seventh session of the Board of Directors of the Company, Ms. Liu Hui served as the Chief Investment Officer of the Company from 15 December 2023.

   As considered and approved by the thirty-sixth meeting of the seventh session of the Board of Directors of the Company, Mr. Ruan Qi served as the Chief Network Security Officer of the Company from 27 March 2024.

   As considered and approved by the twenty-seventh meeting of the seventh session of the Board of Directors of the Company, Mr. Zhao Guodong and Mr. Bai Kai served as Vice Presidents of the Company from 4 August 2023.

   As considered and approved by the eighteenth meeting of the seventh session of the Board of Directors of the Company and upon approval by the NFRA, Mr. Zhao Guodong served as the Board Secretary of the Company from 24 February 2023.

   As considered and approved by the twenty-seventh meeting of the seventh session of the Board of Directors of the Company and upon approval by the NFRA, Ms. Hu Zhijun served as the Person in Charge of Audit of the Company from 28 November 2023.

   As considered and approved by the twenty-seventh meeting of the seventh session of the Board of of Directors of the Company and upon approval by the NFRA, Ms. Hou Jin served as the Chief Actuary of the Company from 28 November 2023.

   Ms. Yuan Ying was appointed as the Person in Charge of Finance of the Company at the thirty-sixth meeting of the seventh session of the Board of Directors of the Company and her qualification as the Person in Charge of Finance of the Company is subject to the approval by the NFRA. The Board has designated Ms. Yuan Ying as a temporary Person in Charge of Finance of the Company before the approval on her qualification is obtained.
8. Due to the adjustment of work arrangements, Mr. Li Mingguang ceased to be the Board Secretary of the Company from 24 February 2023, a Vice President of the Company from May 2023, and the Chief Actuary of the Company from August 2023. Mr. Li Mingguang received remuneration from the Company during the period from January 2023 to April 2023.

Resigned and Retired Directors, Supervisors and Senior Management

Name	Previous position	Gender	Date of birth	Term	Salary/ Remuneration paid in RMB ten thousands	Other benefits, social insurance, housing provident fund and enterprise annuity fund paid by the Company in RMB ten thousands	Total emoluments received from the Company during the Reporting Period in RMB ten thousands (before tax)	Whether received emolument from connected parties of the Company	Reason for changes
Zhao Peng	Executive Director President	Male	April 1972	28 October 2022 – 4 August 2023 October 2022 – August 2023	–	–	–	Yes	Resigned due to the adjustment of work arrangements
Wang Xiaoqing	Employee Representative Supervisor	Female	October 1965	27 December 2019 – 21 June 2023	45.23	16.25	61.48	No	Resigned due to the adjustment of work arrangements
Hu Zhijun	Employee Representative Supervisor	Female	July 1971	13 July 2022 – 29 June 2023	48.54	15.02	63.56	No	Resigned due to the adjustment of work arrangements
Zhan Zhong	Vice President	Male	April 1968	July 2019 – June 2023	62.65	20.27	82.92	No	Resigned due to personal reasons
Yang Hong	Vice President	Female	February 1967	July 2019 – March 2024	125.30	38.38	163.68	No	Resigned due to the adjustment of work arrangements
Zhang Di	Assistant to the President Chief Investment Officer	Female	January 1968	December 2021 – January 2023 January 2022 – January 2023	–	–	–	No	Resigned due to the adjustment of work arrangements
Liu Fengji	Person in Charge of Audit	Male	October 1969	December 2021 – August 2023	36.12	14.24	50.36	No	Resigned due to the adjustment of work arrangements
Hu Jin	Person in Charge of Finance	Female	November 1971	February 2023 – March 2024	70.74	26.33	97.07	Yes	Resigned due to the adjustment of work arrangements
Total	/	/	/	/	**388.58**	**130.49**	**519.07**	/	/

Notes:

1. None of the resigned or retired Directors, Supervisors and senior management of the Company held any shares of the Company during the Reporting Period.
2. This table sets out the information of Directors, Supervisors and senior management who resigned or retired during the period from the beginning of the Reporting Period to the date of this report.
3. The emoluments are calculated based on the terms of office of the resigned and retired Directors, Supervisors and senior management during the Reporting Period.
4. According to the requirements of the relevant remuneration policies of the Company, the final amount of emoluments of the resigned and retired Directors, Supervisors and senior management of the Company is currently subject to review and approval. The result of the review will be disclosed when the final amount is confirmed.

Mr. Bai Tao, born in 1963, Chinese

Mr. Bai became the Chairman of the Board of Directors of the Company in May 2022. He has been the Secretary of the Party Committee of China Life Insurance (Group) Company since January 2022 and the Chairman of China Life Insurance (Group) Company since March 2022. From 2016 to 2022, he served as a member of the Party Committee and the Deputy General Manager of China Investment Corporation, the Deputy Secretary of the Party Committee, the Vice Chairman, the President and an Executive Director of The People's Insurance Company (Group) of China Limited, and the Chairman and the Secretary of the Leading Party Members' Group of State Development & Investment Corp., Ltd. Mr. Bai graduated from Renmin University of China with a doctoral degree in economics, and is a senior economist.

Mr. Li Mingguang, born in 1969, Chinese

Mr. Li became an Executive Director of the Company in August 2019. He has been the Secretary of the Party Committee of the Company since July 2023 and the President of the Company since November 2023. He has been a member of the Party Committee and a Vice President of China Life Insurance (Group) Company since April 2023 and November 2023, respectively. He has been the Chairman of China Life Investment Management Company Limited since July 2023. Mr. Li joined the Company in 1996 and successively served as the Responsible Actuary, the General Manager of the Actuarial Department, the Chief Actuary, the Board Secretary, a Vice President and the temporary Person in Charge of the Company. He graduated from Shanghai Jiaotong University with a bachelor's degree in 1991, Central University of Finance and Economics with a master's degree in 1996 and Tsinghua University with an EMBA in 2010. Mr. Li is a Fellow of the China Association of Actuaries (FCAA) and a Fellow of the Institute and Faculty of Actuaries (FIA). He was the Chairman of the first session of the China Actuarial Working Committee and the Secretary-general of both the first and the second sessions of the China Association of Actuaries. He is currently the Vice Chairman of the China Association of Actuaries. Mr. Li receives a special government allowance from the State Council.

Mr. Wang Junhui, born in 1971, Chinese

Mr. Wang became a Non-executive Director of the Company in August 2019. He has been the Chairman of China Life Pension Company Limited since November 2023 and the Chief Investment Officer of China Life Insurance (Group) Company since August 2016. He has been the Chairman of China Life AMP Asset Management Company Limited since December 2016 and a Director of China United Network Communications Limited since March 2021. From 2004 to 2023, he successively served as an Assistant to the President, a Vice President and the President of China Life Asset Management Company Limited, and the President of China Life Investment Holding Company Limited. Mr. Wang graduated from the School of Computer Science of Beijing University of Technology with a bachelor's degree in software in 1995 and from Chinese Academy of Fiscal Sciences of the Ministry of Finance of the PRC with a doctoral degree in finance in 2008, and is a senior economist.

Ms. Zhuo Meijuan, born in 1964, Chinese

Ms. Zhuo became a Non-executive Director of the Company in June 2023. She is the Senior Director of the Strategic Planning Department (General Office for Deepening Reforms)/Office of the Board of Directors/China Life Institute of Finance of China Life Insurance (Group) Company. From 2016 to 2023, she served as the Deputy General Manager (at the department general manager level) and General Manager of the Business Management Department of China Life Insurance (Group) Company. She served as the Secretary of the Discipline Inspection Committee and the Deputy General Manager (at the department general manager level of the head office) of Tianjin Branch of the Company from 2013 to 2016, and the Deputy General Manager of the Business Management Department of China Life Insurance (Group) Company from 2006 to 2013. Ms. Zhuo successively graduated from Fujian Agricultural College and the Open University of Hong Kong with a master's degree in business administration, and is a senior economist.

Mr. Lam Chi Kuen, born in 1953, Chinese

Mr. Lam became an Independent Director of the Company in June 2021. He is currently an Independent Non-executive Director of each of China Cinda Asset Management Co., Ltd. and Luks Group (Vietnam Holdings) Company Limited. He served as an Independent Non-executive Director of China Pacific Insurance (Group) Co., Ltd. from 2013 to 2019. Mr. Lam, a practicing certified public accountant in Hong Kong for approximately 35 years, was a partner and senior consultant of Ernst & Young from 1992 to 2013 and has extensive experience in accounting, auditing and financial management. Mr. Lam received a Higher Diploma in Accounting from the Hong Kong Polytechnic College (the current Hong Kong Polytechnic University). He is a member of the Hong Kong Institute of Certified Public Accountants and a senior member of the Association of Chartered Certified Accountants.

Mr. Zhai Haitao, born in 1969, Chinese

Mr. Zhai became an Independent Director of the Company in October 2021. He is the President and Founding Partner of Primavera Capital Group, and an Independent Non-executive Director of each of China Everbright Environment Group Limited and China Everbright Water Limited. From 2000 to 2009, Mr. Zhai worked at and held various positions in Goldman Sachs Group, including the Managing Director, the Chief Representative of its Beijing Office, the Director of the Strategic Cooperation Office between Goldman Sachs Group and Industrial and Commercial Bank of China, and the Credit Rating Consultant of the Ministry of Finance of the PRC and China Development Bank. From 1995 to 1998, he was the Deputy Representative of the People's Bank of China Representative Office for the Americas based in New York. From 1990 to 1995, Mr. Zhai worked at the International Department of the People's Bank of China. Mr. Zhai holds a master's degree in international affairs from Columbia University, a master's degree in business administration from New York University and a bachelor's degree in economics from Peking University.

Mr. Huang Yiping, born in 1964, Chinese

Mr. Huang became an Independent Director of the Company in July 2022. He is the Dean of the National School of Development, Boya Chair Professor, and the Director of the Institute of Digital Finance of Peking University. Currently, Mr. Huang also concurrently serves as a contract research fellow of the Counsellors' Office of The People's Bank of China, an Executive Director and the Deputy Secretary-general of the China Society for Finance and Banking, a member of each of China Finance 40 Forum and Chinese Economists 50 Forum, and the Deputy Editor in Chief of Asian Economic Policy Review. Mr. Huang has been an Independent Director of Ant Group Co., Ltd. since August 2020. He served as a member of the Monetary Policy Committee of The People's Bank of China from June 2015 to June 2018, the Managing Director of the Emerging Market Headquarters/the Chief Economist of Asian Emerging Markets of Barclays Capital Asia from August 2011 to June 2013, the Managing Director/the Chief Economist of the Asia-Pacific region of Citigroup Inc. from May 2000 to February 2009, and a senior lecturer and the Director of China's economic projects of The Australian National University from August 1993 to April 2000. Mr. Huang obtained a master's degree in economics from Renmin University of China and a doctoral degree in economics from The Australian National University.

Ms. Chen Jie, born in 1970, Chinese

Ms. Chen became an Independent Director of the Company in July 2022. She is the Director and a researcher of the Commercial Law Research Unit of the Institute of Law, a professor and doctoral tutor of Chinese Academy of Social Sciences. She is a member of the Chinese Legal System Committee of China Democratic League, as well as the Vice Chairman of China Business Law Society, an Executive Director of each of the Institute of Commercial Law and the Institute of Securities Law of China Law Society, and a Director of the Institute of Insurance Law of China Law Society. Ms. Chen is also a member of the Appeal Review Committee of Shenzhen Stock Exchange, a member of the Expert Advisory Committee of Beijing Financial Court, and an arbitrator of each of Beijing Arbitration Commission/Beijing International Arbitration Center, Shenzhen Court of International Arbitration, China International Economic and Trade Arbitration Commission, Shanghai International Economic and Trade Arbitration Commission and Shanghai Arbitration Commission. Ms. Chen has been an Independent Director of Deppon Logistics Co., Ltd. since October 2022. She served as an Independent Director of Central China Land Media Co., Ltd. from December 2010 to April 2017, an Independent Director of BOMESC Offshore Engineering Company Limited from January 2016 to January 2019, and an Independent Director of Sino Geophysical Co., Ltd. from November 2015 to November 2021. Ms. Chen obtained a bachelor's degree in law from East China College of Political Science and Law, a master's and doctoral degrees in law from Peking University, and a post-doctoral qualification from the Institute of Law of Chinese Academy of Social Sciences.

Mr. Cao Weiqing, born in 1965, Chinese

Mr. Cao became the Chairman of the Board of Supervisors of the Company in November 2022. He has been a member and the Deputy Secretary of the Party Committee of the Company since 2022. He successively served as the Secretary of the Discipline Inspection Committee, the Chairman of the Board of Supervisors and a Vice President of China Life Asset Management Company Limited from 2016 to 2022. He served as the Deputy General Manager (at the general manager level of the provincial branches) of Hebei Branch of the Company from 2014 to 2016, and concurrently acted as the Secretary of the Discipline Inspection Committee and the Chairman of the Labour Union of such branch. From 2002 to 2014, he successively served as the Deputy General Manager of the Personnel Department of China Life Insurance Company, as well as the Deputy General Manager and General Manager of the Strategic Planning Department and the General Manager of the Equity Management Department of China Life Insurance (Group) Company. Mr. Cao graduated from Nankai University with a master's degree in economics, and is a senior economist.

Mr. Niu Kailong, born in 1974, Chinese

Mr. Niu became a Supervisor of the Company in October 2021. He has been the General Manager and the President of the Strategic Planning Department (General Office for Deepening Reforms)/Office of the Board of Directors/China Life Institute of Finance of China Life Insurance (Group) Company since December 2022. Mr. Niu successively served as the Person in Charge of the Strategy and Investment Management Department of China Life Healthcare Investment Company Limited, the Deputy General Manager (responsible for daily operations) of the Strategic Planning Department of China Life Insurance (Group) Company, and the General Manager of the Strategic Planning Department/Office of the Board of Directors (in preparation) and the President of China Life Institute of Finance of China Life Insurance (Group) Company from June 2020 to December 2022. He successively served as the Deputy General Manager of the Strategic Planning Department of The People's Insurance Company (Group) of China Limited, as well as a Supervisor, the Deputy General Manager (responsible for daily operations) of the Strategic Planning Department, and the Deputy General Manager (responsible for daily operations) of the Strategic Planning Department/Office of the Board of Directors of PICC Reinsurance Company Limited from April 2017 to June 2020. Mr. Niu graduated from Nankai University with a doctoral degree in finance. He is an associate researcher (social science) and senior economist.

Mr. Lai Jun, born in 1964, Chinese

Mr. Lai became a Supervisor of the Company in October 2021. He is the General Manager of the Human Resources Department of the Company. Mr. Lai joined the Company in 1984, and successively served as the Deputy General Manager and the Secretary of the Discipline Inspection Committee of Xinjiang Branch of the Company, the Person in Charge, the Deputy General Manager (responsible for daily operations) and the General Manager of Hainan Branch, as well as the General Manager of Xinjiang Branch of the Company from 2002 to 2021. Mr. Lai graduated from Party School of the Central Committee of CPC, majoring in economics and management, and is a senior economist.

Ms. Ye Yinglan, born in 1974, Chinese

Ms. Ye became a Supervisor of the Company in June 2023. She has been the General Manager of the Integrated Finance Department of the Company since June 2023 and concurrently served as the General Manager of the Asset Management Department of the Company since November 2023. Ms. Ye joined the Company in 1999 and successively served as an Assistant to the General Manager and the Deputy General Manager of the Finance Department, the Deputy General Manager, the Deputy General Manager (responsible for daily operations) and the General Manager of the Finance Management Department, and the General Manager of the Fund Sales Management Department of the Company from 2009 to 2023. Ms. Ye graduated from Wuhan University with a doctoral degree in economics.

SENIOR MANAGEMENT

Mr. Li Mingguang, please see the section "Directors" for his personal profile.

Ms. Liu Hui, born in 1970, Chinese

Ms. Liu became a Vice President of the Company in July 2023. She has been the Chief Investment Officer of the Company since December 2023. She has been a Director of the China Guangfa Bank Co., Ltd. since January 2024, a Director of China Life Asset Management Company Limited since August 2023, and a Director of China Life Franklin Asset Management Company Limited since April 2023. She was a Director of Wonders Information Co., Ltd. from July 2023 to January 2024. From 2014 to 2022, Ms. Liu successively served as a Vice President of China Life Investment Holding Company Limited, and an Executive Director and a Vice President of China Life Investment Management Company Limited, and concurrently served as an Executive Director and a Vice President of Sino-Ocean Group Holding Limited, the President and Chairman of China Life Capital Investment Company Limited, and an Executive Director and the General Manager of China Life Real Estate Co., Limited. She served as the General Manager of the Investment Management Department of the Company from 2009 to 2014, and successively acted as an Assistant to the General Manager of the Enterprise Annuity Department, the Deputy General Manager of the Pension and Institutional Business Department and the General Manager of the Transaction Management Department of China Life Asset Management Company Limited from 2005 to 2009. She worked at the Head Office of China Construction Bank from 1992 to 2005. Ms. Liu successively obtained a bachelor's degree in economics from Renmin University of China and a master's degree in business administration from Tsinghua University, and is a senior economist.

Mr. Ruan Qi, born in 1966, Chinese

Mr. Ruan became a Vice President of the Company in April 2018. He has been the Chief Risk Officer of the Company since December 2022, and the Chief Network Security Officer of the Company since March 2024. Mr. Ruan has been the temporary Person in Charge and a Director of China Life Ecommerce Company Limited since January 2024 and May 2023, respectively. He has been the Chairman of Wonders Information Co., Ltd. since July 2023. He successively served as the General Manager (at the general manager level of the provincial branches) of the Information Technology Department and the Chief Information Technology Officer of the Company from 2016 to 2018. Mr. Ruan served as the General Manager of China Life Data Center and the General Manager (at the general manager level of the provincial branches) of the Information Technology Department of the Company from 2014 to 2016, and the Deputy General Manager and the General Manager of the Information Technology Department of the Company from 2004 to 2014. He successively served as the Deputy Division Chief of the Computer Division, the Deputy Manager (responsible for daily operations) and the Manager of the Information Technology Department of Fujian Branch of the Company from 2000 to 2004. Mr. Ruan graduated from Beijing Institute of Posts and Telecommunications in August 1987, majoring in computer science and communications with a bachelor's degree in engineering, and from Xiamen University with a master's degree in business administration for senior management (EMBA) in December 2007, and is a senior engineer.

Mr. Zhao Guodong, born in 1967, Chinese

Mr. Zhao became a Vice President of the Company in August 2023. He has been the Board Secretary of the Company since February 2023. He was an Assistant to the President of the Company from October 2019 to July 2023. He successively served as the Deputy General Manager (responsible for daily operations) and the General Manager of Chongqing Branch, the General Manager of Hunan Branch and the General Manager of Jiangsu Branch of the Company from 2016 to 2022, the Deputy General Manager of each of Fujian Branch and Hunan Branch of the Company from 2007 to 2016, and the Deputy General Manager of Changde Branch and the General Manager of Yiyang Branch in Hunan province of the Company from 2001 to 2007. Mr. Zhao graduated from Hunan Computer School in 1988, majoring in computer software, and from China Central Radio and Television University in 2006, majoring in business administration, and is a principal senior economist.

Mr. Bai Kai, born in 1974, Chinese

Mr. Bai became a Vice President of the Company in August 2023. He successively served as the Deputy General Manager, the Deputy General Manager (responsible for daily operations) and the General Manager of Hubei Branch, and an Assistant to the President of the Company from 2017 to 2023, and the General Manager of Huanggang Branch in Hubei province and the Deputy General Manager of Qingdao Branch of the Company from 2011 to 2017. Mr. Bai graduated from Party School of the CPC Hubei Provincial Committee, majoring in economics and management, and was a postgraduate.

Mr. Xu Chongmiao, born in 1969, Chinese

Mr. Xu became the Compliance Officer of the Company in July 2018. He has been the General Manager of the Legal and Compliance Department and the Legal Officer of the Company since September 2014. From 2006 to 2014, he successively served as the Deputy General Manager of the Legal Affairs Department, the Deputy General Manager of the Legal and Compliance Department and the Legal Officer at the general manager level of the Company. From 2000 to 2006, he successively served as the Deputy Division Chief of the Regulations Division of the Development and Research Department and a senior regulations researcher of the Legal Affairs Department of the Company. Mr. Xu graduated from Fudan University in August 1991, majoring in economic law with a bachelor's degree in law, and from Renmin University of China in July 1996 and July 2005, respectively, majoring in economic law with master's and doctoral degrees in law. Mr. Xu is admitted as a lawyer and certified public accountant in the PRC.

Ms. Hu Zhijun, born in 1971, Chinese

Ms. Hu became the Person in Charge of Audit of the Company in November 2023. She has been the General Manager of the Audit Department of the Company since October 2022. She was a Supervisor of the Company from July 2022 to June 2023. Ms. Hu joined the Company in 2006 and successively served as an Assistant to the General Manager and the Deputy General Manager of Tianjin Branch, the Deputy General Manager and the Secretary of the Discipline Inspection Committee of Beijing Branch, and the General Manager of the Asset Management Department of the Company from 2009 to October 2022. Prior to joining the Company, she worked at China Packing Import & Export Tianjin Company and other companies. Ms. Hu graduated from Tianjin Institute of Finance and Economics in 1993, majoring in accounting with a bachelor's degree in economics, and from Nankai University in 2006, majoring in corporate management with a master's degree in management. Ms. Hu is admitted as a certified public accountant in the PRC. She is a principal senior accountant and the national leading accounting talent recognised by the Ministry of Finance of the PRC in the first session of its assessment and selection, and was listed in the "Financial Talent Pool" of the Ministry of Finance of the PRC.

Ms. Hou Jin, born in 1980, Chinese

Ms. Hou became the Chief Actuary of the Company in November 2023. She has been the General Manager of the Actuarial Department of the Company since September 2023 and concurrently served as the General Manager of the Product Department of the Company since November 2023. Ms. Hou successively served as a senior actuary (Grade III), an Assistant to the General Manager and the Deputy General Manager of the Actuarial Department and the temporary Chief Actuary of the Company from 2017 to 2023. Ms. Hou successively graduated from Southwestern University of Finance and Economics and Nankai University, with a bachelor's degree and a master's degree in economics, and is a full member of the China Association of Actuaries and a member of the Society of Actuaries.

Ms. Yuan Ying, born in 1978, Chinese

Ms. Yuan became the temporary Person in Charge of Finance of the Company in March 2024. She has been the Deputy General Manager (responsible for daily operations) of the Finance Department of the Company since December 2023. She successively served as an Assistant to the General Manager of the Accounting Department, and an Assistant to the General Manager and the Deputy General Manager of the Finance Department of the Company from 2018 to 2023. Ms. Yuan graduated from Peking University with a master's degree in management.

COMPANY SECRETARY

Mr. Heng Victor Ja Wei, born in 1977, British

Mr. Heng is the managing partner of Morison Heng. He holds a Master of Science degree of the Imperial College of Science, Technology and Medicine, the University of London, and is a member of The Hong Kong Institute of Certified Public Accountants and a fellow of The Association of Chartered Certified Accountants. Mr. Heng has over 20 years of experience in accounting and auditing for private and public companies and financial consultancy. He serves as an Independent Non-executive Director of each of Lee & Man Chemical Company Limited, Matrix Holdings Limited, Best Food Holding Company Limited, TradeGo Fintech Limited and Veson Holdings Limited, all of which are listed on the main board of the HKSE, as well as an Independent Non-executive Director of Bacui Technologies International Ltd., which is listed on the Singapore Exchange.

Positions Held by Current Directors, Supervisors and Senior Management in Shareholders of the Company

Name	Name of shareholders	Position	Term
Bai Tao	China Life Insurance (Group) Company	Chairman	Since March 2022
Li Mingguang	China Life Insurance (Group) Company	Vice President	Since November 2023
Wang Junhui	China Life Insurance (Group) Company	Chief Investment Officer	Since August 2016
Zhuo Meijuan	China Life Insurance (Group) Company	Senior Director of the Strategic Planning Department (General Office for Deepening Reforms)/ Office of the Board of Directors/ China Life Institute of Finance	Since September 2023
Niu Kailong	China Life Insurance (Group) Company	General Manager and President of the Strategic Planning Department (General Office for Deepening Reforms)/Office of the Board of Directors/China Life Institute of Finance	Since December 2022

Remuneration of Directors, Supervisors and Senior Management

Decision-making procedures for the remuneration of Directors, Supervisors and senior management: The remuneration of Directors and Supervisors are approved by shareholders at general meetings, whereas the remuneration of senior management is approved by the Board of Directors.

Abstention from voting by Directors during the discussion of their remuneration at Board meetings: The "Proposal in relation to the Remuneration of Directors and Supervisors of the Company for the Year 2022" was considered and approved at the thirty-third meeting of the seventh session of the Board of Directors of the Company. The Board of Directors agreed to submit the proposal to the general meeting for approval, and all Directors abstained from voting during the discussion of their remuneration.

Specific recommendations given by the Nomination and Remuneration Committee with respect to the remuneration of Directors, Supervisors and senior management: The "Proposal in relation to the Remuneration of Directors and Supervisors of the Company" and the "Proposal in relation to the Remuneration of Senior Management of the Company" were considered and approved at the ninth meeting of the Nomination and Remuneration Committee of the seventh session of the Board of Directors of the Company. Having been fully reviewed by the Directors present at the meeting, the Nomination and Remuneration Committee unanimously approved the proposals and agreed to submit the same to the Board of Directors for review.

Basis for determination of the remuneration of Directors, Supervisors and senior management: The remuneration of Directors, Supervisors and senior management are determined based on the operating results of the Company and the performance appraisal conducted by the Board of Directors, and in accordance with the measures for the administration of remunerations of the Company.

Actual payment of remuneration to Directors, Supervisors and senior management: During the Reporting Period, the remuneration actually received by all Directors, Supervisors and senior management (including the resigned and retired Directors, Supervisors and senior management) from the Company totalled RMB17.9166 million. In accordance with the relevant requirements of the measures for the administration of remunerations of the Company, the standard for performance-based bonus (as part of the remuneration) payable to Directors, Supervisors and senior management of the Company in 2023 has not yet been determined.

EMPLOYEES AND BRANCHES

Employees

Number of employees of the Company	98,065
Number of employees of the Company's major subsidiaries	1,935
Employees in total	100,000
Retired employees of the Company and its major subsidiaries for which extra costs have to be incurred	60

As at the end of the Reporting Period, the composition of the employees of the Company and its major subsidiaries is as follows:

Class of professional composition	Number of employees
Management and administration	19,341
Sales and sales management	44,187
Finance and auditing	4,545
Insurance verification, claim processing and customer services	22,559
Other expertise and technicians	5,783
Others	3,585
Total	**100,000**

Class of education level	Number of employees
Master and above	6,758
Bachelor	69,799
College diploma	20,582
Secondary school	953
Others	1,908
Total	**100,000**

Employee Diversity

The Company attached great importance to the enhancement of its development and competitiveness arising from the diversity of its employees. As at 31 December 2023, there were five female members in the senior management of the Company, accounting for 50% of the senior management; the percentage of female employees of the Company and its major subsidiaries was 57%.

Remuneration Policy for Employees

The Company has established a remuneration and incentive system with reference to employee's positions, the Company's performance and market conditions.

Training Plans

In 2023, the Company effectively proceeded with the "Party Building Foundation Program" and the "Talent Development Program". Under the classification system and plan for talent training, the Company regularly launched training courses for leading cadres at the headquarters, provincial, municipal and county levels before and during their employment, continued to offer enhanced training programs to young cadres and new employees, and further nourished professional talents from various business lines and sectors. The Company also consistently solidified the foundation for training development, made tremendous efforts to develop a team of full-time and part-time lecturers and a training management team, optimised training methods and approaches through innovation, and strived to enhance training efficiency, which ensured the continuous supply of talents for the high-quality development of the Company.

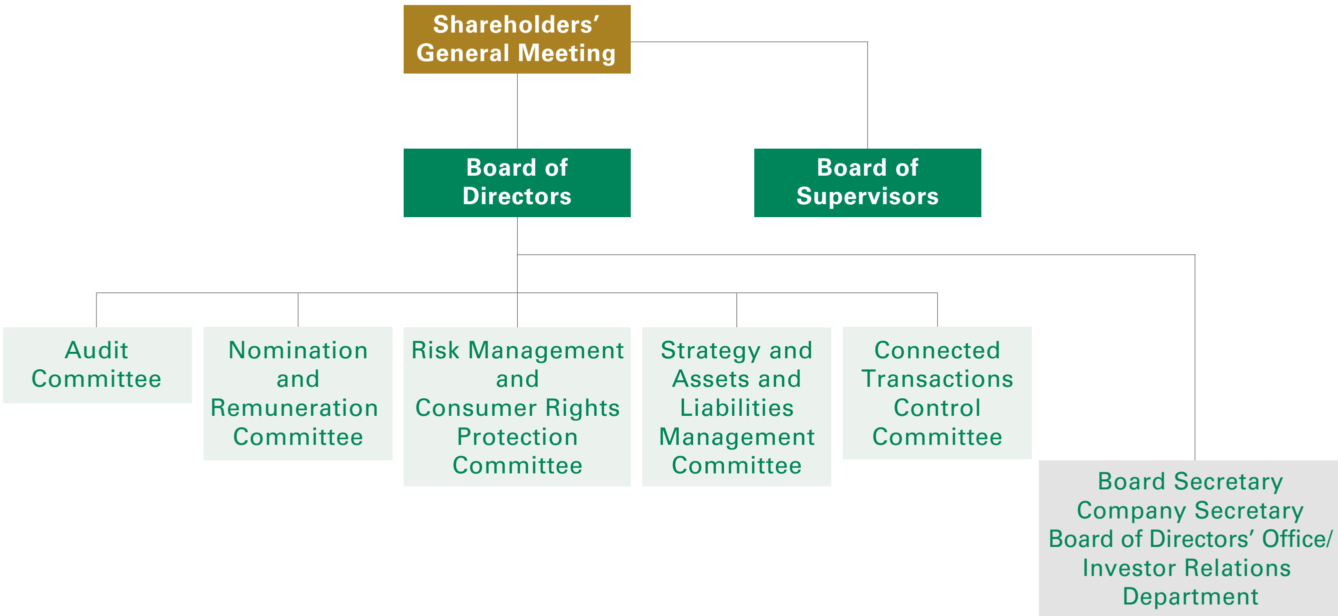
Branches

As at 31 December 2023, the Company had approximately 18,300 branches (including branches at the provincial or prefecture level, sub-branches, sales offices and sales & services offices).

REPORT OF CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

The Company implements good corporate governance policies and strongly believes that through fostering sound corporate governance, further enhancing its transparency and establishing an effective system of accountability, the Company can operate in a more systematic manner, make decisions in a more scientific way, and boost the confidence of investors.



(Corporate Governance Structure Chart)

With the establishment of a corporate governance system with reasonably designed structure, well-developed mechanism, strict rules and regulations, as well as high efficiency in operation as its core objectives, the Company constantly promotes the development of its corporate governance, strictly performs its obligation of information disclosure, enhances its transparency and actively serves the interest of public investors so as to enhance its image and position in the capital market.

The Company has set up a corporate governance structure with well-defined duties and responsibilities strictly in accordance with relevant laws, regulations and regulatory requirements, including the Company Law and the Securities Law. The corporate governance structure of the Company generally meets the regulatory requirements of its listed jurisdictions and the relevant provisions. The Company has carried out its corporate governance procedures strictly in accordance with relevant laws, regulations and regulatory requirements, including the Company Law and the Securities Law, as well as the requirements of its Articles of Association and procedural rules. Shareholders' general meeting, Board of Directors and Board of Supervisors of the Company have been functioning independently and coordinately.

In accordance with the regulatory requirements of its listed jurisdictions and the relevant provisions of its Articles of Association, the Company has continuously improved the decision-making mechanism of the Board. The Board is accountable to shareholders of the Company with respect to the assets and resources entrusted to it by the shareholders, and performs its duties on corporate governance. All members of the Board have taken initiatives to look into the Company's affairs and have had a comprehensive understanding of the Company's businesses. They have devoted sufficient time in performing their duties as Directors with due care and in a diligent and efficient manner. By setting up mechanisms including regular reporting of business development strategies and marketing tactics, the management of the Company can periodically report the business operations, development strategies and marketing tactics to the Board, which provides a basis for the Board's decision-making.

The Company has actively promoted the development of corporate governance, continuously improved its corporate governance structure and enhanced its scientific decision-making ability. In order to improve the decision-making efficiency of the specialised Board committees, the Board has established five specialised Board committees, i.e. the Audit Committee, the Nomination and Remuneration Committee, the Risk Management and Consumer Rights Protection Committee, the Strategy and Assets and Liabilities Management Committee, and the Connected Transactions Control Committee. These specialised Board committees conduct studies on specific matters, hold meetings both on a regular and an ad-hoc basis, communicate with the management, provide advice and recommendations for the Board's consideration, and deal with matters entrusted or authorised by the Board, for the purposes of improving the Board's efficiency and intensifying the Board's functions.

The Board of Supervisors of the Company has carried out its work and performed its duties in accordance with the Articles of Association and the "Procedural Rules for the Board of Supervisors Meetings". Members of the Board of Supervisors attended the shareholders' general meetings and the Board of Supervisors meetings, participated in the Board meetings and the meetings of the specialised Board committees based on their work allocation, and conducted investigations on local branches to have an in-depth understanding of the implementation of the decisions made by the Board, so as to diligently perform their role of supervision.

The Company has made information disclosure in a timely, open and transparent manner pursuant to the requirements of the listing rules of its listed jurisdictions. The Company has continuously improved its management of investor relations and enriched its communication with investors in both form and substance, thus ensuring that all shareholders enjoy equal rights and have access to information about the Company in an open, fair, true and accurate manner.

The Company has intensified its management of subsidiaries on an ongoing basis to optimise the management mechanism. In 2023, the Company revised the "Measures for the Administration of Non-wholly Owned Subsidiaries and Major Associates" to strengthen its management of performance of duties by the Directors, Supervisors and senior management designated to non-wholly owned subsidiaries and major associates, as well as its support to their duty performance, thereby increasing the Company's management and control of non-wholly owned subsidiaries in corporate governance.

The Company has applied the principles of the Corporate Governance Code (the "CG Code") as set out in Appendix C1 to the Listing Rules of the HKSE. 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.

During the Reporting Period, the Company was awarded the "Best Practice Case of the Board of Directors' Office of Listed Companies for the Year 2023" by the China Association for Public Companies. It was also awarded, among others, Grade A in the assessment by the SSE of information disclosure of listed companies for the year 2022-2023, as well as the "Top 50 in the Market Capitalisation List (Full List) of Chinese Listed Companies" and the "Top 5 of the Insurance Industry" by Wind.

SHAREHOLDERS' GENERAL MEETING

The shareholders' general meeting, as an organ of the highest authority of the Company, exercises its duties and functions in accordance with relevant laws. Its duties and powers include the election, appointment and removal of Directors and Non-employee Representative Supervisors, review and approval of the reports of the Board of Directors and the Board of Supervisors, review and approval of the annual budget and final accounts of the Company, and any other matters required by the Articles of Association to be approved by way of resolution of the shareholders' general meeting. The Company ensures that all shareholders are equally treated so as to ensure that the rights of all shareholders are protected, including the right of access to information in relation to, and the right to vote in respect of, major matters of the Company. The Company has the ability to operate and manage its business autonomously, and is separate and independent from its controlling shareholder in its business operations, personnel, assets and financial matters.

Shareholders' general meetings convened during the Reporting Period are as follows:

Session of the meeting	Date of the meeting	Index for websites on which resolutions were published	Date of publication of resolutions
2022 Annual General Meeting	28 June 2023	www.sse.com.cn www.hkexnews.hk www.e-chinalife.com	28 June 2023
First Extraordinary General Meeting 2023	15 December 2023	www.sse.com.cn www.hkexnews.hk www.e-chinalife.com	15 December 2023

Eight proposals, including the "Proposal in relation to the Report of the Board of Directors of the Company for the Year 2022", the "Proposal in relation to the Report of the Board of Supervisors of the Company for the Year 2022" and the "Proposal in relation to the Financial Report of the Company for the Year 2022", were considered and approved by a combination of on-site and online voting, and the "Duty Report of the Independent Directors of the Company for the Year 2022" and the "Report on the Overall Status of Connected Transactions of the Company for the Year 2022" were debriefed and reviewed at the 2022 Annual General Meeting held in Beijing on 28 June 2023.

Five proposals, including the "Proposal in relation to the Election of Ms. Liu Hui as an Executive Director of the Seventh Session of the Board of Directors of the Company", the "Proposal in relation to Project Huizhi" and the "Proposal in relation to the Issue of Capital Supplementary Bonds by the Company", were considered and approved by a combination of on-site and online voting at the First Extraordinary General Meeting 2023 held in Beijing on 15 December 2023.

Attendance records of the current Directors at the shareholders' general meetings convened during the Reporting Period are as follows:

Name of Director	Type of Director	Number of shareholders' general meetings required to attend for the year	Number of meetings attended in person
Bai Tao	Executive Director	2	1
Li Mingguang	Executive Director	2	1
Wang Junhui	Non-executive Director	2	2
Zhuo Meijuan	Non-executive Director	2	2
Lam Chi Kuen	Independent Director	2	2
Zhai Haitao	Independent Director	2	2
Huang Yiping	Independent Director	2	2
Chen Jie	Independent Director	2	2

Attendance record of the resigned Director at the shareholders' general meetings convened during the Reporting Period is as follows:

Name of Director	Type of Director	Number of shareholders' general meetings required to attend for the year	Number of meetings attended in person
Zhao Peng	Executive Director	1	1

BOARD

The Board is the standing decision-making body of the Company and its main duties include: performing the function of corporate governance of the Company, convening shareholders' general meetings, implementing resolutions passed at such meetings, improving the Company's corporate governance policies, approving the Company's development strategies and operation plans, formulating and supervising the Company's financial policies, annual budgets and financial reports, providing an objective evaluation on the Company's operating results in its financial reports and other disclosure documents, dealing with senior management personnel matters, arranging for Directors and senior management to attend various training courses, attaching importance to the enhancement of their professional quality, reviewing the compliance policies of the Company, assessing the internal control systems of the Company and reviewing the compliance by the Company with the CG Code. The day-to-day management and operation of the Company are delegated to the management. The responsibilities of Non-executive Directors and Independent Directors include, without limitation, regularly attending meetings of the Board and the specialised Board committees of which they are members, providing opinions at meetings of the Board and the specialised Board committees, resolving any potential conflict of interest, serving on the Audit Committee, the Nomination and Remuneration Committee and other specialised Board committees, and inspecting, supervising and reporting on the performance of the Company. The Board is accountable to the shareholders of the Company and reports to them.

Currently, the Board of the Company comprises eight members, including two Executive Directors, two Non-executive Directors and four Independent Directors. The number of Independent Directors complies with the minimum requirement of three Independent Directors and the requirement that at least one-third of the Board be represented by Independent Directors under the regulatory rules of the industry and its listed jurisdictions. All members of the Board have devoted sufficient time in dealing with the affairs of the Board and attended the relevant training courses organised by external regulatory authorities and the Company according to regulatory requirements. They have referred to regulatory documents on a regular basis so as to keep themselves informed of the regulatory development in a timely manner. The Company has applied director's liability insurances for its Directors, which provide protection to Directors for liabilities that might arise in the course of their performance of duties according to law and facilitate Directors to fully perform their duties. So far as the Company is aware, no financial, business, family or other material relationship exists among members of the Board of Directors, the Board of Supervisors or the senior management.

In 2023, Independent Directors of the Board of the Company possessed extensive experience in various fields, such as macro economy, financial management, legal compliance, accounting and auditing. The Company also complies with the requirement of the Listing Rules of the HKSE that at least one of its Independent Directors has appropriate professional qualifications or accounting qualifications or related financial management expertise. As required under the Listing Rules of the SSE and the HKSE, the Company has obtained a written confirmation from each of its Independent Directors in respect of their independence. The Company is of the opinion that all of the Independent Directors are independent of the Company and strictly perform their duties as Independent Directors. Pursuant to the Articles of Association, Directors shall be elected at the shareholders' general meeting for a term of three years and may be re-elected on expiry of the three-year term. However, Independent Directors may not serve for more than six years.

The Company has developed a well-established procedure for nomination and election of Directors, under which the Board shall, when nominating Directors, consider their professional ability and conduct, and also take into account the requirement for diversity of the Board members. Complementarity among the Board members in aspects including but not limited to gender, age, culture, educational background, professional experience, skills and expertise will be considered in the selection of candidates for Directors. The Company will also take into account factors based on its own business model and specific needs from time to time. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Board and the Nomination and Remuneration Committee will from time to time discuss the measurable objective for achieving diversity of the Board. In relation to gender diversity, the Company sets its phased objective for 2024 as having three female Directors to serve on the Board. The above objective of gender diversity is expected to be achieved in the near future. The Company will also continue to take active actions in identifying female Directors and management members. The Company believes that the gender diversity in the Board would bring more inspiration to the Board and enhance the business development of the Company. Currently, the Board of the Company comprises eight members with extensive experience in various fields, such as financial management, macro economy, financial accounting, law and management. The diversified composition of the Board is as follows:

Directors by type	Executive Director	Non-executive Director	Independent Director
Number of Directors	2 persons	2 persons	4 persons
Directors by location	**Mainland China**		**Hong Kong, China**
Number of Directors	5 persons		3 persons
Directors by gender	**Male**		**Female**
Number of Directors	6 persons		2 persons

Meetings of the Board are held both on a regular and an ad-hoc basis. Regular meetings are convened at least four times a year for the examination and approval of proposals, such as annual report, interim report, quarterly reports, related financial reports, and major business operations of the year. Meetings are convened by the Chairman of the Board and a notice is given to all Directors 14 days before such meetings. Agendas and related documents are sent to the Directors at least 3 days prior to such meetings. In 2023, all notices, agendas and related documents in respect of such regular Board meetings were sent to Directors in compliance with the above requirements. By fully reviewing all the relevant proposals, the Board has confirmed that the information contained in its periodic reports and financial reports is true, accurate and complete and contains no false representations, misleading statements or material omissions, and no event or situation which would have material adverse impacts on the Company's ongoing operation has been found.

The practice of obtaining Board consent through the circulation of written resolutions does not constitute a regular Board meeting. An ad-hoc Board meeting may be convened in urgent situations if requisitioned by any of the following: shareholders representing over one-tenth of voting shares, Directors constituting more than one-third of the total number of Directors, the Board of Supervisors, more than two Independent Directors, the Chairman of the Board or the President of the Company. If the resolution to be considered at such ad-hoc Board meetings has been circulated to all the Directors and more than half of the Directors having voting rights approve such resolution by signing the resolution in writing, the ad-hoc Board meeting need not be physically convened and such resolution in writing shall become an effective resolution.

Board meetings convened during the Reporting Period are as follows:

Session of the meeting	Date of the meeting	Resolutions adopted at the meeting
Twentieth meeting of the seventh session of the Board	18 January 2023	Two proposals, including the "Proposal in relation to the Nomination of Ms. Liu Hui as a Vice President of the Company", were considered and approved.
Twenty-first meeting of the seventh session of the Board	27 February 2023	One proposal, namely the "Proposal in relation to the 'Product Tracing Report of the Company for 2022'", was considered and approved.
Twenty-second meeting of the seventh session of the Board	29 March 2023	33 proposals, including the "Proposal in relation to the Financial Report of the Company for the Year 2022", were considered and approved, and eight reports, including the "Report on the Business Operations and Management of the Company for 2022", were debriefed.
Twenty-third meeting of the seventh session of the Board	27 April 2023	Nine proposals, including the "Proposal in relation to the First Quarter Report of the Company for 2023" and the "Proposal in relation to the 'Report of Corporate Governance of the Company for the Year 2022'", were considered and approved, and four reports, including the "Report on the Company's Business Operations for the First Quarter of 2023 and Work Arrangement for the Next Stage", were debriefed.
Twenty-fourth meeting of the seventh session of the Board	25 May 2023	Two proposals, including the "Proposal in relation to the 'Stress Test Report on the Company's Solvency for the Year 2022'", were considered and approved.
Twenty-fifth meeting of the seventh session of the Board	28 June 2023	Five proposals, including the "Proposal in relation to the 'Capital Planning of the Company for the Years from 2023 to 2025'", were considered and approved.
Twenty-sixth meeting of the seventh session of the Board	25 July 2023	One proposal, namely the "Proposal in relation to the Solvency Report of the Company for the Second Quarter of 2023", was considered and approved.
Twenty-seventh meeting of the seventh session of the Board	4 August 2023	Eight proposals, including the "Proposal in relation to the Nomination of Mr. Li Mingguang as the President of the Company", were considered and approved.
Twenty-eighth meeting of the seventh session of the Board	23 August 2023	Eight proposals, including the "Proposal in relation to the Financial Report of the Company for the First Half of 2023", were considered and approved, and four reports, including the "Report on the Company's Business Operations for the First Half of 2023 and Work Arrangement for the Second Half of 2023", were debriefed.

Session of the meeting	Date of the meeting	Resolutions adopted at the meeting
Twenty-ninth meeting of the seventh session of the Board	21 September 2023	One proposal, namely the "Proposal in relation to the Adjustment to the Composition of Specialised Committees of the Seventh Session of the Board of Directors of the Company", was considered and approved.
Thirtieth meeting of the seventh session of the Board	17 October 2023	One proposal, namely the "Proposal in relation to Matters on the Post-investment of Project Zhongcheng", was considered and approved.
Thirty-first meeting of the seventh session of the Board	26 October 2023	Six proposals, including the "Proposal in relation to the Third Quarter Report of the Company for 2023", were considered and approved, and two reports, including the "Report on the Company's Business Operations for the First Three Quarters of 2023 and Work Arrangement for the Fourth Quarter of 2023", were debriefed.
Thirty-second meeting of the seventh session of the Board	22 November 2023	Two proposals, including the "Proposal in relation to Project Huizhi", were considered and approved.
Thirty-third meeting of the seventh session of the Board	15 December 2023	16 proposals, including the "Proposal in relation to the Nomination of Ms. Liu Hui as the Chief Investment Officer of the Company", were considered and approved, and one report, namely the "Audit Report on the Solvency Risk Management System of the Company for the Year 2023", was debriefed.

If a Director is materially interested in a matter to be considered by the Board, the Director having such conflict of interest shall have no voting right on the matter to be considered and shall not be counted in the quorum for the Board meeting. All Directors shall have access to the advice and services of the Board Secretary and the Company Secretary. Detailed minutes of Board meetings regarding matters considered by the Board and decisions reached, including any concerns raised by Directors or dissenting views expressed, are kept by the Board Secretary. Minutes of Board meetings are available upon reasonable notice for inspection and comment upon by Directors.

Currently, the seventh session of the Board of the Company comprises the following members: Mr. Bai Tao, the Chairman and an Executive Director, Mr. Li Mingguang, an Executive Director, Mr. Wang Junhui and Ms. Zhuo Meijuan, both being Non-executive Directors, and Mr. Lam Chi Kuen, Mr. Zhai Haitao, Mr. Huang Yiping and Ms. Chen Jie, all being Independent Directors. Due to the adjustment of work arrangements, Mr. Zhao Peng resigned from his position of Executive Director and the relevant positions in the specialised Board committees of the Company in August 2023.

In 2023, all members of the Board further developed and refreshed their information and knowledge in aspects such as laws and regulations of securities markets, regulatory trends, macro economy and the development trend of the insurance industry by attending special training courses on certain topics as organised by the securities exchanges of the Company's listed jurisdictions, listed companies associations and the Company itself. All members of the Board of the Company attended the training programs on anti-money laundering. Ms. Zhuo Meijuan, a Non-executive Director, attended a training course of the SSE for the first-time directors, supervisors and senior management of listed companies in 2023 (Session II). Mr. Wang Junhui and Ms. Zhuo Meijuan, both being Non-executive Directors, attended a special training course on the rules of independent directors of listed companies as organised by the Listed Companies Association of Beijing for listed companies within Beijing. Mr. Lam Chi Kuen, Mr. Zhai Haitao and Ms. Chen Jie, all being Independent Directors, attended a follow-up training course for independent directors of listed companies in 2023 (Session VI) as organised by the SSE.

Pursuant to the "Measures for the Evaluation of the Performance of Duties by Directors and Supervisors" of the Company and other requirements, and after taking into account the actual situation of its corporate governance, the Company conducted an evaluation of the performance of duties by Directors. Based on the self-assessment of Directors and the evaluation of the Board of Supervisors, all members of the Board of the Company were evaluated as competent in their performance of duties in 2023.

Meetings and Attendance

During the Reporting Period, a total of 14 meetings (including five regular Board meetings and nine ad-hoc Board meetings) were held by the Board of the Company, of which ten meetings were convened by way of on-site meeting, four meetings by way of participation through communication tools. Attendance records of the current individual Directors are as follows:

Name of Director	Type of Director	Number of meetings required to attend	Number of meetings attended in person	Number of meetings participated through communication tools	Number of meetings attended by proxies	Number of meetings absent
Bai Tao	Executive Director	14	7	4	3	0
Li Mingguang	Executive Director	14	9	4	1	0
Wang Junhui	Non-executive Director	14	7	4	3	0
Zhuo Meijuan	Non-executive Director	9	7	2	0	0
Lam Chi Kuen	Independent Director	14	10	4	0	0
Zhai Haitao	Independent Director	14	10	4	0	0
Huang Yiping	Independent Director	14	9	4	1	0
Chen Jie	Independent Director	14	10	4	0	0

Attendance record of the resigned Director of the Company at the Board meetings convened during the Reporting Period is as follows:

Name of Director	Type of Director	Number of meetings required to attend	Number of meetings attended in person	Number of meetings participated through communication tools	Number of meetings attended by proxies	Number of meetings absent
Zhao Peng	Executive Director	7	3	3	1	0

Note: Directors who were unable to attend any meeting of the Board authorised other Directors to attend and vote at the meeting on their behalf.

Performance of Duties by Independent Directors

Currently, a total of four Independent Directors serve on the Board of the Company, accounting for over one-third of the total number of members of the Board and being in line with the the requirements of relevant laws and regulations, as well as the Articles of Association. These four Independent Directors possess extensive experience in various fields, such as macro economy, financial management, legal compliance, accounting and auditing, and serve as the Chairmen/Chairpersons of the specialised Board committees. Other than receiving their remuneration as Independent Directors of the Company, they do not have any business or financial interest in the Company and its subsidiaries, nor hold any management positions in the Company. The Company has received annual confirmation letters for self-inspection from each of the Independent Directors to confirm their independence and, after the assessment of the Board, considered them to satisfy the criteria for independent directors and the requirements of independence under the regulatory rules of the Company's listed jurisdictions.

Attendance of Meetings by Independent Directors

All Independent Directors diligently fulfilled their responsibilities by attending meetings of the Board and the specialised Board committees convened in 2023, actively participating in discussions and providing guiding opinions on the proposals considered and discussed at the meetings, and seriously examining and approving such matters as connected transactions, nomination of Directors and senior management and their remunerations, annual profit distribution plan, internal control assessment, changes in accounting estimates and appointment of external auditors, thus expressing their independent opinions in an objective and fair manner. The Independent Directors were engaged in the work of specialised Board committees, providing professional advice in respect of major decisions of the Company. They listened to the reports from relevant personnel, kept abreast of the daily operations and any possible operational risks of the Company in a timely manner, and expressed their opinions and exercised their functions and powers at Board meetings, thus playing a vital role in the decision-making of the Board. In 2023, the Independent Directors of the Company gave their consent to the matters resolved by the Board and the specialised Board committees of the Company.

Communications between Independent Directors and All Parties of the Company

In 2023, Independent Directors of the Company held a separate special meeting with the Chairman of the Board, during which the Independent Directors put forward their own views and opinions on various aspects such as the macro-environment, business development, and risk management, etc., and gave advice and recommendations on matters including the high-quality development, innovation in business model, and investment management of the Company. The Company attached great importance to opinions and advice from Independent Directors, timely submitted the concerns, opinions and advice of the Independent Directors to the management of the Company and its relevant functional departments, adopted their opinions and advice after careful deliberation and discussion by various departments, and promptly gave feedbacks to Independent Directors in relation to the adoption and implementation thereof.

Investigation and Research by Independent Directors and the Trainings for Them

In 2023, the Independent Directors of the Company took part in two investigation and research activities in relation to China Life Science Park and the customer experience center of Beijing Branch in Zhichun Road, respectively, and conducted physical inspection, investigation and research on the two segments of technology and operations of the Company, for the purpose of further understanding of the "Technology-driven China Life" and the business operations and management of the Company. In addition, the Independent Directors listened to two special reports on the "development trends of the life insurance industry and the strategy of the Company" and the "investment management of the Company", enhancing their understanding of insurance business and the development trends of the industry.

In the meanwhile, the Independent Directors further developed and refreshed their professional knowledge by actively attending special training courses on certain topics as organised by the securities exchanges of the Company's listed jurisdictions, listed companies associations and the Company itself. In 2023, the four Independent Directors of the Company attended the training programs of the Company on anti-money laundering. Mr. Lam Chi Kuen, Mr. Zhai Haitao and Ms. Chen Jie attended a follow-up training course for independent directors of listed companies in 2023 (Session VI) as organised by the SSE.

Performance of Other Duties

In 2023, the Independent Directors of the Company seriously listened to the issues that overseas and domestic investors were concerned about from results briefings, ensuring the communication and exchange of opinions with small- and medium-sized shareholders. There were no obstacles encountered by the four Independent Directors of the Company during their performance of duties.

In 2023, the Company provided various materials to Independent Directors, which facilitated them to comprehend information associated with the insurance industry. Independent Directors have access to adequate resources and may obtain external professional advice to ensure the performance of their duties. All Independent Directors obtained information relating to the operation and management of the Company through various channels, which therefore formed the basis of their scientific and prudent decisions.

The Company believes that the composition of the Board of Directors of the Company (including the number and proportion of Independent Directors) and the above mechanism for the performance of duties by Independent Directors can ensure that independent views and input are available to the Board of Directors.

CHAIRMAN AND PRESIDENT

As at the date of this report, Mr. Bai Tao is the Chairman of the Board of the Company. The Chairman of the Board is the legal representative of the Company, primarily responsible for convening and presiding over Board meetings, ensuring the implementation of Board resolutions, attending annual general meetings and arranging attendance by Chairmen/Chairpersons of Board committees to answer questions raised by shareholders, signing securities issued by the Company and other important documents, providing leadership for the Board to ensure that the Board works effectively and performs its responsibilities, encouraging all Directors to make a full and active contribution to the Board's affairs, and promoting a culture of openness and debate. The Chairman of the Board is accountable to and reports to the Board. As at the date of this report, Mr. Li Mingguang is the President of the Company. The President is responsible for the day-to-day operations of the Company, mainly including implementing strategies, policies, operation plans and investment schemes approved by the Board, formulating the Company's internal management structure and fundamental management systems, drawing up basic rules and regulations of the Company, submitting to the Board any requests for appointment or removal of senior management and exercising other rights granted to him under the Articles of Association and by the Board. The President is fully accountable to the Board for the operations of the Company.

BOARD OF SUPERVISORS

The composition of the Board of Supervisors and the profile of each Supervisor are set forth in the section headed "Directors, Supervisors, Senior Management and Employees" of this report, and the details of the duty performance of the Board of Supervisors are set forth in the section headed "Report of the Board of Supervisors".

AUDIT COMMITTEE

The Company established its Audit Committee on 30 June 2003. In 2023, the Audit Committee comprised only Independent Directors. Currently, the Audit Committee of the seventh session of the Board of the Company comprises Mr. Lam Chi Kuen, Mr. Zhai Haitao and Ms. Chen Jie, all being Independent Directors, with Mr. Lam Chi Kuen acting as the Chairman.

All members of the Audit Committee have extensive experience in financial matters. The principal duties of the Audit Committee are to review and supervise the preparation of the Company's financial reports, assess the effectiveness of the Company's internal control system, supervise the Company's internal audit system and its implementation, and recommend the engagement or replacement of external auditors and other tasks in relation to internal and external audits. The Audit Committee is also responsible for communications between the internal and external auditors and the establishment of the internal whistleblowing mechanism of the Company.

Meetings and Attendance

During the Reporting Period, five meetings were held by the Audit Committee of the Board of the Company. Attendance records of individual members are as follows:

Name of member	Position	Number of meetings attended in person/Number of meetings required to attend	Number of meetings attended by proxies/Number of meetings required to attend
Lam Chi Kuen	Independent Director, Chairman of the Audit Committee of the seventh session of the Board	5/5	0/5
Zhai Haitao	Independent Director, member of the Audit Committee of the seventh session of the Board	5/5	0/5
Chen Jie	Independent Director, member of the Audit Committee of the seventh session of the Board	5/5	0/5

Note: The number of meetings attended in person includes meetings attended on-site and by way of telephone or video conference.

The meetings convened are as follows:

Meetings convened	Description
28 March 2023 Eighth meeting of the Audit Committee of the seventh session of the Board	Ten proposals, including the "Proposal in relation to the Financial Report of the Company for the Year 2022", the "Proposal in relation to the Relevant Arrangement for New Accounting Standards of the Company" and the "Proposal in relation to the Appointment of PricewaterhouseCoopers for the Implementation of the Agreed-upon Procedures of the Company for the First Quarter of 2023", were considered and approved, and one report, namely the "Report of PricewaterhouseCoopers on the Audit for the Year 2022", was debriefed.
26 April 2023 Ninth meeting of the Audit Committee of the seventh session of the Board	Five proposals, including the "Proposal in relation to the Financial Report of the Company for the First Quarter of 2023" and the "Proposal in relation to the Appointment of Auditors of the Company for the Year 2023", were considered and approved, and two reports, including the "Report of PricewaterhouseCoopers on the Results of Agreed-upon Procedures for the First Quarter of 2023 and the Interim Review Plan for 2023", were debriefed.
22 August 2023 Tenth meeting of the Audit Committee of the seventh session of the Board	Two proposals, including the "Proposal in relation to the Financial Report of the Company for the First Half of 2023", were considered and approved, and one report, namely the "Report of PricewaterhouseCoopers on the Interim Review for 2023", was debriefed.
25 October 2023 Eleventh meeting of the Audit Committee of the seventh session of the Board	One proposal, namely the "Proposal in relation to the Financial Report of the Company for the Third Quarter of 2023", was considered and approved, and one report, namely the "Report of PricewaterhouseCoopers on the Agreed-upon Procedures for the Third Quarter of 2023 and the Annual Review Plan", was debriefed.
14 December 2023 Twelfth meeting of the Audit Committee of the seventh session of the Board	One proposal, namely the "Pre-approval of the Scope of Additional Services of PricewaterhouseCoopers", was considered and approved.

Performance of Duties by the Audit Committee

In 2023, the Audit Committee of the Board of the Company performed its relevant duties and functions in strict compliance with the "Procedural Rules for the Audit Committee Meetings". During meetings of the Audit Committee, all members reviewed the proposals in relation to, among others, the audit of the Company, its financial reports, appointment of external auditors, internal control and compliance, and actively participated in discussions at the meetings.

Reviewing and approving financial information of the Company and the disclosure thereof. The Audit Committee of the Board, according to its duties, reviewed and approved the Company's financial reports for the year 2022, the first quarter of 2023, the first half of 2023 and the third quarter of 2023. The Audit Committee was of the view that the financial reports of the Company reflected the overall situation of the Company in a true, accurate and complete manner. By reviewing and monitoring the completeness of financial statements, annual report and accounts, interim report and quarterly reports of the Company, examining significant matters such as financial statements and reports, and focusing on changes in accounting estimates, changes in major accounting items and compliance with accounting standards, the Audit Committee guaranteed the accuracy, completeness and consistency of the financial information publicly disclosed by the Company.

Supervising and assessing the internal and external audits of the Company. In 2023, the Audit Committee of the Board reviewed the proposals of the Company in relation to, among others, the internal audit work for 2022 and the internal audit work for the first half of 2023, communicated any matters of concern in a timely and effective manner, further understood the duties of the Company's audit departments, and supervised the compliance and effectiveness of the internal audit function. The Audit Committee was of the view that the internal audit function of the Company was effective during the Reporting Period. The Audit Committee strengthened communications with external auditors and supervised the performance of duties by the external auditors in a diligent and responsible way. Besides regular meetings, the Audit Committee convened communication meetings in advance with external auditors so as to discuss the annual audit plan of the Company, determine the service scope of the annual audit, listen to the report given by the auditors with respect to the results of the audit on and review of periodic financial reports of the Company, and gave opinions and advice on the agreed-upon procedures proposed annually and quarterly by the external auditors of the Company and the pre-approval of the scope of additional services. Prior to the audit conducted by the external auditors and the review of the annual report, the Audit Committee communicated the relevant situations with the external auditors and listened to the report in connection with the arrangement of the audit. Before an audit opinion was issued by the external auditors, the Audit Committee commenced in-depth communications with them so as to understand whether there were any issues arisen during the audit and follow up with the progress of the audit. In the selection and appointment of external auditors, the Audit Committee performed its duty of review in compliance with laws.

Supervising and assessing the effectiveness of internal control of the Company. The Audit Committee of the Board provided guidance to the Company on the management of internal control, devised the working plan for internal control assessment, reviewed the work report on assessment of internal control, and inspected the rectification of problems identified in the internal control pursuant to the "Standard Regulations on Corporate Internal Control" and other domestic and overseas regulatory requirements. The Audit Committee earnestly performed its duties and responsibilities and monitored the Company to carry out its work in compliance with laws and regulations pursuant to the relevant requirements of the NFRA and the securities exchanges of the Company's listed jurisdictions. As required by its duties and responsibilities, the Audit Committee reviewed the annual work report on and working plan for internal control assessment, and the annual compliance report of the Company to ensure that its work was conducted strictly according to the relevant regulatory requirements in a reasonable and efficient manner.

NOMINATION AND REMUNERATION COMMITTEE

The Company established the Management Training and Remuneration Committee on 30 June 2003. On 16 March 2006, the Board resolved to change the name of the Management Training and Remuneration Committee to the Nomination and Remuneration Committee, with a majority of Independent Directors on the committee. Currently, the Nomination and Remuneration Committee of the seventh session of the Board comprises Ms. Chen Jie, an Independent Director, Mr. Wang Junhui, a Non-executive Director, and Mr. Lam Chi Kuen, an Independent Director, with Ms. Chen Jie acting as the Chairperson.

The Nomination and Remuneration Committee is mainly responsible for reviewing the structure of the Board, its number of members and composition and drawing up plans for the appointment, succession and appraisal criteria of Directors and senior management. The committee is also responsible for formulating training and remuneration policies for the senior management of the Company. The Nomination and Remuneration Committee, as an advisor to the Board on the nomination of Directors, shall first discuss and agree on the list of candidates to be nominated as new Directors, following which such candidates are recommended to the Board. The Board shall then determine whether such candidates' appointments should be proposed for approval at the shareholders' general meeting. The major criteria considered by the Nomination and Remuneration Committee and the Board are educational background, management and research experience in the insurance industry, and the candidates' commitment to the Company. As to the nomination of Independent Directors, the Nomination and Remuneration Committee will give special consideration to the independence of the relevant candidates.

The Nomination and Remuneration Committee determines, with delegated responsibility by the Board, the specific remuneration packages of all Executive Directors and senior management. The fixed salary of the Executive Directors and other members of senior management are determined in accordance with market levels and their respective positions, and the amount of their performance-related bonuses is determined according to the results of performance appraisals. Directors' fees and the volume of stock appreciation rights to be granted are determined with reference to market levels and the actual circumstances of the Company.

Meetings and Attendance

During the Reporting Period, six meetings were held by the Nomination and Remuneration Committee of the Board of the Company. Attendance records of individual members are as follows:

Name of member	Position	Number of meetings attended in person/Number of meetings required to attend	Number of meetings attended by proxies/Number of meetings required to attend
Chen Jie	Independent Director, Chairperson of the Nomination and Remuneration Committee of the seventh session of the Board	6/6	0/6
Wang Junhui	Non-executive Director, member of the Nomination and Remuneration Committee of the seventh session of the Board	2/6	4/6
Lam Chi Kuen	Independent Director, member of the Nomination and Remuneration Committee of the seventh session of the Board	6/6	0/6

Notes:

1. The number of meetings attended in person includes meetings attended on-site and by way of telephone or video conference.
2. Directors who were unable to attend any meeting of specialised Board committees authorised other Directors to attend and vote at the meeting on their behalf.

The meetings convened are as follows:

Meetings convened	Description
18 January 2023 Eighth meeting of the Nomination and Remuneration Committee of the seventh session of the Board	One proposal, namely the "Proposal in relation to the Nomination of Ms. Liu Hui as a Vice President of the Company", was considered and approved.
28 March 2023 Ninth meeting of the Nomination and Remuneration Committee of the seventh session of the Board	Six proposals, including the "Proposal in relation to the Remuneration of Directors and Supervisors of the Company" and the "Proposal in relation to the Remuneration of Senior Management of the Company", were considered and approved.
26 April 2023 Tenth meeting of the Nomination and Remuneration Committee of the seventh session of the Board	One proposal, namely the "Proposal in relation to the 'Corporate Governance Report for the Year 2022' with respect to the 'Incentive and Restraint Mechanism'", was considered and approved.
4 August 2023 Eleventh meeting of the Nomination and Remuneration Committee of the seventh session of the Board	Eight proposals, including the "Proposal in relation to the Nomination of Mr. Li Mingguang as the President of the Company", were considered and approved.
25 October 2023 Twelfth meeting of the Nomination and Remuneration Committee of the seventh session of the Board	One proposal, namely the "Proposal in relation to the Performance Target Contracts of Senior Management of the Company for the Year 2023", was considered and approved.
14 December 2023 Thirteenth meeting of the Nomination and Remuneration Committee of the seventh session of the Board	Four proposals, including the "Proposal in relation to the Nomination of Ms. Liu Hui as the Chief Investment Officer of the Company", were considered and approved.

Performance of Duties by the Nomination and Remuneration Committee

In 2023, the Nomination and Remuneration Committee of the Board of the Company performed its relevant duties and functions in strict compliance with the "Procedural Rules for the Nomination and Remuneration Committee Meetings". All members of the Nomination and Remuneration Committee performed their obligations in a responsible manner and reviewed the proposals on the nomination of Directors of the seventh session of the Board and senior management of the Company, their business objectives and performance appraisal results, the remuneration of Directors, Supervisors and senior management, and the report on the duty performance of the Audit Committee and the Nomination and Remuneration Committee. During meetings of the Nomination and Remuneration Committee of the Board, all members actively participated in discussions and gave guiding opinions on the proposals considered and discussed at the meetings.

Nomination and proposed appointment of Directors and senior management officers of the Company and the Board diversity policy. The Company firmly believes that the Board diversity may enhance the decision-making capability of the Board, and considers the Board diversity as a key factor for maintaining a sound corporate governance standard and achieving the sustainable development of the Company. In accordance with the "Procedural Rules for the Nomination and Remuneration Committee Meetings" and the Board diversity policy, the Nomination and Remuneration Committee seriously reviewed the structure of the Board, its number of members and composition (including taking into account diversity factors, such as gender, age, cultural and educational background, skills, expertise and experience), fully reviewed the professional qualifications and industrial background of the candidates for Directors and members of the Board committees. It also conducted a careful assessment on the qualifications, skills, expertise and experience of candidates for senior management to ensure that the candidates met the requirements set by the Company, and submitted a review opinion to the Board and agreed to submit such proposals to the Board for consideration.

Proposing remuneration policy of Directors, Supervisors and senior management of the Company. The Nomination and Remuneration Committee of the Board took into account various factors such as business development management, strategic investment decisions, and corporate governance management and control, carefully examined and determined the specific remuneration packages of all Executive Directors and senior management, approved the terms of service contracts between the Company and each of the Executive Directors, Non-executive Directors and Independent Directors and pushed forward the signing of service contracts between the Company and all Directors, defined the rights, obligations and remunerations of Directors, and seriously appraised the performance of Directors in the discharge of their duties.

Carrying out the evaluation of the performance of duties by Directors, Supervisors and senior management of the Company and their performance appraisal. The Nomination and Remuneration Committee of the Board reviewed proposals on the results of evaluating the performance of duties by Directors for the year 2022, the results of performance appraisal of senior management for the year 2022 and the performance target contract of senior management for the year 2023, the remunerations of Directors, Supervisors and senior management of the Company for the year 2022, and made recommendations to the Board in respect of matters such as the determination of performance target, performance appraisal procedures and results.

RISK MANAGEMENT AND CONSUMER RIGHTS PROTECTION COMMITTEE

The Company established its Risk Management Committee on 30 June 2003. In December 2019, the Board resolved to rename the Risk Management Committee as the Risk Management and Consumer Rights Protection Committee, the additional function of management of consumer rights protection was included in the functions of the original Risk Management Committee, and corresponding changes and amendments were made in such areas as the functions and responsibilities of the committee and the procedural rules of the committee meetings. Currently, the Risk Management and Consumer Rights Protection Committee of the seventh session of the Board comprises Mr. Huang Yiping, an Independent Director, Mr. Wang Junhui and Ms. Zhuo Meijuan, both being Non-executive Directors, and Ms. Chen Jie, an Independent Director, with Mr. Huang Yiping acting as the Chairman.

The Risk Management and Consumer Rights Protection Committee is mainly responsible for formulating the Company's system of risk control benchmarks, establishing well-developed risk management and internal control systems and the system for the management of consumer rights protection, examining and reviewing the Company's risk preference, risk tolerance and the work reports from the senior management and the consumer rights protection department, formulating the Company's risk management policy and major policy on consumer rights protection, reviewing the assessment reports in relation to the Company's risk management and internal control, studying major investigation findings on risk management and internal control matters and the management's response to these findings as delegated by the Board or on its own initiative, dealing with major disagreement, major risk emergency events or crisis events in risk management, and supervising and directing the senior management and the relevant departments to resolve any issues identified during the rectification process in a timely manner.

Meetings and Attendance

During the Reporting Period, five meetings were held by the Risk Management and Consumer Rights Protection Committee of the Board of the Company. Attendance records of individual members are as follows:

Name of member	Position	Number of meetings attended in person/Number of meetings required to attend	Number of meetings attended by proxies/Number of meetings required to attend
Huang Yiping	Independent Director, Chairman of the Risk Management and Consumer Rights Protection Committee of the seventh session of the Board	3/5	2/5
Wang Junhui	Non-executive Director, member of the Risk Management and Consumer Rights Protection Committee of the seventh session of the Board	1/5	4/5
Zhuo Meijuan	Non-executive Director, member of the Risk Management and Consumer Rights Protection Committee of the seventh session of the Board	4/4	0/4
Chen Jie	Independent Director, member of the Risk Management and Consumer Rights Protection Committee of the seventh session of the Board	5/5	0/5

Notes:

1. Mr. Li Mingguang ceased to be a member of the Risk Management and Consumer Rights Protection Committee from September 2023. During the period when Mr. Li Mingguang served as a member of the Risk Management and Consumer Rights Protection Committee in 2023, the Risk Management and Consumer Rights Protection Committee convened two meetings and Mr. Li Mingguang attended the two meetings in person.
2. Ms. Zhuo Meijuan became a member of the Risk Management and Consumer Rights Protection Committee in June 2023.
3. The number of meetings attended in person includes meetings attended on-site and by way of telephone or video conference.
4. Directors who were unable to attend any meeting of specialised Board committees authorised other Directors to attend and vote at the meeting on their behalf.

The meetings convened are as follows:

Meetings convened	Description
28 March 2023 Ninth meeting of the Risk Management and Consumer Rights Protection Committee of the seventh session of the Board	Eleven proposals, including the "Proposal in relation to the Business Plan of the Company for the Years from 2023 to 2025", the "Proposal in relation to the Amendments to the 'Measures for the Administration of Liquidity Risks of the Company'" and the "Proposal in relation to the 'Work Report on Consumer Rights Protection of the Company for the Year 2022'", were considered and approved, and three reports, including the "Report on the Case Prevention of the Company for the Year 2022", were debriefed.
22 August 2023 Tenth meeting of the Risk Management and Consumer Rights Protection Committee of the seventh session of the Board	Three proposals, including the "Proposal in relation to the Amendments to the 'Measures for the Administration of Strategic Risks of the Company'", were considered and approved.
25 October 2023 Eleventh meeting of the Risk Management and Consumer Rights Protection Committee of the seventh session of the Board	Two proposals, including the "Proposal in relation to the Amendments to the 'Measures for the Administration of Market Risks of the Company'", were considered and approved.
22 November 2023 Twelfth meeting of the Risk Management and Consumer Rights Protection Committee of the seventh session of the Board	Two proposals, namely the "Proposal in relation to Project Huizhi" and the "Proposal in relation to the Risk Analysis on the Issue of Capital Supplementary Bonds by the Company", were considered and approved.
14 December 2023 Thirteenth meeting of the Risk Management and Consumer Rights Protection Committee of the seventh session of the Board	Eight proposals, including the "Proposal in relation to the Authorisation for the Company's Investment in Financial Products for the Year 2024", were considered and approved, and one report, namely the "Audit Report on the Solvency Risk Management System of the Company for the Year 2023", was debriefed.

Performance of Duties by the Risk Management and Consumer Rights Protection Committee

In 2023, the Risk Management and Consumer Rights Protection Committee of the Board of the Company performed its duties and functions in strict compliance with the "Procedural Rules for the Risk Management and Consumer Rights Protection Committee Meetings". All members of the Risk Management and Consumer Rights Protection Committee performed their obligations in a responsible manner and reviewed the proposals in relation to the internal control system of the Company, its risk management and consumer rights protection. During meetings of the Risk Management and Consumer Rights Protection Committee, all members actively participated in discussions and gave guiding opinions on the proposals considered and discussed at the meetings.

Reviewing the risk analysis on major matters concerning the business operations and management of the Company. The Risk Management and Consumer Rights Protection Committee reviewed the risk analysis on major matters concerning the business operations and management of the Company, and reviewed and approved the proposals in relation to, among others, the business plan of the Company for the years from 2023-2025, the risk analysis on the issue of capital supplementary bonds by the Company and the authorisation for investment for the year 2024, and gave guiding opinions on risk control for major matters concerning the business operations and management of the Company in accordance with the regulatory requirements of the NFRA on the China Risk Oriented Solvency System (C-ROSS).

Reviewing the assessment reports on business risk and internal control of the Company. The Risk Management and Consumer Rights Protection Committee closely monitored and controlled and effectively prevented internal and external risks of the Company, and assisted the Board in reviewing the assessment reports on business risk and internal control of the Company, according to the national and international regulatory requirements. The Risk Management and Consumer Rights Protection Committee reviewed in advance the reports on risk management such as the annual and quarterly reports on the enterprise-wide risk management of the Company, work summary on anti-money laundering for the year 2022 and the work plan for the year 2023, the report on case prevention for the year 2022, the reputational risk management report for the year 2022, the statement on risk preference for the year 2023, the audit report on the solvency risk management system for the year 2023 and the work report on fraud risk management for the year 2023, which offered professional support to the Board's decision-making in a scientific manner.

Reviewing the reports in relation to consumer rights protection on a regular basis. In accordance with the "Guiding Opinions of the China Banking and Insurance Regulatory Commission on Banking and Insurance Institutions Strengthening the Building of Working Systems and Mechanisms for Protection of Consumer Rights and Interests", the Risk Management and Consumer Rights Protection Committee reviewed the report on the consumer rights protection of the Company for the year 2022 and the work proposal for consumer rights protection of the Company for the year 2023.

Optimising the system of the Company in relation to internal control and risk management. The Risk Management and Consumer Rights Protection Committee assisted the Board in optimising the system of the Company in relation to internal control and risk management, considered the proposals in relation to seven amendment rules on risk management such as the rules on enterprise-wide risk management of the Company, the formulation of the measures for the administration of risk preference system of the Company and the formulation of the measures for the administration of internal control of the Company. Further, the Company regularly notified the Risk Management and Consumer Rights Protection Committee of its integrated risk rating results given by the NFRA.

STRATEGY AND ASSETS AND LIABILITIES MANAGEMENT COMMITTEE

The Company established the Strategy Committee on 30 June 2003. In October 2010, the proposal to establish the Strategy and Investment Decision Committee on the basis of the Strategy Committee was reviewed and approved at the ninth meeting of the third session of the Board. In June 2018, the proposal to establish the Strategy and Assets and Liabilities Management Committee on the basis of the Strategy and Investment Decision Committee was reviewed and approved at the twenty-fourth meeting of the fifth session of the Board. Currently, the Strategy and Assets and Liabilities Management Committee of the seventh session of the Board comprises Mr. Zhai Haitao and Mr. Huang Yiping, both being Independent Directors, Mr. Li Mingguang, an Executive Director, and Mr. Wang Junhui, a Non-executive Director, with Mr. Zhai Haitao acting as the Chairman.

The Strategy and Assets and Liabilities Management Committee of the Company is mainly responsible for the drawing-up of long-term development strategies of the Company, conducting studies on important matters concerning assets and liabilities management and the relevant policies and systems, the system for the application and management of insurance funds, major strategic investment decisions and major asset strategic allocation plan, and making recommendations in respect thereof.

Meetings and Attendance

During the Reporting Period, six meetings were held by the Strategy and Assets and Liabilities Management Committee of the Board of the Company. Attendance records of individual members are as follows:

Name of member	Position	Number of meetings attended in person/Number of meetings required to attend	Number of meetings attended by proxies/Number of meetings required to attend
Zhai Haitao	Independent Director, Chairman of the Strategy and Assets and Liabilities Management Committee of the seventh session of the Board	6/6	0/6
Huang Yiping	Independent Director, member of the Strategy and Assets and Liabilities Management Committee of the seventh session of the Board	4/6	2/6
Li Mingguang	Executive Director, member of the Strategy and Assets and Liabilities Management Committee of the seventh session of the Board	2/3	1/3
Wang Junhui	Non-executive Director, member of the Strategy and Assets and Liabilities Management Committee of the seventh session of the Board	2/6	4/6

Attendance record of the resigned Director at meetings is as follows:

Name of member	Number of meetings attended in person/ Number of meetings required to attend	Number of meetings attended by proxies/ Number of meetings required to attend
Zhao Peng	1/2	1/2

Notes:

1. Mr. Zhao Peng ceased to be a member of the Strategy and Assets and Liabilities Management Committee from August 2023.
2. Mr. Li Mingguang became a member of the Strategy and Assets and Liabilities Management Committee in September 2023.
3. The number of meetings attended in person includes meetings attended on-site and by way of telephone or video conference.
4. Directors who were unable to attend any meeting of specialised Board committees authorised other Directors to attend and vote at the meeting on their behalf.

The meetings convened are as follows:

Meetings convened	Description
28 March 2023 Tenth meeting of the Strategy and Assets and Liabilities Management Committee of the seventh session of the Board	Five proposals, including the "Proposal in relation to the Business Plan of the Company for the Years from 2023 to 2025", were considered and approved.
26 April 2023 Eleventh meeting of the Strategy and Assets and Liabilities Management Committee of the seventh session of the Board	One proposal, namely the "Report on the Situation Relevant to the Assets and Liabilities Management of the Company for the Year 2022", was considered and approved.
22 August 2023 Twelfth meeting of the Strategy and Assets and Liabilities Management Committee of the seventh session of the Board	Four proposals, including the "Proposal in relation to the Results of Performance Appraisal of the Company for the Year 2022", were considered and approved.
25 October 2023 Thirteenth meeting of the Strategy and Assets and Liabilities Management Committee of the seventh session of the Board	One proposal, namely the "Proposal in relation to the Amendments to the 'Measures for the Administration of Investments of the Company' and the 'Measures for the Administration of Asset Allocation of the Company'", was considered and approved.
22 November 2023 Fourteenth meeting of the Strategy and Assets and Liabilities Management Committee of the seventh session of the Board	Two proposals, namely the "Proposal in relation to Project Huizhi" and the "Proposal in relation to the Issue of Capital Supplementary Bonds by the Company", were considered and approved.
14 December 2023 Fifteenth meeting of the Strategy and Assets and Liabilities Management Committee of the seventh session of the Board	Eight proposals, including the "Proposal in relation to the Management Guidelines on the Investment by China Life Investment Management Company Limited under the Entrustment of the Company for the Year 2024", were considered and approved.

Performance of Duties by the Strategy and Assets and Liabilities Management Committee

In 2023, the Strategy and Assets and Liabilities Management Committee of the Board of the Company performed its relevant duties and functions in strict compliance with the "Procedural Rules for the Strategy and Assets and Liabilities Management Committee Meetings". All members of the Strategy and Assets and Liabilities Management Committee proactively performed their obligations, reviewed the proposals on the three-year business plan of the Company, annual investment plan and authorisation, major investment projects, relevant rules on assets and liabilities management, and sustainable development strategies (including ESG and social responsibility report), and listened to the annual report on the situation relevant to the assets and liabilities management. Members of the Strategy and Assets and Liabilities Management Committee diligently performed their duties. During meetings of the Strategy and Assets and Liabilities Management Committee, all members actively participated in discussions and gave professional advices on the proposals considered and discussed at the meetings.

Reviewing annual asset allocation plan and entrusted investments of the Company. The Strategy and Assets and Liabilities Management Committee reviewed the proposals on the asset allocation plans of the Company, including the investment plan for self-use real estate for the year 2023 and related authorisation, the management guidelines on the investment by CLI under the entrustment of the Company for the year 2024, the authorisation of investment in financial products for the year 2024, the authorisation of investment in equity investment funds for the year 2024, the authorisation of investment in non self-use real estate for the year 2024, the authorisation of investment in single asset management plan for the year 2024, and the overseas investment plan for the year 2024 and related authorisation of investment.

Discussing the Company's development plans and major strategic projects. The Strategy and Assets and Liabilities Management Committee reviewed the proposals on the medium- and long-term development plan and sustainable development strategy of the Company, including the business plan of the Company for the years from 2023 to 2025, evaluation report on the outline of the "14th Five-Year" development plan of the Company for the year 2022, and the environmental, social and governance (ESG) and social responsibility report, as well as the proposals on Project Huizhi and the issue of capital supplementary bonds by the Company.

Reviewing the systems of the Company concerning assets and liabilities management. The Strategy and Assets and Liabilities Management Committee assisted the Board in optimising the systems of the Company concerning investments and asset allocation, reviewed and approved the proposals on the statement of the Company on risk preference for the year 2023, the amendments to the rules on enterprise-wide risk management of the Company, the amendments to the measures for the administration of asset allocation of the Company, the amendments to the measures for the administration of assets and liabilities management of the Company, and the formulation of the measures for the administration of risk preference system of the Company, etc., and submitted its review opinions to the Board.

CONNECTED TRANSACTIONS CONTROL COMMITTEE

The Company established its Connected Transactions Control Committee on 29 October 2019. In October 2019, the "Proposal in relation to the Establishment of the Connected Transactions Control Committee of the Board of Directors" was reviewed and approved at the twentieth meeting of the sixth session of the Board, pursuant to which a new Connected Transactions Control Committee was established under the Board of the Company. Currently, the Connected Transactions Control Committee of the seventh session of the Board comprises Ms. Chen Jie, Mr. Lam Chi Kuen, Mr. Zhai Haitao and Mr. Huang Yiping, all being Independent Directors, with Ms. Chen Jie acting as the Chairperson.

The principal duties of the Connected Transactions Control Committee are to confirm connected parties of the Company, manage, examine and approve connected transactions to control risks relating to connected transactions, and focus on the compliance, fairness and necessity of connected transactions, which provide an important basis for the Board's decision-making in connected transactions management.

Meetings and Attendance

During the Reporting Period, five meetings were held by the Connected Transactions Control Committee of the Board of the Company. Attendance records of individual members are as follows:

Name of member	Position	Number of meetings attended in person/Number of meetings required to attend	Number of meetings attended by proxies/Number of meetings required to attend
Chen Jie	Independent Director, Chairperson of the Connected Transactions Control Committee of the seventh session of the Board	5/5	0/5
Lam Chi Kuen	Independent Director, member of the Connected Transactions Control Committee of the seventh session of the Board	5/5	0/5
Zhai Haitao	Independent Director, member of the Connected Transactions Control Committee of the seventh session of the Board	5/5	0/5
Huang Yiping	Independent Director, member of the Connected Transactions Control Committee of the seventh session of the Board	4/5	1/5

Notes:

1. The number of meetings attended in person includes meetings attended on-site and by way of telephone or video conference.
2. Directors who were unable to attend any meeting of specialised Board committees authorised other Directors to attend and vote at the meeting on their behalf.

The meetings convened are as follows:

Meetings convened	Description
28 March 2023 Tenth meeting of the Connected Transactions Control Committee of the seventh session of the Board	Four proposals, including the "Proposal in relation to the Investment by the Company in CLI – Xingan No. 1 Equity Investment Plan", were considered and approved, and one report, namely the "Report on Confirming the List of Connected Parties of the Company as of 31 December 2022", was debriefed.
26 April 2023 Eleventh meeting of the Connected Transactions Control Committee of the seventh session of the Board	Three proposals, including the "Proposal in relation to the Execution of the 'Agreement for Entrusted Investment and Management and Operating Services with respect to Alternative Investments with Insurance Funds' between the Company and China Life Investment Management Company Limited", were considered and approved.
28 June 2023 Twelfth meeting of the Connected Transactions Control Committee of the seventh session of the Board	Three proposals, including the "Proposal in relation to the Execution of the 'Cooperation Agreement for Business Current Deposits' between the Company and China Guangfa Bank Co. Ltd." and the "Proposal in relation to the Execution of the 'Agreement Deposit Contract for RMB' between the Company and China Guangfa Bank Co. Ltd.", were considered and approved.
22 August 2023 Thirteenth meeting of the Connected Transactions Control Committee of the seventh session of the Board	One report, namely the "Report on Confirming the List of Connected Parties of the Company as of 30 June 2023", was debriefed.
14 December 2023 Fourteenth meeting of the Connected Transactions Control Committee of the seventh session of the Board	One proposal, namely the "Proposal in relation to the Execution of the 'Agreement for Package Transactions in relation to the Entrustment of the Company as an Agent to Sell Property and Casualty Insurance Products' between the Company and China Life Property and Casualty Insurance Company Limited", was considered and approved.

Performance of Duties by the Connected Transactions Control Committee

In 2023, the Connected Transactions Control Committee performed its duties and functions in strict compliance with the "Procedural Rules for the Connected Transactions Control Committee Meetings". All members performed their obligations in a responsible manner and reviewed the proposals in relation to the connected transactions of the Company. During meetings of the Connected Transactions Control Committee, all members actively participated in discussions and gave guiding opinions on the proposals considered and discussed at the meetings.

Confirming connected parties of the Company. The Connected Transactions Control Committee reviewed the "Report on Confirming the List of Connected Parties of the Company as of 31 December 2022" and the "Report on Confirming the List of Connected Parties of the Company as of 30 June 2023", and reported to the Board in respect thereof.

Approving connected transactions. The Connected Transactions Control Committee reviewed the proposals on major connected transactions, such as the investment by the Company in CLI – Xingan No. 1 Equity Investment Plan, the investment by the Company in CLI – Beijing MTR Equity Investment Plan, the investment by the Company in Project Huacang, and the capital reduction of National Pipe Network Group Sichuan East Natural Gas Transmission Pipeline Co., Ltd. by the Company, fully discussed the necessity, feasibility and major risks of the connected transactions, and made recommendations to the Board in respect thereof.

Approving framework agreements for daily connected transactions. The Connected Transactions Control Committee reviewed the proposals on the framework agreements for daily connected transactions, such as the execution of the "Agreement for Entrusted Investment and Management and Operating Services with respect to Alternative Investments with Insurance Funds" between the Company and CLI, the execution of the "Cooperation Agreement for Business Current Deposits" and the "Agreement Deposit Contract for RMB" between the Company and CGB, the termination by the Company of the "Cooperation Agreement for Concurrent Insurance Agency Business (Package Transactions Agreement)" with CGB, and the execution of the "Agreement for Package Transactions in relation to the Entrustment of the Company as an Agent to Sell Property and Casualty Insurance Products" between the Company and CLP&C, and fully reviewed the necessity, compliance and fairness of the daily connected transactions of the Company, which offered professional support to the Board's decision-making in a scientific manner.

Reviewing the implementation of the system for connected transactions management. The Connected Transactions Control Committee reviewed the implementation of the Company's system for connected transactions management and the report on connected transactions, and reviewed the report on the overall status of connected transactions of the Company for the year 2022.

INDEPENDENCE OF THE COMPANY FROM ITS CONTROLLING SHAREHOLDER

Employees: The Company is independent in the aspects of employment, human resources and remuneration management.

Assets: The Company owns all assets relating to the operation of its principal business. At present, the Company does not provide any guarantee for its shareholders. The Company's assets are independent, complete, and independent of the shareholders of the Company and other related parties.

Finance: The Company has established a separate financial department, and developed an independent financial accounting system and financial management system; further, the Company makes financial decisions on its own; it employs separate financial personnel, opens separate accounts with banks and does not share bank accounts with CLIC; the Company, as a separate taxpayer, pays taxes individually according to law.

Organisation: The Company has established a well-developed organisational system, under which internal bodies such as the Board of Directors and the Board of Supervisors operate separately. There is no subordinate relationship between such internal bodies and the functional departments of the Company's controlling shareholder.

Business operations: The Company independently develops personal insurance businesses, including life insurance, health insurance and accident insurance businesses; reinsurance relating to the above insurance businesses; funds application business permitted by applicable PRC laws and regulations or approved by the State Council; as well as all types of personal insurance services, consulting business and agency business; sale of securities investment funds; and other businesses approved by the insurance administrative and regulatory authorities of the PRC. The Company currently possesses the "Insurance Permit" (institution number: 000005) issued by an insurance administrative and regulatory authority. The Company is independently engaged in the businesses as prescribed in its business scope according to law, has separate sales and agency channels and is licensed to use licensed trademarks without consideration. The completeness and independence of the Company's business operations will not be adversely affected by its relationship with related parties.

PERFORMANCE APPRAISAL AND INCENTIVES FOR SENIOR MANAGEMENT

The Company implements a term-of-service and target-related responsibility system for senior management. Performance target contracts are entered into between the Chairman of the Board and the President, and between the President and other senior management of the Company. The performance target contract system is an important tool in disassembling the strategic goals of the Company in a scientific manner, which is conducive towards the breakdown of targets and transmission of responsibility, enhancing the implementation capability of the Company and ensuring the successful completion of its annual business targets. The performance appraisal criteria listed in the individual performance target contracts of senior management are partially linked to the business targets of the Company and partially formulated with reference to the duties and functions of their respective positions.

The remuneration for senior management mainly comprises position compensation, performance rewards, welfare benefits and medium- and long-term incentives. A mechanism for the recovery and deduction of performance-based remuneration is also established to balance the relationships between the current and long-term needs as well as the revenue and risk by making full use of remuneration tools.

SHAREHOLDERS' INTERESTS

To safeguard shareholders' interests, in addition to the right to participate in the Company's affairs by attending shareholders' general meetings, shareholders have the right to convene extraordinary shareholders' general meetings under certain circumstances.

If the number of Directors is less than the number stipulated in the Company Law or two-thirds of the number specified by the Articles of Association, or the uncovered losses incurred amount to one-third of the Company's total share capital, or if the Board or the Board of Supervisors deems necessary, or more than half of the Directors (including at least two Independent Directors) request, or shareholders holding 10% or more shares of the Company make a requisition, the Board shall convene an extraordinary shareholders' general meeting within two months. Where shareholders holding 10% or more shares request an extraordinary shareholders' general meeting, such shareholders shall make a request in writing to the Board with a clear agenda. The Board shall, upon receipt of such a written request, convene a meeting as soon as possible. If the Board fails to convene a meeting within 30 days of the receipt of such a written request, shareholders making such a request may convene a meeting by themselves at the cost of the Company within four months of the receipt by the Board of such a written request.

In accordance with the Articles of Association, when the Company convenes the shareholders' general meeting, shareholders individually or in aggregate holding 3% or more of the shares of the Company shall have the right to submit proposals to the Company. The Company should include such matters that fall into the scope of the functions and powers of the shareholders' general meeting in the agenda of the meeting. Shareholders individually or in aggregate holding 3% or more of the shares of the Company may submit provisional proposals in writing to the convenor sixteen days prior to the shareholders' general meeting. The provisional proposals shall fall into the scope of the functions and powers of the shareholders' general meeting and specify explicit topics and specific resolution matters.

Shareholders may put forward enquiries to the Board through the Board Secretary or the Company Secretary, or put forward proposals at shareholders' general meetings through their proxies. The Company has made available its contact details in its correspondence with shareholders to enable such enquiries or proposals to be properly directed.

INFORMATION DISCLOSURE AND INVESTOR RELATIONS

The Company has established a well-developed, effective and practical information disclosure management system in strict compliance with the regulatory laws and regulations, relevant rules and self-regulatory requirements of its listed jurisdictions and the insurance industry, focused on enhancing the quality of information disclosure on the basis of strict compliance with laws and regulations, and continued to improve the effectiveness of information disclosure, so as to ensure that domestic and overseas investors obtain true, accurate and complete information in a compliant and effective manner. The Company has attached great importance to its contact and communication with domestic and overseas investors, and proactively developed investor relations by offering various channels to facilitate such investors to keep abreast of any major business development of the Company in a timely manner.

The Company has set up the "Investor Relations" section on its official website at www.e-chinalife.com to facilitate investors to access announcements, operating results materials and other information for public disclosure as published by the Company on the stock exchanges of its listed jurisdictions in the PRC and overseas. In addition, investors may call the investor relations hotline of the Company at 86-10-63631241 or email to the investor relations email address at ir@e-chinalife.com if they have any further inquiries. The Company will respond to such inquiries in a timely manner.

In 2023, the Company continued to improve the effectiveness of disclosure and the transparency of information. For the disclosure of provisional announcements, the Company promptly fulfilled its obligation of information disclosure by publishing timely announcements with respect to the progress of such matters as significant matters, major investments and connected transactions on the websites of the stock exchanges in its listed jurisdictions, the media satisfying the conditions prescribed by the CSRC, the official website of the Company and the website of Insurance Association of China, etc. For the disclosure of periodic reports, the Company continued to deeply engage in making disclosure of information that had significant impacts on investors' value judgment and investment decisions, enriched the contents of information for voluntary disclosure with its focus primarily on investor concerns, and provided the capital market and investors with simple and clear, more targeted and effective information, for the purpose of facilitating investors, especially medium and small investors, to better understand the Company's strategies and business highlights. The Company also regularly organised training courses and promotion activities relating to the relevant rules of information disclosure and corporate governance. It properly arranged information disclosure on the basis that the differences between the laws and regulations of its listed jurisdictions in the PRC and overseas, and the differences between the regulatory requirements of its listed jurisdictions and the insurance industry, are well defined. The Company strictly managed its inside information and carried out the registration and filing procedures on persons who have knowledge of inside information in compliance with law, strengthened the confidentiality of inside information, and safeguarded the legitimate rights and interests of investors, with a view to maintaining the fairness, impartiality and openness of information disclosure of the Company. In 2023, the Company was awarded Grade A in the assessment by the SSE of information disclosure of listed companies for the year of 2022-2023.

The Company developed investor relations in a proactive way with its stringent attitude and innovative thinking. It kept abreast of the pace of technological development and consistently made innovation in its communications with and services to investors, which constantly enhanced the efficiency of communication between the Company and capital market. The works conducted by the Company for investor relations mainly included holding shareholders' general meetings, results briefings and investor presentation meetings, organising open days for the Company, embarking on global non-deal roadshows, holding online and offline conferences with investors and analysts, attending investors' meetings, frequently updating information on its investor relations website, and timely responding to enquiries from investors and analysts. In 2023, the Company communicated with more than 3,700 investors and analysts, including nearly 1,200 investors who attended results briefings online and offline. The Company held 247 online and offline meetings with more than 2,500 investors and analysts for the year, attended a total of 51 offline investors' meetings, and convened 39 onsite investigation and research meetings and 50 telephone or video conferences. It also communicated with investors by holding 107 offline roadshow meetings during the non-deal roadshows for annual and interim results. In addition, the Company focused on the protection of medium and small investors, actively responded to any enquiries from them, kept in close contact with investors by various means such as email, phone and internet, and recorded a clickthrough rate of over 150,000 person-times for the live video streaming of results briefings. The Company reviews its policy for communication with shareholders once a year and considers that such policy remains effective based on the feedbacks received from investors and the capital market on investor relations.

In 2023, the Company won various awards, including the "Best Practice of 2022 Annual Report Presentation Meetings" by the China Association for Public Companies, the "Top 50 in the Market Capitalisation List (Full List) of Chinese Listed Companies" and the "Top 5 of the Insurance Industry" by Wind, and the "Best Investor Relations Project" and the "Best Leader Award" in the 7th Excellent IR in China.

CHANGES OF THE ARTICLES OF ASSOCIATION

During the Reporting Period, no amendment was made to the Articles of Association by the Company.

TRAINING OF COMPANY SECRETARY

Mr. Heng Victor Ja Wei, the Company Secretary, took no less than 15 hours of relevant professional training in 2023, satisfying the requirements under the Listing Rules.

INTERNAL CONTROL AND RISK MANAGEMENT

The Company has consistently proceeded with tasks in compliance with the regulatory requirements of relevant regulatory authorities, such as the SSE and the HKSE, with respect to corporate internal control.

Internal Control

The Company has been devoting significant effort towards the promotion of internal control and the establishment of internal control related systems. In accordance with the requirements of the "Standard Regulations on Corporate Internal Control", the "Implementation Guidelines for Corporate Internal Control", the "Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited", and the "Basic Standards of Internal Control for Insurance Companies" issued by the NFRA, the Company has carried out a lot of work on its internal control system establishment, rules implementation and risk management by centering on its corporate governance structure. The Company has also formulated and issued the "Internal Control Implementation Manual of China Life Insurance Company Limited (2023 Edition)" to strengthen the implementation of internal control standards and internal control assessments, and actively promoted the culture and philosophy of internal control, thereby continuously enhancing the internal control of the Company.

Pursuant to the requirements of the "Notice on the Proper Preparation for Disclosure of 2023 Annual Reports of Companies Listed on the Main Board" and the "Self-Regulatory Guide for Listed Companies No. 2 — Business Process" promulgated by the SSE, the Company shall release an internal control self-assessment report simultaneously with the publication of its 2023 annual report. The Company has completed internal control self-assessment as required by the SSE for the year ended 31 December 2023. Such assessment is conducted on an annual basis and in two stages, namely, interim assessment and supplementary test. The Company has confirmed after the assessment that the relevant internal controls were effective. The Company has also received from its independent auditors an unqualified opinion on the effectiveness of its internal controls in relation to financial reporting as at 31 December 2023. The Company's assessment report and the report of its independent auditors will be included as an attachment to its annual report to be submitted to the SSE.

It is the responsibility of the Board of the Company to establish and effectively implement well-established internal control systems, assess their effectiveness and disclose the report on the internal control assessment. The Board and its Audit Committee are responsible for leading the implementation of internal control measures of the Company, and the Board of Supervisors supervises the internal control assessments performed by the Board. The Company has established the Risk Management Department in its headquarters and branches, conducting tests on the management level, assessing the effectiveness of the establishment and implementation of internal control systems in accordance with the regulatory requirements of the jurisdictions where the Company is listed, and reporting to the Board, the Audit Committee and the management.

In compliance with regulatory requirements and having considered the characteristics of its business and management requirements, the Company has established and implemented a series of internal control measures and procedures with respect to currency and funds, insurance business, external investments, physical assets, information technology, financial reporting and information disclosure to ensure the safety and integrity of its assets. By strictly complying with relevant PRC laws and regulations as well as the internal rules and regulations of the Company, the quality of accounting information has been improved.

A relatively well-developed internal control system has been established in terms of team-building, sales and operations, and system management for the sales channels, such as individual insurance, bancassurance, group insurance and health insurance. This internal control system regulates the relevant authorisations and operational workflows, and effectively adopts the measures to prevent and manage risks relating to the operation of exclusive agents. The Company has promulgated clear regulations for the workflows and authorisations relating to the verification of insurance policies, insurance claims and insurance preservation. The Company has also formulated business operation standards and service quality standards, developed systems of business, document and file management, and further regulated the management of business approval authority to strengthen its control over business risk and improve the quality of its services.

In accordance with relevant laws and regulations such as the "Accounting Law of the People's Republic of China" and the "Enterprise Accounting Standards — Basic Standards" and specific standards and taking into account the needs of the Company for its business development, operation and management, the Company has formulated and issued the "Accounting System of China Life Insurance Company Limited" and the "Accounting Practices of China Life Insurance Company Limited". The accounting units of the Company at all levels have implemented them in strict compliance with the requirements of the accounting system and various basic systems to regulate works relating to financial accounting and preparation of financial reports. The accounting units of the Company at all levels have assigned positions in a reasonable manner, clearly defined duties and responsibilities of such positions and their scope of authority on management, and strictly prohibited employees from serving incompatible positions concurrently, thus exercising the control over financial risks in an efficient manner.

The Company has created a rigorous information disclosure system with well-developed workflows, including the provisions governing the basic responsibilities of periodic report disclosures, the major errors in periodic report disclosures and the responsibility attribution as set forth in the "Measures for the Administration of the Accountability System for Major Errors in Periodic Report Disclosures of China Life Insurance Company Limited". As at 31 December 2023, there was no major error in periodic report disclosures of the Company. The "Measures for the Administration of Registration of Persons Who Have Knowledge of Inside Information of China Life Insurance Company Limited" has been introduced to enhance the confidentiality of inside information of the Company and to register and submit information concerning persons who have knowledge of inside information. The relevant requirements under the "System of Internal Reporting of Material Information of China Life Insurance Company Limited" have been incorporated into the indicator system under the internal control report of the Company. Persons responsible for reporting material information obtain and identify potential material information at the level of operation and management by making use of various information technologies, and submit and report such information to the President and the Board of the Company as earlier as possible. The Board then makes the final decision on whether to release the material information, and discloses the same to such extent as it considers reasonable and practicable.

The Company has established a well-developed system relating to investment decisions in accordance with the relevant laws and regulations and based on the actual situation of investment management. The system defines the approval and decision-making authority, authorisation mechanism and specific decision-making procedures for investment management. All major investment decisions shall be approved and implemented in strict compliance with the internal decision-making process of the Company and the requirements of its investment management system. The Investment Decisions Committee is a permanent body of the Company for investment decisions, which is responsible for reviewing major investments and providing support to any investment decisions made by the management.

The Company has established a comprehensive information technology system to cover all aspects of IT work and formed a closed-loop control mechanism focusing on centralised review and publication, periodic inspection and continuous improvement. By conducting measures such as the inspection and evaluation of system implementation on a regular basis, the Company has facilitated the effective implementation of the system and enhanced the standardisation and normalisation of various IT work. Further, the Company has constantly promoted the construction of the systems of information safety and risk control, and formulated and implemented a series of effective information safety control measures at various stages of the life cycle of the IT system, thereby effectively ensuring the safe and steady operation of the Company. In 2023, the Company conducted several internal and external risk assessments to promote construction by inspection, with a view to consistently enhancing its capability in management and control of information safety risks.

The Risk Management Department, the Audit Department and the Legal and Compliance Department of the Company are responsible for the supervision and inspection of the Company's internal control measures. The Company identifies issues in the areas of system design, control implementation and risk management in a timely manner through the adoption of various measures such as walk-through test, control test and risk analysis. It also eliminates loopholes, guards against risks and reduces losses by adopting various measures to improve systems, enhance legal compliance and pursue accountability. In 2023, the Company actively adapted to the stringent regulatory environment in the PRC and overseas financial industry and strictly complied with the regulatory requirements to constantly improve the organisational structure of internal audit, and further strengthened the mechanism for internal audit management, which effectively performed the supervisory role of audit. The Company carried out the economic responsibility audit on its key responsible persons at all levels and the senior management audit on deputy heads of its branches at the provincial level, organised and performed a series of special audits closely related to the Company's business objectives, and conducted a variety of special audits on anti-money laundering, connected transactions, assets and liabilities management, solvency risk management system, application of funds, protection of consumers' rights and interests, reputational risk management, risk management of financial derivative transactions, compliance of intermediary business, and insurance fraud risk management pursuant to regulatory requirements. Meanwhile, the Company has put more efforts on the application of audit results, consistently strengthened the supervision and direction of rectification measures for any issues identified in audit, handover of the issues concerned and the responsibility attribution, proceeded with the integration of rectification measures, further improved the closed-loop management of internal audits, and facilitated its standardised management and compliance operation. The Company has constantly optimised three lines of defense for compliance management to vigorously establish a sound and effective compliance management system and to improve a mechanism for compliance management on an ongoing basis, with a view to identifying, guarding against and mitigating material compliance risks. The Company has also played an active role in advocating the business philosophy of "creating value from compliance" and made a serious effort towards fostering the corporate culture of "being compliant on a proactive basis, starting from the top level and having responsibility for all to be compliant", thus successfully obtaining the national standard GB/T 35770-2022 and the international standard ISO 37301:2021 compliance management system certificates at the end of 2023. The Company will continue to deeply engage in building a law-based company by upholding the compliance objective of managing itself according to law and practising the compliance philosophy of good faith business operations, strengthen systems management and construction with enhanced management and control of compliance risks, and introduce multiple measures concurrently to further reinforce an internal impetus to compliance operation, for the purpose of ensuring the achievement of its goal of high-quality development.

Risk Management

Risk Management System

The Company has established an organisational system for comprehensive risk management with the ultimate responsibility assumed by the Board, under the direct leadership of the management, having reliance on the risk management departments and with the close cooperation among the relevant functional departments, and developed a 5-tier organisational structure for risk management covering the corporate governance level, the headquarters level, the provincial branches level, the local or city branches level, and the county sub-branches level. With the reliance on the 5-tier risk management and control structure, the Company has put in place three lines of defense that focus on risk management: the first line of defense consists of branches and sub-branches at all levels and various functional departments that identify, assess, address, monitor and report risks at the front end of business; the second line of defense is composed of the Risk Management and Consumer Rights Protection Committee of the Board, as well as the Risk Management Committee and the Risk Management Department of the Company that take lead in formulating the system, standard and limit for a variety of risks and make recommendations to address such risks; the third line of defense comprises the Audit Committee of the Board, as well as the internal audit department, the Office of the Discipline Inspection Committee and other departments of the Company that supervise the risk management workflows established by the Company and the procedures and actions for control of various risks. The three lines of defense have been coordinated with each other in a proactive manner to organise and commence any work in relation to risk management. By establishing the organisational structure of risk control, the Company has gradually established a criss-cross network of risk control system, with the risk management departments at all levels as leading bodies, the relevant functional departments as main bodies, the vertical decision-making control system and horizontal interactive collaboration mechanism as supporting systems and the comprehensive risk management as focus, thus laying a strong foundation for the Company to achieve a comprehensive risk management system with full coverage, all-employee participation and effective workflows.

Work in relation to Risk Management

Pursuant to the requirements of the NFRA on the China Risk Oriented Solvency System (C-ROSS), the Company pushed forward the establishment of a solvency risk management system, and built a "1+7+N" comprehensive risk management system with the "Comprehensive Risk Management Rules" as the general principles, seven types of risks (including insurance risk, market risk, credit risk, operational risk, strategic risk, reputational risk and liquidity risk) as the key focuses, and having reliance on a series of implementing rules for business such as the "Measures for the Administration of Risk Preference System". The Company consistently reinforced the mechanism for formation, transmission and application of the risk preference system, creating a system for the normal management of risk preference with the statement on risk preference as the carrier, and the risk tolerance and limit indicators as the focus. Through the combination of risk preference with various lines of operation and management, the Company maintained a good interaction between risk management and business development. The Company conducts a self-assessment on solvency risk management capability every year so as to assess all work in relation to risk management in two dimensions: the soundness of the system and the effectiveness of its implementation. The Company took specific rectification measures against its own shortcomings and weaknesses, which enhanced its risk management standard in all aspects. In the SARMRA under the C-ROSS (Phase II) Regulation conducted by the NFRA, the Company's capability of solvency risk management ranked among the top of life insurance companies.

The Company followed the requirements under anti-money laundering laws and regulations, kept on improving the system for money-laundering risk management and performed the anti-money laundering obligations under the law, with a view to enhancing both the quality and efficiency of its anti-money laundering work. Meanwhile, pursuant to external regulatory requirements, the Company conducted special governance on illegal fund-raising activities and carried out the self-inspection and rectification in key risk areas, which effectively improved the Company's precaution capability in key risk areas.

In 2023, the Company vigorously promoted the informatisation of risk management, actively applied the latest advanced technologies such as big data and artificial intelligence, and further optimised and upgraded the intelligent application of anti-money laundering in great depth, thus making significant progress in the intelligent identification of illegal fund-raising risks, monitoring of sales risk pre-warning, and integrated risk management platform. The informatisation and intellectualisation of risk management improved significantly, and the risk management capability of the Company was enhanced on an ongoing basis, which provided a strong support to the high-quality development of the Company.

Risk Identification and Control

The major risks of the Company in the course of business operation and management include insurance risk, market risk, credit risk, operational risk, strategic risk, reputational risk, liquidity risk, information safety risk, ESG risk and fraud risk.

Insurance Risk

Insurance risk refers to the risk that exposes insurance companies to unexpected losses due to the adverse deviation of the actual situation from the projections of assumptions such as loss ratio, expense rate and lapse rate.

The Company assessed and monitored insurance risks through sensitivity analysis and other actuarial appraisal methods, with a focus on the impact of mortality rate, morbidity rate, lapse rate, expense rate and other relevant assumptions on the Company's operating results. The Company managed insurance risks through the following mechanisms and processes: (1) establishing an organisational structure and a system for insurance risk management, so that insurance risk management can be performed within a scientific, comprehensive and effective management system; (2) devising a system for risk limit indicators and carrying out normal monitoring analysis, so as to contain risks within a controllable range; (3) implementing an effective product development and management system to strictly control product pricing risks, and strengthening empirical analysis to offer support to pricing assumptions and assessing assumptions, in order to prevent and control insurance risks from the front end of products; (4) effectively guarding against adverse selection risks and insurance frauds through the establishment and implementation of a well-developed system for verification of insurance policies and claims, as well as the practical operation regulations; (5) transferring and mitigating insurance risks through a scientific and reasonable reinsurance arrangement; and (6) strengthening expenses management and enhancing efficiency in resource utilisation. In 2023, the Company managed insurance risks in a regulated and orderly manner, with sufficient and reasonable provisions of minimum capital for insurance risks. The Company will continuously keep a watch on the development trend of insurance risks and further enhance its capability of managing insurance risks.

Market Risk

Market risk refers to the risk that exposes the Company to unexpected losses due to adverse movement in (amongst others) interest rate, equity prices, real estate prices and exchange rate.

In order to address the market risks, the Company continued to pay attention to the risk exposures of interest rate, equity prices, real estate prices and exchange rate, monitored value at risk/mark to market (VaR/MTM), yield volatility, duration and other key market risk indicators on a regular basis, set up a 2-tier risk limit indicator and corresponding threshold values, carried out sensitivity analyses and stress tests to measure the risk losses to the Company under stress scenarios, gave pre-warning of market risks and formulated contingency plans for emergencies. Currently, the proportion of each investment asset is in line with the requirements of the NFRA and the internal management provisions of the Company. According to the results of the risk indicator monitoring and stress tests, the market risk of the Company was within a normal controllable range. The Company primarily adopted the following risk control measures in 2023: (1) stepping up efforts on the study of macro economy, currency and financial policies to assess domestic and international economic and market trends in a timely manner; (2) reviewing the risks of major assets categories and the characteristics of their returns on a regular basis, so as to constantly optimise the model of asset allocation; (3) carrying out the effective management of open market equity exposure and making reasonable allocations; (4) increasing investment in interest rate bonds with long duration when appropriate opportunities arose, with a view to extending the duration of assets and narrowing the gap arising from the duration mismatch of assets and liabilities; (5) facilitating the advancement of systems to improve risk monitoring and pre-warning functions and simultaneously strengthening the emergency response mechanism for major emergencies in investment management; and (6) reinforcing efforts to identify and monitor investment concentration risk and diversifying risks in a reasonable manner.

Credit Risk

Credit risk refers to the risk that exposes the Company to unexpected losses due to non-performance or delay in the performance of contractual obligations by counterparties, or adverse changes in their credit standings.

The credit risks that the Company is exposed to mainly relate to investment deposits, bond investments, non-standard financial product investments and reinsurance arrangements, etc.

Credit Risk of Investment Business

To address the credit risks of investment business, the Company developed and continuously improved the organisational structure of credit risk management, and constantly optimised the process for credit risk management. Meanwhile, the Company established and made amendments to the management system and strengthened the implementation of such system pursuant to the regulatory requirements and management practices, strengthened the research on risks and kept on improving risk analysis, assessment, monitoring, pre-warning and emergency response standard. By relying on information technology, the Company consistently enhanced the standard of quantitative analysis on credit risks and diversified the methods used for risk management and control. The Company primarily adopted the following measures in 2023: (1) further improving the centralised credit rating process and system functions to enhance the credit risk management standard; (2) optimising the credit risk limit management system in multiple dimensions to improve the mechanism for prevention of credit risks prior to investment; (3) strengthening the monitoring of credit risk indicators for the purposes of indicating risk exposure and any change of risk distribution in an effective manner and closely tracking down negative information; and (4) deepening efforts on the research of key industries and the credit risk outlook to enhance the capability of the Company in risk management and control during and after investment.

Reinsurance Credit Risk

Reinsurance credit risk refers to the credit risk that may possibly be faced by the Company in connection with the obligations to be undertaken by reinsurers due to their failure to perform reinsurance contracts. To address the reinsurance credit risks, the Company adopted the following measures: (1) properly setting self-retained risk limits through an effective reinsurance management system, and using reinsurance as an effective tool to transfer risks to reinsurers with a high level of solvency; (2) reviewing the relevant information of a reinsurer in the reinsurance registration system in strict compliance with the regulatory requirements prior to the execution of a reinsurance contract to ensure that the reinsurer in cooperation with the Company satisfies with the regulatory requirements; and (3) conducting credit assessments on reinsurers through internal rating to select reinsurers that have higher credit standing to mitigate credit risks.

Operational Risk

Operational risk refers to the risk of losses arising from the issues found in internal procedures, employees and IT systems, as well as external events.

The Company consistently implemented regulatory requirements and its operational risk management strategies, optimised the operational risk management system, and regulated the operational risk management processes, so as to enhance the effectiveness of operational risk management on an ongoing basis. The Company established an operational risk management system that combines three management tools, namely self-assessment of operational risk and its control, loss database for operational risks, and key risk indicators, and further reinforced the operational risk management at all levels of branches, in order to facilitate the vertical expansion of operational risk management network and achieve the integration of operational risk management and control with its business development. The operational risk control measures adopted by the Company mainly included the following: (1) developing an operational risk management process and method compatible with the nature, scale and risk characteristics of the Company's business, including the identification, assessment, control, monitoring and reporting mechanisms; (2) establishing a loss database for operational risks to carry out the loss data collection and analysis of operational risks on a regular basis; (3) establishing a key indicator room for operational risks to conduct regular monitoring of the key indicators for operational risks and taking relevant control measures against them; (4) conducting self-assessments on operational risks and their control measures on a regular basis and identifying any areas in the management and control of operational risks that were vulnerable, with a view to constantly increasing the capability of the Company in operational risk management; and (5) fostering a culture of operational risk management by organising and conducting training courses on operational risk management. In 2023, the operational risk management of the Company was satisfactory, and losses from operational risks were controllable. As the management foundation of the Company for operational risks was consistently solidified, the quality and efficiency of its risk management were further enhanced.

Strategic Risk

Strategic risk refers to the risk of mismatch between strategies, market conditions and capabilities of the Company arising from ineffective formulation or implementation of strategies or changes in operational environment.

The Company set up a relatively well-developed system for strategic risk management, and established an organisational system for strategic risk management with the ultimate responsibility assumed by the Board, under the direct leadership of the management and with the division of labour and collaboration among the relevant functional departments. The Company also optimised the work mechanism and process for strategic study, formulation, implementation and assessment. By taking into full account various factors such as market conditions, risk preference, capital position and its own capabilities, the Company made planning for its medium- and long-term development and put the same into practice in annual business plan and work plans, so as to strengthen the formulation, approval, implementation and evaluation of whole process management of strategic and development planning. Meanwhile, the Company equipped with a professional team of talents and developed a scientific and efficient system for performance appraisal to strengthen the management of both business and investment strategies. The Company also created an indicator system for the daily monitoring of strategic risks to monitor and analyse strategic risks on a regular basis, which ensured an effective execution of the Company's strategic risk management. In 2023, the soundness of the Company's strategic risk management system and the effectiveness of its implementation were maintained, and the strategic risks were controllable in general.

Reputational Risk
Reputational risk refers to the risk of negative comments on the Company from stakeholders, the public and the media as a result of the behaviours of the Company's divisions at all levels, practitioners or external events, thereby causing losses, damaging brand value, being detrimental to the normal operation of the Company, and even affecting market and social stability. Reputational risk may exist in any aspect of the Company's operation and management. The Company highly values its reputation and has incorporated reputational risk management into the corporate governance and comprehensive risk management system to prevent reputational risk.

In 2023, the Company made further improvement to its system for reputational risk management to enhance the standard of reputational risk management on an ongoing basis. For the improvement of systems and mechanisms, the measures for the administration of reputational risks of the Company was optimised to strengthen the system for the evaluation and responsibility attribution of reputational risks and to consolidate the main management responsibilities. By practising the reputational risk management concept focusing on precaution, the Company conducted the source control over reputational risk, and mitigated reputational risks and hidden dangers in an active and effective manner, which avoided the occurrence of significant reputational risk incidents. The Company regularly reviewed and reported on reputational risk management by conducting evaluations and inspections on a rolling basis with more sophisticated management methods, and advanced the development of whole-process management online through the introduction of tech-empowered management tools, thus contributing to an improvement of reputational risk management in both quality and efficiency. The Company constantly proceeded with all tasks throughout the process, such as the identification, evaluation and disposal of reputational risk, so as to properly address and dispose of any reputational incidents and effectively protect brand reputation. The Company also offered training courses and exercises on reputational risk management in all aspects to cultivate a culture of reputational risk management.

Liquidity Risk
Liquidity risk refers to the risk that the Company does not have access to sufficient funds in time or at reasonable costs to meet its liabilities or other payment obligations as they become due.

The Company established a system for liquidity risk management to define the organisational structure and responsibilities of liquidity risk management. Further, the Company developed the processes covering the identification, evaluation, monitoring, response and disposal, reporting, and rectification of liquidity risk, and organised regular emergency exercises on liquidity risks. Overall, the liquidity risk of the Company was insignificant. The Company will constantly step up its effort on liquidity risk management pursuant to the regulatory requirements and its own provisions to ensure the performance of its obligation to give insurance benefits as scheduled.

Information Safety Risk
Information safety risk refers to the operational, legal and reputational risks caused by natural factors, human factors, technological loopholes or management defects in the process of applying information technology in the Company.

The Company attached great importance to information safety risk management. Firstly, the Company set up organisations to offer protection for information safety. It established an internet security and informationisation commission as the body for leading and organising the development of internet security and informationisation of the Company in all aspects. An information safety professional committee was set up under the internet security and informationisation commission to take the lead in the risk management of information safety of the Company. A working group of information safety was established at the headquarters level for the daily operation of information safety of the Company, whereas a leading group and working group of information safety were established at the level of branches and the divisions directly under the Company for the specific implementation of information safety. By assigning the duties of information safety to its different levels for implementation, the Company consolidated the responsibility of maintaining information safety at each level. Secondly, the Company developed various systems and strictly implemented such systems to ensure the standardisation of information management. Thirdly, the Company optimised the safety management requirements for the full life cycle of its IT system. By conducting safety tests and quality checks on the IT system before and after it was put online, the Company consistently enhanced the safety of such system. The Company also formulated contingency plans of the IT system for regular exercises to enhance its emergency response capability to address cyber attacks or safety accidents. Through the application of new cutting-edge technologies such as cloud computing and big data in all aspects, the Company built a security situational awareness platform and developed an automatic joint control mechanism focusing on joint prevention and coordination for the entire network with the help from the enterprise general control center, thus achieving the centralised analysis and coordinated disposal of various safety risks. In addition, the Company constantly stepped up efforts on, among others, awareness training, promotion and education, and phishing simulation for the information safety awareness of employees to foster a corporate culture of "everyone places emphasis on safety". In 2023, there was no circumstance where the Company's operation was affected due to the breakdown of computers or security breach.

In 2023, the Company actively implemented the legal provisions of national laws such as the "Data Security Law" and the "Personal Information Protection Law" to strictly protect major data and personal information, so as to safeguard the legitimate rights and interests of customers. It continued to optimise its data governance structure and data management system and mechanism, refined the responsibilities of divisions at all levels for data management, established the unified standards for the management of data classification and categorisation and a strategy for data security protection to define the targets to be protected for data security and the key areas for protection, implemented the classified security protection measures for the full life cycle such as the collection, transmission and storage of data in an efficient manner, and developed a 3-dimensional data security protection system. Moreover, with the increased efforts on developing its data management capability, the Company was awarded the highest level certification under the Data Management Capability Maturity Assessment Model (DCMM), and consistently strengthened the management and control of data security, in order to ensure that the data of the Company was manageable and controllable.

ESG Risk

The Company assesses ESG material issues once a year in view of the external economic, social and macro environment as well as its own development strategy, discusses and determines the risks and opportunities faced by it in relation to ESG, and regards the management and escalation of key issues as its priority of work in ESG for the year. The Board reviews and confirms the assessment results, taking into consideration the key issues as part of its formulation of an overall strategy, and supervising the management of such issues and their performance. In 2023, the Company further strengthened its ESG risk management, through which top five ESG risks were identified as follows: information safety, climate change, corruption, human resources and customer relationship management, and talent attraction and retention. The Company has devised the management strategy against the above risks in order to keep track with the risk development trend in a timely manner.

Fraud Risk

The Company promoted the fraud risk management on an ongoing basis, played an active role in increasing the awareness of fraud risk prevention, and proceeded with all tasks against frauds in an effective manner. The Company has established an organisational system for fraud risk management with the ultimate responsibility assumed by the Board, under the direct leadership of fraud risk managers and with the close cooperation among the functional departments. With its implementation of comprehensive risk management, the Company identified control points in a variety of business activities for fraud risks. The Company also proceeded with all tasks against frauds in active cooperation with regulatory authorities and industry associations, and attached great importance to fostering anti-fraud culture through education on anti-fraud alert and promotion. As a result, the capability of fraud risk prevention and control of the Company was effectively improved.

For other analysis on the insurance risk, market risk, credit risk and liquidity risk of the Company, please refer to the "Risk Management" section in the Notes to the Consolidated Financial Statements of this annual report.

It should be stated that the risk management and internal control of the Company are designed with the objectives to reasonably ensure the legal compliance of business operation and management, safety of assets, truthfulness and completeness of financial reports and relevant information, improvement of operating efficiency and effect, and accomplishment of development strategy. Given the inherent limitations on risk management and internal control, the Company can only provide reasonable assurance with respect to the accomplishment of the above objectives.

OTHER INFORMATION

BASIC INFORMATION OF THE COMPANY

Registered name in Chinese	中國人壽保險股份有限公司（簡稱「中國人壽」）
Registered name in English	China Life Insurance Company Limited ("China Life")
Legal representative	Bai Tao
Registered office address/ Current office address	16 Financial Street, Xicheng District, Beijing, P.R. China
Postal code	100033
Telephone	86-10-63633333
Investor relations hotline	86-10-63631241
Customer service hotline	95519
Fax	86-10-66575722
Website	www.e-chinalife.com
Email	ir@e-chinalife.com
Hong Kong office address	16/F, Tower A, China Life Centre, One Harbour Gate, 18 Hung Luen Road, Hung Hom, Kowloon, Hong Kong
Telephone	852-29192628

CONTACT INFORMATION

	Board Secretary	Securities Representative
Name	Zhao Guodong	Li Yinghui
Office address	16 Financial Street, Xicheng District, Beijing, P.R. China	16 Financial Street, Xicheng District, Beijing, P.R. China
Telephone	86-10-63631241	86-10-63631191
Fax	86-10-66575112	86-10-66575112
Email	ir@e-chinalife.com	liyh@e-chinalife.com
		* Ms. Li Yinghui, Securities Representative of the Company, is also the main contact person of the external Company Secretary engaged by the Company

INFORMATION DISCLOSURE AND PLACE FOR OBTAINING THE REPORT

Media and websites for the Company's A Share disclosure	Shanghai Securities News (www.cnstock.com) Securities Times (www.stcn.com) Securities Daily (www.zqrb.cn)
CSRC's designated website for the Company's annual report disclosure	www.sse.com.cn
The Company's H Share disclosure websites	HKExnews website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk The Company's website at www.e-chinalife.com
The Company's annual report may be obtained at	Tower A, China Life Plaza, 16 Financial Street, Xicheng District, Beijing, P.R. China

STOCK INFORMATION

Stock type	Exchanges on which the stocks are listed	Stock short name	Stock code
A Share	Shanghai Stock Exchange	China Life	601628
H Share	The Stock Exchange of Hong Kong Limited	China Life	2628

OTHER RELEVANT INFORMATION

H Share registrar and transfer office	Computershare Hong Kong Investors Services Limited	Address: Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Domestic legal adviser	King & Wood Mallesons	
International legal advisers	Latham & Watkins LLP	Debevoise & Plimpton LLP
Auditors of the Company	**Domestic auditor**	**Overseas auditor**
	PricewaterhouseCoopers Zhong Tian LLP	PricewaterhouseCoopers
	Address: 11/F, PricewaterhouseCoopers Center, 2 Link Suqare, 202 Hubin Road, Huangpu District, Shanghai, PRC	Address: 22/F, Prince's Building, Central, Hong Kong
	Name of the Signing Auditors: Zhou Xing, Huang Chen	Name of the Certified Auditor: Yip Siu Foon, Linda

INDEX OF INFORMATION DISCLOSURE ANNOUNCEMENTS

Serial No.	Items	Date of disclosure
1	Announcement of Premium Income	2023/1/13
2	Election of Language and Means of Receipt of Corporate Communication	2023/1/16
3	Reply Form	2023/1/16
4	Announcement – Forfeiture of Unclaimed Dividends	2023/2/1
5	Announcement of Premium Income	2023/2/13
6	Announcement – Approval of Qualification of Person in Charge of Finance by the CBIRC	2023/3/3
7	Announcement – Change of Board Secretary and Authorised Representative	2023/3/3
8	Announcement of Premium Income	2023/3/13
9	Clarification Announcement in relation to Premium Income	2023/3/13
10	Notice of Board Meeting	2023/3/14
11	Voluntary Announcement – Convening of 2022 Annual Results Briefing	2023/3/20
12	Announcement of Results for the Year Ended 31 December 2022	2023/3/29
13	China Life Insurance Company Limited 2022 Environmental, Social and Governance & Social Responsibility Report	2023/3/29
14	Summary of Solvency Quarterly Report of Insurance Company (Fourth Quarter of 2022)	2023/3/29
15	Announcement – Connected Transaction – Investment in Partnership through Equity Investment Plan	2023/3/29
16	Overseas Regulatory Announcement – China Life Insurance Company Limited – Announcement on Changes in Accounting Estimates	2023/3/29
17	Final Dividend for the Year Ended 31 December 2022	2023/3/29
18	Announcement of Premium Income	2023/4/10
19	Notice of Board Meeting	2023/4/17
20	Annual Report 2022	2023/4/19
21	Notification Letter and Change Request Form to Registered Shareholders	2023/4/19
22	Notification Letter and Request Form to Non-registered Shareholders	2023/4/19
23	Voluntary Announcement – Convening of 2023 First Quarter Results Briefing	2023/4/19
24	2023 First Quarter Report	2023/4/27
25	Announcement – Continuing Connected Transactions under the Agreement for Entrusted Investment and Management and Operating Services with respect to Alternative Investments with Insurance Funds	2023/4/27
26	Announcement – Connected Transaction – Investment in Partnership through Equity Investment Plan	2023/4/27
27	Announcement – Connected Transaction – Investment in Partnership through Equity Investment Plan	2023/4/27
28	Summary of Solvency Quarterly Report of Insurance Company (First Quarter of 2023)	2023/4/27
29	Overseas Regulatory Announcement – China Life Insurance Company Limited – Announcement on Changes in Accounting Estimates	2023/4/27
30	Announcement in relation to Relevant Representation on the Implementation of IFRS17 & IFRS9	2023/5/8

Serial No.	Items	Date of disclosure
31	Briefing on IFRS17 & IFRS9 Updates	2023/5/8
32	Announcement of Premium Income	2023/5/10
33	Announcement – Election of Employee Representative Supervisor	2023/5/12
34	Reports of Board of Directors & Board of Supervisors for 2022, Financial Report & Profit Distribution Plan for 2022, Remuneration of Directors & Supervisors, Appointment of Auditors for 2023, Formulation of the Provisional Measures of Performance-Based Remuneration of Directors, Supervisors, Senior Management & Personnel in Key Positions, CCT under the Agreement for Entrusted Investment & Management & Operating Services with respect to Alternative Investments with Insurance Funds & Notice of AGM	2023/5/23
35	Notice of Annual General Meeting	2023/5/23
36	Form of Proxy of Holders of H Shares for use at the Annual General Meeting of the Company to be held on Wednesday, 28 June 2023	2023/5/23
37	Notification Letter and Change Request Form to Registered Shareholders	2023/5/23
38	Notification Letter and Request Form to Non-registered Shareholders	2023/5/23
39	Announcement of Premium Income	2023/6/9
40	Announcement – Resignation of Supervisor	2023/6/21
41	Announcement – Resolutions Passed at the Annual General Meeting and Distribution of Final Dividend	2023/6/28
42	Announcement – Approval of Qualification as Director and Supervisor by the NFRA	2023/6/28
43	Final Dividend for the Year Ended 31 December 2022 (Updated)	2023/6/28
44	Announcement – Resignation of Supervisor	2023/6/29
45	Announcement of Premium Income	2023/7/10
46	Announcement – Change of President and Chief Actuary	2023/8/4
47	Announcement – Nomination of Directors	2023/8/4
48	Announcement of Premium Income	2023/8/9
49	Notice of Board Meeting	2023/8/10
50	Voluntary Announcement – Convening of 2023 Interim Results Briefing	2023/8/15
51	Announcement of Unaudited Interim Results for the Six Months Ended 30 June 2023	2023/8/23
52	Summary of Solvency Quarterly Report of Insurance Company (Second Quarter of 2023)	2023/8/23
53	Announcement of Premium Income	2023/9/11
54	2023 Interim Report	2023/9/13
55	Notification Letter and Change Request Form to Registered Shareholders	2023/9/13
56	Notification Letter and Request Form to Non-registered Shareholders	2023/9/13
57	Announcement – Change of Composition of the Special Committees of the Board	2023/9/21
58	Announcement of Premium Income	2023/10/11
59	Notice of Board Meeting	2023/10/13
60	Voluntary Announcement – Convening of 2023 Third Quarter Results Briefing	2023/10/18
61	2023 Third Quarter Report	2023/10/26
62	Summary of Solvency Quarterly Report of Insurance Company (Third Quarter of 2023)	2023/10/26

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63	Announcement in relation to the Disclosure of Relevant Representation on the 2023 Corporate Day	2023/10/30
64	Materials for the China Life 2023 Corporate Day: Past Experiences Herald a Promising Future – China Life 2023 Corporate Day	2023/10/30
65	Materials for the China Life 2023 Corporate Day: Insurance + Senior Care Make Life Better – China Life's Distinctive Senior Care Ecosystem	2023/10/30
66	Materials for the China Life 2023 Corporate Day: Progress Intergration Prospects – Individual Sales System Reform	2023/10/30
67	Election of Ms. Liu Hui and Mr. Ruan Qi as Executive Directors of the Seventh Session of the Board of Directors, Election of Mr. Li Bing as a Non-Executive Director of the Seventh Session of the Board of Directors and Notice of the First Extraordinary General Meeting 2023	2023/11/8
68	Notice of the First Extraordinary General Meeting 2023	2023/11/8
69	Form of Proxy of Holders of H Shares for use at the First Extraordinary General Meeting 2023 of the Company to be held on Friday, 15 December 2023	2023/11/8
70	Notification Letter and Change Request Form to Registered Shareholders	2023/11/8
71	Notification Letter and Request Form to Non-registered Shareholders	2023/11/8
72	Announcement of Premium Income	2023/11/9
73	Announcement – Approval of Qualification as President of the Company by the NFRA	2023/11/10
74	Supplemental Notice of the First Extraordinary General Meeting 2023	2023/11/29
75	Supplemental Form of Proxy of Holders of H Shares for use at the First Extraordinary General Meeting 2023 of the Company to be held on Friday, 15 December 2023	2023/11/29
76	Notification Letter and Change Request Form to Registered Shareholders	2023/11/29
77	Notification Letter and Request Form to Non-registered Shareholders	2023/11/29
78	Announcement – Approval of Qualification as Chief Actuary of the Company by the NFRA	2023/12/1
79	Announcement of Premium Income	2023/12/11
80	Announcement – Resolutions Passed at the First Extraordinary General Meeting 2023	2023/12/15
81	Announcement – Renewal of Continuing Connected Transactions under the Insurance Sales Framework Agreement	2023/12/15
82	Announcement – Supplementary Information regarding Compensation of Directors, Supervisors and Senior Management Members in 2022	2023/12/15

DEFINITIONS AND MATERIAL RISK ALERT

In this report, unless the context otherwise requires, the following expressions have the following meanings:

China Life, the Company[6]	China Life Insurance Company Limited and its subsidiaries
CLIC	China Life Insurance (Group) Company, the controlling shareholder of the Company
AMC	China Life Asset Management Company Limited, a non-wholly owned subsidiary of the Company
Pension Company	China Life Pension Company Limited, a non-wholly owned subsidiary of the Company
China Life AMP	China Life AMP Asset Management Company Limited, an indirect non-wholly owned subsidiary of the Company
CGB	China Guangfa Bank Co., Ltd., an associate of the Company
CLP&C	China Life Property and Casualty Insurance Company Limited, a non-wholly owned subsidiary of CLIC
CLI	China Life Investment Management Company Limited, a wholly-owned subsidiary of CLIC
China Life Capital	China Life Capital Investment Company Limited, an indirect wholly-owned subsidiary of CLIC
Ministry of Finance	Ministry of Finance of the People's Republic of China
NFRA	National Financial Regulatory Administration, the predecessor of which is China Banking and Insurance Regulatory Commission
CSRC	China Securities Regulatory Commission
HKSE	The Stock Exchange of Hong Kong Limited
SSE	Shanghai Stock Exchange
Company Law	Company Law of the People's Republic of China
Insurance Law	Insurance Law of the People's Republic of China
Securities Law	Securities Law of the People's Republic of China
Articles of Association	Articles of Association of China Life Insurance Company Limited
C-ROSS (Phase II) Regulation	Solvency Regulatory Rules II for Insurance Companies
SARMRA	Solvency Aligned Risk Management Requirements and Assessment
China or PRC	For the purpose of this report, "China" or "PRC" refers to the People's Republic of China, excluding the Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan region
ESG	Environmental, Social and Governance
RMB	Renminbi Yuan

Material Risk Alert:

The risks faced by the Company primarily include risks relating to macro trends, insurance risk, market risk, credit risk, operational risk, strategic risk, reputational risk, liquidity risk, information safety risk, ESG risk and fraud risk, etc. The Company has adopted various measures to manage and control different risks effectively. For details, please refer to the "Future Prospect" in the section headed "Management Discussion and Analysis" and the "Internal Control and Risk Management" in the section headed "Corporate Governance" of this report.

[6] Except for "the Company" referred to in the Consolidated Financial Statements.

FINANCIAL REPORT

Independent Auditor's Report

To the Shareholders of China Life Insurance Company Limited
(incorporated in the People's Republic of China with limited liability)

OPINION

What we have audited

The consolidated financial statements of China Life Insurance Company Limited (the "Company") and its subsidiaries (the "Group") which are set out on pages 122 to 272, comprise:

- the consolidated statement of financial position as at 31 December 2023;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;

OPINION (continued)

What we have audited (continued)

- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Valuation of liabilities for remaining coverage and insurance revenue recognition for insurance contracts not using the premium allocation approach
- Fair value of level 3 financial assets

KEY AUDIT MATTERS (continued)

Key Audit Matter

Valuation of liabilities for remaining coverage and insurance revenue recognition for insurance contracts not using the premium allocation approach

Refer to Notes 2.8, 14 and 20 to the consolidated financial statements.

IFRS 17 "Insurance contracts" sets out the requirements in accounting for insurance contracts issued and reinsurance contracts held. Starting from 1 January 2023, the Group has adopted IFRS 17 with comparatives restated from 1 January 2022 (the transition date). This is a new standard which requires significant judgements in the use of complex methodologies and assumptions in particular for valuation of liabilities for remaining coverage.

At 31 December 2023, the Group had liabilities for remaining coverage for insurance contracts not using the premium allocation approach of RMB4,790.02 billion, accounting for 90.12% of the Group's total liabilities. In 2023, the amount of insurance revenue recognised for contracts not using the premium allocation approach is RMB160.30 billion, accounting for 46.50% of the Group's total revenue.

The Group uses the discounted cash flow method to estimate the above liabilities, including estimates of the present value of future cash flows, risk adjustment for non-financial risk, contractual service margin and loss component.

The insurance revenue recognition for insurance contracts not using the premium allocation approach relies primarily on the measurement of significant components of the related liabilities, including estimates of the present value of future cash flows, risk adjustment for non-financial risk and contractual service margin.

We focus on the valuation of the liabilities for remaining coverage for insurance contracts not using the premium allocation approach as this requires significant management judgement in the selection and application of complex methodologies. These liabilities also require management's significant judgements in determining the assumptions related to mortality rates, morbidity rates, lapse rates, coverage unit, discount rates, expense assumptions and policy dividend assumptions. Changes in these assumptions could have significant effects on the above liabilities and revenue being recognised. As part of our audit, we also focus on the transition of IFRS 17 for the liabilities for remaining coverage insurance contracts not using the premium allocation approach.

How our audit addressed the Key Audit Matter

We obtained an understanding, evaluated the design and tested the key internal controls over the valuation of the Group's liabilities for remaining coverage and insurance revenue recognition for insurance contracts not using the premium allocation approach, including controls over management's review of the actuarial methodologies, the actuarial models, the actuarial assumptions and the data inputs used.

With the assistance of our internal actuarial experts, we performed the following audit procedures for the valuation of liabilities for remaining coverage, including those at the transition date, and insurance revenue recognition for insurance contracts not using the premium allocation approach:

- Assessing the reasonableness of methodologies used by the Group;
- Assessing the reasonableness of the significant actuarial assumptions by considering the Group's rationale for the actuarial judgements applied along with comparison to industry data and historical experience;
- Testing the relevance, completeness and accuracy of the underlying insurance policy data used in the valuation and measurement on a sample basis;
- Performing an independent actuarial modelling and recalculation of the estimates of the present value of future cash flows, risk adjustment for non-financial risk, contractual service margin, loss component and insurance revenue recognised in the current period on a sample basis and comparing our results to the results from the Group's actuarial models.

Based on the above procedures, we found the methodologies, significant assumptions and judgements used in relation to the valuation of liabilities recorded for remaining coverage and insurance revenue recognised for insurance contracts not using the premium allocation approach were supportable by the evidence we gathered.

KEY AUDIT MATTERS (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Fair value of level 3 financial assets	
Refer to Note 5.4 to the consolidated financial statements. At 31 December 2023, the Group held level 3 financial assets measured at fair value, with a carrying value of RMB607.01 billion, accounting for 10.46% of the Group's total assets. These level 3 financial assets primarily include unlisted equity securities and unlisted debt securities, which are accounted for as financial assets at fair value through profit or loss, investment in debt instruments at fair value through other comprehensive income or investment in equity instruments at fair value through other comprehensive income. The fair values of these financial assets are measured using valuation techniques based on significant unobservable inputs. We have identified the fair value of the Group's level 3 financial assets as a key audit matter due to the significant estimates and judgements involved in the determination of valuation techniques, significant assumptions and significant unobservable inputs.	We obtained an understanding, evaluated the design and tested the operating effectiveness of internal controls over the Group's fair value measurement of level 3 financial assets, including controls over management's review of the valuation techniques, the significant assumptions and the significant unobservable inputs used in the fair value measurements. With the assistance of our valuation experts, we performed the following audit procedures: • Evaluating the appropriateness of the Group's valuation techniques and significant assumptions by referring to industry practices and valuation principles; • Testing the significant unobservable inputs used by the Group in determining the fair values and assessing the reasonableness of these inputs by comparing them to information available from third-party sources or market data; • Testing the accuracy, on a sample basis, of the fair value calculations used for level 3 financial assets. Based on the above procedures, we found that the significant estimates and judgements involved in determining the fair value of level 3 financial instruments were supportable by the evidence we gathered.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Yip Siu Foon, Linda.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong
27 March 2024

Consolidated Statement of Financial Position

As at 31 December 2023

	Notes	As at 31 December 2023 RMB million	As at 31 December 2022 RMB million (Restated, Note 2.1.1.b)	As at 1 January 2022 RMB million (Restated, Note 2.1.1.b)
ASSETS				
Property, plant and equipment	7	**53,710**	54,559	55,632
Right-of-use assets	8	**1,480**	1,810	2,518
Investment properties	9	**12,753**	13,193	13,374
Investments in associates and joint ventures	10	**258,760**	262,488	258,933
Term deposits	11.1	**413,255**	485,567	529,488
Statutory deposits – restricted	11.2	**6,520**	6,333	6,333
Investment in debt instruments at amortised cost	11.3	**211,349**	N/A	N/A
Investment in debt instruments at fair value through other comprehensive income	11.4	**2,744,169**	N/A	N/A
Investment in equity instruments at fair value through other comprehensive income	11.5	**138,005**	N/A	N/A
Financial assets at fair value through profit or loss	11.6	**1,705,375**	N/A	N/A
Held-to-maturity securities	11.7	**N/A**	1,574,204	1,533,753
Loans	11.8	**N/A**	342,083	429,878
Available-for-sale securities	11.9	**N/A**	1,738,108	1,429,287
Securities at fair value through profit or loss	11.10	**N/A**	223,790	206,771
Reinsurance contract assets	14.3	**25,846**	24,096	19,327
Other assets	13	**37,318**	22,004	33,981
Deferred tax assets	29	**24,431**	46,126	24,180
Financial assets purchased under agreements to resell	11.11	**19,759**	38,533	12,915
Accrued investment income		**51**	49,580	48,538
Cash and cash equivalents		**149,305**	127,594	60,459
Total assets		**5,802,086**	5,010,068	4,665,367

The notes on pages 129 to 272 form an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position (continued)

As at 31 December 2023

	Notes	As at 31 December 2023	As at 31 December 2022	As at 1 January 2022
		RMB million	RMB million	RMB million
			(Restated, Note 2.1.1.b)	(Restated, Note 2.1.1.b)
LIABILITIES AND EQUITY				
Liabilities				
Insurance contract liabilities	14.2	**4,859,175**	4,266,947	3,809,716
Reinsurance contract liabilities	14.3	**188**	160	154
Interest-bearing loans and other borrowings	15	**12,857**	12,774	19,222
Bonds payable	16	**36,166**	34,997	34,994
Other liabilities	17	**126,750**	117,751	113,133
Deferred tax liabilities	29	**–**	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	18	**216,851**	148,958	239,446
Financial liabilities at fair value through profit or loss		**13,878**	3,344	3,416
Total liabilities		**5,315,052**	4,635,095	4,268,874
Equity				
Share capital	34	**28,265**	28,265	28,265
Reserves	35	**145,933**	99,033	156,677
Retained earnings		**302,895**	238,723	203,478
Attributable to equity holders of the Company		**477,093**	366,021	388,420
Non-controlling interests		**9,941**	8,952	8,073
Total equity		**487,034**	374,973	396,493
Total liabilities and equity		**5,802,086**	5,010,068	4,665,367

Approved and authorised for issue by the Board of Directors on 27 March 2024.

Bai Tao
Director

Li Mingguang
Director

The notes on pages 129 to 272 form an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2023

	Notes	2023 RMB million	2022 RMB million (Restated, Note 2.1.1.b)
Insurance revenue	20	**212,445**	182,578
Interest income	21	**122,994**	N/A
Investment income	22	**(9,375)**	174,809
Net realised gains on financial assets	23	**N/A**	12,707
Net fair value gains through profit or loss	24	**N/A**	(12,156)
Investment income from associates and joint ventures	10	**8,079**	3,979
Other income		**10,603**	8,944
Total revenues		**344,746**	370,861
Insurance service expenses	25	**(150,353)**	(131,614)
Allocation of reinsurance premiums paid		**(4,726)**	(4,119)
Less: Amounts recovered from reinsurers		**4,438**	6,274
Insurance finance income/(expenses) from insurance contracts issued	26	**(127,923)**	(148,700)
Less: Reinsurance finance income/(expenses) from reinsurance contracts held		**616**	583
Finance costs		**(5,308)**	(4,863)
Expected credit losses	27	**1,217**	N/A
Other impairment losses		**–**	(3,150)
Other expenses		**(18,131)**	(15,212)
Profit before income tax	28	**44,576**	70,060
Income tax	29	**2,971**	(1,948)
Net profit		**47,547**	68,112
Attributable to:			
– Equity holders of the Company		**46,181**	66,680
– Non-controlling interests		**1,366**	1,432
Basic and diluted earnings per share	30	**RMB1.63**	RMB2.36

The notes on pages 129 to 272 form an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income (continued)

For the year ended 31 December 2023

	2023	2022
	RMB million	RMB million
		(Restated, Note 2.1.1.b)
Other comprehensive income	**(21,699)**	(69,341)
Other comprehensive income attributable to equity holders of the Company (net of tax)	**(21,741)**	(69,257)
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Changes in fair value of investment in debt instruments at fair value through other comprehensive income	**82,617**	N/A
Less: Amounts transferred to profit or loss 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	**679**	545
Other comprehensive income that may not be reclassified to profit or loss in subsequent periods:		
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	**(487)**	–
Non-controlling interests	**42**	(84)
Total comprehensive income for the year, net of tax	**25,848**	(1,229)
Attributable to:		
– Equity holders of the Company	**24,440**	(2,577)
– Non-controlling interests	**1,408**	1,348

The notes on pages 129 to 272 form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

	Attributable to equity holders of the Company				
	Share capital	Reserves	Retained earnings	Non-controlling interests	Total
	RMB million	RMB million	RMB million	RMB million	RMB million
	(Note 34)	(Note 35)			
As at 31 December 2021	28,265	249,755	201,041	8,073	487,134
Impact of initial application of IFRS 17 (Note 2.1.1.b)	–	(93,078)	2,437	–	(90,641)
As at 1 January 2022 (Restated, Note 2.1.1.b)	28,265	156,677	203,478	8,073	396,493
Net profit	–	–	66,680	1,432	68,112
Other comprehensive income	–	(69,257)	–	(84)	(69,341)
Total comprehensive income	–	(69,257)	66,680	1,348	(1,229)
Transactions with shareholders					
Appropriation to reserves (Note 35)	–	13,137	(13,137)	–	–
Dividends declared	–	–	(18,372)	–	(18,372)
Dividends to non-controlling interests	–	–	–	(469)	(469)
Reserves to retained earnings (Note 35)	–	(74)	74	–	–
Others	–	(1,450)	–	–	(1,450)
Total transactions with shareholders	–	11,613	(31,435)	(469)	(20,291)
As at 31 December 2022 (Restated, Note 2.1.1.b)	28,265	99,033	238,723	8,952	374,973
Impact of initial application of IFRS 9 (Note 2.1.1.a)	–	60,751	39,351	6	100,108
As at 1 January 2023	28,265	159,784	278,074	8,958	475,081
Net profit	–	–	46,181	1,366	47,547
Other comprehensive income	–	(21,741)	–	42	(21,699)
Total comprehensive income	–	(21,741)	46,181	1,408	25,848
Transactions with shareholders					
Appropriation to reserves (Note 35)	–	7,604	(7,604)	–	–
Dividends declared (Note 32)	–	–	(13,850)	–	(13,850)
Dividends to non-controlling interests	–	–	–	(425)	(425)
Reserves to retained earnings (Note 35)	–	(94)	94	–	–
Others	–	380	–	–	380
Total transactions with shareholder	–	7,890	(21,360)	(425)	(13,895)
As at 31 December 2023	28,265	145,933	302,895	9,941	487,034

The notes on pages 129 to 272 form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2023

	2023	2022
	RMB million	RMB million
		(Restated, Note 2.1.1.b)
CASH FLOWS FROM OPERATING ACTIVITIES		
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, net	(13,777)	N/A
Increase/(decrease) in financial liabilities at fair value through profit or loss, net	(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
Net cash inflow/(outflow) from operating activities	384,366	345,284
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposals and maturities:		
Disposals of debt investments	210,688	168,656
Maturities of debt investments	251,226	309,801
Disposals of equity investments	556,929	513,350
Disposals of property, plant and equipment	1,051	363
Disposals of subsidiaries	–	4,395
Purchases:		
Debt investments	(881,317)	(519,495)
Equity investments and subsidiaries	(836,048)	(819,785)
Property, plant and equipment	(4,171)	(3,076)
Investments in associates and joint ventures	(4,217)	(5,436)
Decrease/(increase) in term deposits, net	80,787	44,273
Decrease/(increase) in financial assets purchased under agreements to resell, net	21,837	(27,327)
Interest received	145,824	141,680
Dividends received	33,373	34,330
Cash paid related to other financing activities	(198)	–
Net cash inflow/(outflow) from investing activities	(424,236)	(158,271)

The notes on pages 129 to 272 form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows (continued)

For the year ended 31 December 2023

	2023	2022
	RMB million	RMB million
		(Restated, Note 2.1.1.b)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase/(decrease) in financial assets sold under agreements to repurchase, net	67,129	(90,711)
Cash received from borrowings	43	688
Interest paid	(7,921)	(7,545)
Repayment of borrowings	(577)	(8,275)
Dividends paid to equity holders of the Company	(13,850)	(18,372)
Dividends paid to non-controlling interests	(418)	(469)
Payment of lease liabilities	(1,149)	(1,307)
Capital injected into subsidiaries by non-controlling interests	18,035	5,896
Cash received related to other financing activities	750	–
Cash paid related to other financing activities	(1,769)	–
Net cash inflow/(outflow) from financing activities	60,273	(120,095)
Foreign exchange gains/(losses) on cash and cash equivalents	64	217
Net increase in cash and cash equivalents	20,467	67,135
Cash and cash equivalents		
Beginning of the period	127,594	60,459
End of the period	148,061	127,594
Analysis of balances of cash and cash equivalents		
Cash at banks and in hand	147,453	123,142
Short-term bank deposits	608	4,452

The notes on pages 129 to 272 form an integral part of these consolidated financial statements.

1 ORGANISATION AND PRINCIPAL ACTIVITIES

China Life Insurance Company Limited (the "Company") was established in the People's Republic of China ("China" or the "PRC") on 30 June 2003 as a joint stock company with limited liability as part of a group restructuring of China Life Insurance (Group) Company ("CLIC", formerly China Life Insurance Company) and its subsidiaries (the "Restructuring"). The Company and its subsidiaries are hereinafter collectively referred to as the "Group". The Group's principal activities are the underwriting of life, health, accident and other types of personal insurance business; reinsurance for personal insurance business; fund management business permitted by national laws and regulations or approved by the State Council of the People's Republic of China, etc.

The Company is a joint stock company incorporated in the PRC with limited liability. The address of its registered office is 16 Financial Street, Xicheng District, Beijing, the PRC. The Company is listed on the Stock Exchange of Hong Kong Limited, and the Shanghai Stock Exchange.

In August 2022, the Company has applied for the voluntary delisting of its American depositary shares ("ADSs") from the New York Stock Exchange (the "NYSE"). The last day of trading of the Company's ADSs on the NYSE was 1 September 2022 (U. S. Eastern time) and the delisting of the Company's ADSs has taken effect on 2 September 2022 (U. S. Eastern time). 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 (U. S. Eastern time).

These consolidated financial statements are presented in millions of Renminbi ("RMB million") unless otherwise stated. These consolidated financial statements have been approved and authorised for issue by the Board of Directors on 27 March 2024.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

2.1 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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

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

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

2.1.1.a 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 unrealized 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.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

2.1.1 New accounting standards and amendments adopted by the Group for the first time for the financial year beginning on 1 January 2023 (continued)

2.1.1.a IFRS 9 – Financial Instruments (continued)

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. Refer to Note 2.4 Financial Instruments for the accounting policies under IFRS 9.

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.

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

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

2.1.1 New accounting standards and amendments adopted by the Group for the first time for the financial year beginning on 1 January 2023 (continued)

2.1.1.a IFRS 9 – Financial Instruments (continued)

(i) 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:

	Carrying amount
	RMB million
1. Term deposits	
31 December 2022	485,567
Presentation adjustments: Interest receivable	13,051
Remeasurement: ECL	(324)
1 January 2023	498,294
2. Statutory deposits – restricted	
31 December 2022	6,333
Presentation adjustments: Interest receivable	120
Remeasurement: ECL	(8)
1 January 2023	6,445
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	1,680
1 January 2023	231,896
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	128,631
1 January 2023	2,341,964
5. Investment in equity instruments at fair value through other comprehensive income	
31 December 2022	–
Add: Transfer from available-for-sale securities (note)	119,913
1 January 2023	119,913

Note: 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.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

2.1.1 New accounting standards and amendments adopted by the Group for the first time for the financial year beginning on 1 January 2023 (continued)

2.1.1.a IFRS 9 – Financial Instruments (continued)

(i) 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 (continued):

	Carrying amount
	RMB 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	6,123
1 January 2023	1,353,748
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 investment in debt instruments at fair value through other comprehensive income	(1,572,220)
1 January 2023	–
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 investment in debt instruments at fair value through other comprehensive income	(83,236)
1 January 2023	–
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 investment in debt instruments at fair value through other comprehensive income	(529,652)
Less: Transfer to investment in equity instruments at fair value through other comprehensive income	(119,913)
1 January 2023	–

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

2.1.1 New accounting standards and amendments adopted by the Group for the first time for the financial year beginning on 1 January 2023 (continued)

2.1.1.a IFRS 9 – Financial Instruments (continued)

(i) 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 (continued):

	Carrying amount
	RMB million
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	(223,790)
1 January 2023	–
11. Interest-bearing loans and other borrowings	
31 December 2022	12,774
Remeasurement: Interest payable	8
1 January 2023	12,782
12. Bonds payable	
31 December 2022	34,997
Remeasurement: Interest payable	1,170
1 January 2023	36,167
13. Financial assets sold under agreements to repurchase	
31 December 2022	148,958
Remeasurement: Interest payable	64
1 January 2023	149,022

(ii) 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
		RMB million		
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
Sub-total	2,982	(2,343)	751	1,390
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)	–	–
Sub-total	18,588	(16,849)	886	2,625
Total	21,570	(19,192)	1,637	4,015

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

2.1.1 New accounting standards and amendments adopted by the Group for the first time for the financial year beginning on 1 January 2023 (continued)

2.1.1.a IFRS 9 – Financial Instruments (continued)

(iii) Accounting policy for financial instruments related to IAS 39 applicable as of 31 December 2022:
Financial assets
Classification
The Group classifies its financial assets into the following categories: securities at fair value through profit or loss, held-to-maturity securities, loans and receivables and available-for-sale securities. Management determines the classification of its financial assets at initial recognition which depends on the purpose for which the assets are acquired. The Group's investment in securities fall into the following four categories:

(a) Securities at fair value through profit or loss
This category has two sub-categories: securities held for trading and those designated as at fair value through profit or loss at inception. Securities are classified as held for trading at inception if acquired principally for the purpose of selling in the short-term or if they form part of a portfolio of financial assets in which there is evidence of taking short-term profit. The Group may classify other financial assets as at fair value through profit or loss if they meet the criteria in IAS 39 and designated as such at inception.

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

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

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

Recognition and measurement
Purchase and sale of investments are recognised on the trade date, when the Group commits to purchase or sell assets. Investments are initially recognised at fair value plus, in the case of all financial assets not carried at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Investments are derecognised when the rights to receive cash flows from the investments have expired or when they have been transferred and the Group has also transferred substantially all risks and rewards of ownership.

Securities at fair value through profit or loss and available-for-sale securities are carried at fair value. Equity investments that do not have a quoted price in an active market and whose fair value cannot be reliably measured are carried at cost, net of allowance for impairments. Held-to-maturity securities are carried at amortised cost using the effective interest method. Investment gains and losses on sales of securities are determined principally by specific identification. Realised and unrealised gains and losses arising from changes in the fair value of the securities at fair value through profit or loss category, and the change of fair value of available-for-sale debt securities due to foreign exchange impact on the amortised cost are included in net profit in the period in which they arise. The remaining unrealised gains and losses arising from changes in the fair value of available-for-sale securities are recognised in OCI. When securities classified as available-for-sale securities are sold or impaired, the accumulated fair value adjustments are included in net profit as realised gains on financial assets.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

2.1.1 New accounting standards and amendments adopted by the Group for the first time for the financial year beginning on 1 January 2023 (continued)

2.1.1.a IFRS 9 – Financial Instruments (continued)

(iii) Accounting policy for financial instruments related to IAS 39 applicable as of 31 December 2022 (continued):
Financial assets (continued)
Recognition and measurement (continued)
Term deposits primarily represent traditional bank deposits which have fixed maturity dates and are stated at amortised cost.

Loans are carried at amortised cost, net of allowance for impairment.

The Group purchases securities under agreements to resell substantially identical securities. These agreements are classified as secured loans and are recorded at amortised cost, i.e., their costs plus accrued interests at the end of the reporting period, which approximates fair value. The amounts advanced under these agreements are reflected as assets in the consolidated statement of financial position. The Group does not take physical possession of securities purchased under agreements to resell. Sale or transfer of the securities is not permitted by the respective clearing house on which they are registered while the lent capital is outstanding. In the event of default by the counterparty, the Group has the right to the underlying securities held by the clearing house.

Impairment of financial assets other than securities at fair value through profit or loss

Financial assets other than those accounted for as at fair value through profit or loss are adjusted for impairment, where there are declines in value that are considered to be impaired. In evaluating whether a decline in value is an impairment for these financial assets, the Group considers several factors including, but not limited to, the following:

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

In evaluating whether a decline in value is impairment for equity securities, the Group also considers the extent or the duration of the decline. The quantitative factors include the following:

- the market price of the equity securities was more than 50% below their cost at the reporting date;
- the market price of the equity securities was more than 20% below their cost for a period of at least six months at the reporting date; and
- the market price of the equity securities was below their cost for a period of more than one year (including one year) at the reporting date.

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

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

2.1.1 New accounting standards and amendments adopted by the Group for the first time for the financial year beginning on 1 January 2023 (continued)

2.1.1.a IFRS 9 – Financial Instruments (continued)

(iii) Accounting policy for financial instruments related to IAS 39 applicable as of 31 December 2022 (continued)

Fair value measurement

The Group measures financial instruments, such as securities at fair value through profit or loss and available-for-sale securities, at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement of assets and liabilities is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or

- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group at the measurement date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole.

For assets and liabilities that are measured at fair value on a recurring basis, the Group determines whether transfers have occurred between each level in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.1.1.b 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;

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

2.1.1 New accounting standards and amendments adopted by the Group for the first time for the financial year beginning on 1 January 2023 (continued)

2.1.1.b IFRS 17 – Insurance Contracts (continued)

- 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 are required 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. Refer to Note 2.8 for relevant accounting policies.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

2.1.2 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

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

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

2.2 Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2023. Subsidiaries are those entities which are controlled by the Group (including the structured entities controlled by the Group). Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.2 Consolidation (continued)

Profit or loss and each component of OCI are attributed to the equity holders of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full upon consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary;
- derecognises the carrying amount of any non-controlling interests;
- derecognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss; and
- reclassifies the Group's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as if the Group had directly disposed of the related assets or liabilities.

The consolidated financial statements incorporate the financial statements of the combining entities or businesses in business combination under common control as if they had been combined from the date when the combining entities or businesses first came under the control of the ultimate holding company. The net assets of the combining entities or businesses are consolidated using the carrying amount from the ultimate holding company's perspective. No amount is recognised for goodwill or excess of the Group's interest in the book value of the net assets over cost at the time of the common control combination, to the extent of the continuation of the ultimate holding company's interest. The consolidated statement of comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative financial data have been restated to reflect the business combinations under common control occurred during this year. Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses and other costs incurred in relation to the common control combination that is to be accounted for by using the merger accounting method are recognised as expenses in the period in which they are incurred.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group, other than common control combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interest issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.2 Consolidation (continued)

The excess of the aggregate of the consideration transferred, the fair value of any non-controlling interest in the acquiree, and the fair value of any previous equity interest in the acquiree at the acquisition date over the fair value of the net identifiable assets acquired and liabilities assumed is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed, and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. If there is any indication that goodwill is impaired, recoverable amount is estimated and the difference between carrying amount and recoverable amount is recognised as an impairment charge. Impairment losses on goodwill are not reversed in subsequent periods. Gains or losses on the disposal of an entity take into consideration the carrying amount of goodwill relating to the entity sold.

The investments in subsidiaries are accounted for only in the Company's statement of financial position at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Transactions with non-controlling interests

The Group treats transactions with non-controlling interests that do not result in loss of controls as equity transactions. For shares purchased from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposal of shares to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in OCI in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in OCI are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in OCI is reclassified to profit or loss as appropriate.

2.3 Associates and joint ventures

Associates are entities over which the Group has significant influence, generally accompanying a shareholding of between 20% and 50% of the voting rights of the investee. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

Joint ventures are the type of joint arrangements whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Investments in associates and joint ventures are accounted for using the equity method of accounting and are initially recognised at cost.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.3 Associates and joint ventures (continued)

The Group's share of post-acquisition profit or loss of its associates and joint ventures is recognised in net profit, and its share of post-acquisition movements in OCI is recognised in the consolidated statement of comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, including any other unsecured receivables, the Group does not recognise further losses unless it has obligations to make payments on behalf of the associate or joint venture.

Unrealised gains on transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's interests in the associates or joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Associates and joint ventures' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group. The Group adjusts the financial statements of its associates and joint ventures for insurance companies that have not adopted IFRS 9 and IFRS 17 in accordance with the Group's accounting policies and recognises investment income and other comprehensive income, etc. accordingly.

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of acquired associates or joint ventures at the date of acquisition. Goodwill on acquisitions of associates and joint ventures is included in investments in associates and joint ventures and is tested for impairment as part of the overall balance. Impairment losses on goodwill are not reversed. Gains or losses on the disposal of an entity take into consideration the carrying amount of goodwill relating to the entity sold.

The Group determines at each reporting date whether there is any objective evidence that the investments in associates and joint ventures are impaired. If this is the case, an impairment loss is recognised for the amount by which the investment's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the investment's fair value less costs of disposal and value in use. The impairment of investments in the associates and joint ventures is reviewed for possible reversal at each reporting date.

2.4 Financial instruments

Starting from 1 January 2023, the Group has adopted IFRS 9 and adjusted the accounting policies accordingly. The newly revised accounting policies are set out below:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. A financial asset or a financial liability is recognised when the Group becomes a party to the contractual provisions of the instrument.

Purchase and sale of investments are recognised on the trade date, when the Group commits to purchase or sell assets. At initial recognition, financial assets or financial liabilities not at fair value through profit or loss are measured at fair value plus or minus transaction costs (such as related charges and commissions) that are directly attributable to the acquisition or issue of such financial assets or financial liabilities. For financial assets and financial liabilities at fair value through profit or loss, transaction costs are recognised in profit or loss.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.4 Financial instruments (continued)

2.4.1 Financial assets

Classification and measurement

Based on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, financial assets are classified as: financial assets at amortised cost, investment in debt instruments at fair value through other comprehensive income, investment in equity instruments at fair value through other comprehensive income, and financial assets at fair value through profit or loss. When, and only when, the Group changes the business model for managing financial assets, the Group shall reclassify all affected financial assets.

Debt instruments

Debt instruments are those financial instruments that meet the definition of a financial liability from the issuer's perspective. Classification and subsequent measurement of debt instruments depend on:

(a) the Group's business model for managing assets; and

(b) cash flow characteristics of financial assets (whether the cash flows are solely payments of principal and interest on the principal amount outstanding).

Based on these factors, the Group classifies its debt instruments into the following three measurement categories:

i. Financial assets at amortised cost

The financial asset is held within a business model whose objective is to collect the contractual cash flows, and the contractual cash flow characteristics are consistent with a basic lending arrangement, which gives rise on specified dates to the contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, and the financial assets are not designated as at fair value through profit or loss, so they are measured at amortised cost. The interest income of such financial assets is recognised using the effective interest rate method. Impairment losses and foreign exchange gains or losses are recognised in profit or loss. The gains or losses arising from derecognition are recognised directly in profit or loss.

ii. Investment in debt instruments at fair value through other comprehensive income

The financial asset is held within a business model whose objectives are both collecting the contractual cash flows and selling such financial assets, and the contractual cash flow characteristics are consistent with a basic lending arrangement. In addition, the financial assets are not designated as at fair value through profit or loss. Such financial assets are measured at fair value through other comprehensive income, and interest income is recognised using the effective interest rate method. Impairment losses and foreign exchange gains or losses are recognised in profit or loss for the current period. When such financial assets are derecognised, the cumulative changes in fair value recognised in other comprehensive income are carried forward to profit or loss for the current period.

iii. Financial assets at fair value through profit or loss

Debt instruments held by the Group that are not measured at amortised cost or fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. These financial assets are subsequently measured at fair value. Net gains or losses, including any interest or dividend income, are recognised in profit or loss within investment income. The interest income represents the interest accrual on these financial assets which is calculated using the coupon rate.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.4 Financial instruments (continued)

2.4.1 Financial assets (continued)

Classification and measurement (continued)

Equity instruments

Equity instruments are financial instruments that meet the definition of equity instruments when analysed from the issuer's perspective.

All equity instruments held by the Group are subsequently measured at fair value, and gains or losses are recognised in profit or loss. However, on initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the instrument's fair value in other comprehensive income, and no provision for impairment is required. Dividend income is recognised in profit or loss for the period (except for those clearly represent a recovery of part of the cost of the investments). Other net gains and losses (including exchange gains and losses). are recognised in other comprehensive income, and may not be subsequently transferred to profit or loss. Changes in the fair value of equity instruments measured at fair value through profit and loss, including any dividend income and foreign exchange gains and losses, are recognised in profit or loss within investment income. Dividend incomes on these equity instruments, which are generally determined at the amounts to be distributed by the investees, are recognised when the Group's right to receive the payment is established.

Equity instruments classified as financial assets at fair value through profit or loss. After the initial confirmation, gains or losses arising from changes in the fair value of such financial assets (including dividend income earned and exchange gains or losses) are recognised in profit or loss for the period and shown in investment income. Dividend income from equity instruments is generally determined by the amount distributed by the investee and is recognised when the Group's right to receive dividends is established.

Impairment

Expected credit losses ("ECL") refer to the weighted average of credit losses with the respective risks of a default occurring as the weights. Credit loss refers to the difference between all contractual cash flows discounted at the original effective interest rate or credit-adjusted effective interest rate for credit-impaired financial assets and receivable under the contract and all cash flows expected to be received, which is the present value of all cash shortfalls.

The Group recognises credit losses the basis of the ECL for cash and cash equivalents, term deposits, statutory deposits, financial assets purchased under agreements to resell, investment in debt instrument at amortised cost, investment in debt instrument at fair value through other comprehensive income, as well as other receivables, etc.

Giving consideration to reasonable and supportable information on past events, current conditions and forecasts of future economic conditions weighted by the probability of default, the Group recognises the ECL as the probability-weighted amount of the present value of the difference between the cash flows receivable from the contract and the cash flows expected to be collected.

At each reporting date, the ECL of financial instruments at different stages is measured respectively. 12-month ECL is recognised for financial instruments in Stage 1 which do not have a significant increase in credit risk since initial recognition; lifetime ECL is recognised for financial instruments in Stage 2 which have had a significant increase in credit risk since initial recognition but are not deemed to be credit-impaired; and lifetime ECL is recognised for financial instruments in Stage 3 that has been credit-impaired.

For the financial instruments in Stage 1 and Stage 2, the Group calculates the interest income by applying the effective interest rate to the gross carrying amount (before net of expected credit losses). For the financial instruments in Stage 3, the interest income is calculated by applying the effective interest rate to the amortised cost (net of expected credit losses).

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.4 Financial instruments (continued)

2.4.1 Financial assets (continued)

Impairment (continued)

For other receivables that are classified into groups, the Group calculates the ECL with reference to historical credit loss experience, current conditions, and forecasts of future economic conditions, and based on the exposure at default and the lifetime ECL rates.

The Group recognises the impairment gain or loss into profit or loss for the period. For debt instruments classified as fair value through other comprehensive income, the Group recognises the loss allowance in profit or loss, meanwhile adjusts other comprehensive income, which does not decrease the carrying amount of the financial assets.

Derecognition

A financial asset is derecognised when one of the following criteria is met: (i) the contractual rights to receive the cash flows from the financial asset has expired, (ii) the financial asset has been transferred and the Group transfers substantially all the risks and rewards of ownership of the financial asset to the transferee, or (iii) the financial asset has been transferred and the Group has not retained control of the financial asset, although the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset.

When an investment in equity instruments measured at fair value through other comprehensive income is derecognised, the difference between the carrying amount and the consideration received as well as any cumulative gain or loss previously recognised in other comprehensive income are recognised in retained earnings. For other financial assets, when they are derecognised, their cumulative gains or losses previously recognised in other comprehensive income should be transferred out and recognised in profit or loss.

2.4.2 Financial liabilities

Financial liabilities are classified into financial liabilities at amortised cost and financial liabilities at fair value through profit or loss at initial recognition.

Financial liabilities at amortised cost consist primarily of interest-bearing loans and other borrowings, financial assets sold under agreements to repurchase, bonds payable and liabilities arising from certain investment contracts without a discretionary participation feature (presented in other liabilities). Such financial liabilities are initially recognised at fair value, net of transaction costs incurred, and using the effective interest rate method for subsequent measurement.

Financial liabilities at fair value through profit or loss mainly include liabilities arising from certain investment contracts without discretionary participation features (pension annuity products that do not transfer insurance risk), which are designated on initial recognition for subsequent measurement at fair value, with all realized or unrealized gains and losses recognised in profit or loss.

The Group retains substantially all the risk and rewards of ownership of securities sold under agreements to repurchase which generally mature within 180 days from the transaction date. Therefore, securities sold under agreements to repurchase are classified as secured borrowings. The Group may be required to provide additional collateral based on the fair value of the underlying securities. Securities sold under agreements to repurchase are recorded at amortised cost, i.e., their cost plus accrued interest at the end of the reporting period. It is the Group's policy to maintain effective control over securities sold under agreements to repurchase which includes maintaining physical possession of the securities. Accordingly, such securities continue to be carried on the consolidated statement of financial position.

Bonds payable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any discount or premium at acquisition and transaction costs.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.4 Financial instruments (continued)

2.4.2 Financial liabilities (continued)

A financial liability is derecognised or partly derecognised when the underlying present obligation is discharged or partly discharged. The difference between the carrying amount of the derecognised part of the financial liability and the consideration paid is recognised in profit or loss for the current period.

2.5 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement of assets and liabilities is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or

- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group at the measurement date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described in Notes 5.4, 9 and 12 based on the lowest level input that is significant to the fair value measurement as a whole.

For assets and liabilities that are measured at fair value on a recurring basis, the Group determines whether transfers have occurred between each level in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.6 Cash and cash equivalents

Cash amounts represent cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments with original maturities of 90 days or less, whose carrying value approximates fair value.

2.7 Financial assets purchased under agreements to resell

The Group purchases securities under agreements to resell substantially identical securities. These agreements are classified as secured loans and are recorded at amortised cost, i.e., their costs plus accrued interests at the end of the reporting period, which approximates fair value. The amounts advanced under these agreements are reflected as assets in the consolidated statement of financial position. The Group does not take physical possession of financial assets purchased under agreements to resell. Sale or transfer of the securities is not permitted by the respective clearing house on which they are registered while the lent capital is outstanding. In the event of default by the counterparty, the Group has the right to the underlying securities held by the clearing house.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.8 Insurance Contracts

2.8.1 Definition

The contracts issued by the Group are classified into insurance contracts and investment contracts.

An insurance contract is a contract under which the issuer of the contract accepts significant insurance risk from the policyholder by agreeing to compensate the policyholder if a specified insured event adversely affects the policyholder. The Group assesses the extent to which insurance risk is transferred within a contract, conducting a test for the presence of significant insurance risk, thereby determining whether the contract should be classified as an insurance contract. Insurance contracts are those contracts that transfer significant insurance risk.

When the Group performs tests on significant insurance risk, it determines that a contract transfers significant insurance risk if the following conditions are met:

(a) at least in one scenario that has commercial substance, an insured event specified by the contract could cause the Group to pay significant additional amounts, even if the insured event is extremely unlikely, or even if the expected present value of the contingent cash flows is a small proportion of the expected present value of the remaining cash flows from the insurance contract. Absence of discernible effect on the economics of the transaction indicates lack of commercial substance. The additional amounts refer to the present value of amounts payable if an insured event occurs that exceed those that would be payable if no insured event had occurred (including claims handling and assessment costs).

(b) at least in one scenario that has commercial substance, an insured event specified by the contract could cause the Group to incur a loss on a present value basis. However, even if a reinsurance contract does not expose the issuer to the possibility of a significant loss, that contract is deemed to transfer significant insurance risk if it transfers to the reinsurer substantially all the insurance risk relating to the reinsured portions of the underlying insurance contracts.

Investment contracts issued by the Group have the legal form of insurance contracts but do not transfer significant insurance risks. The Group accounts for the investment contract with discretionary participation features applying the accounting treatments for insurance contracts. An investment contract with discretionary participation features is a financial instrument that provides a particular investor with the contractual right to receive guaranteed and additional amounts. The additional amounts are subject to the returns on a specified pool of items at the discretion of the issuer, and are expected to be a significant portion of the total contractual benefits. For liabilities arising from investment contracts without discretionary participation features, the Group accounts for these contracts according to note 2.4.2.

An insurance contract is an insurance contract with direct participation features if all the following conditions are met at the inception of the contracts:

(a) the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;

(b) an amount equal to a substantial share of the fair value returns on the underlying items is expected to be paid to the policyholder; and

(c) a substantial proportion of any change in the amounts to be paid to the policyholder is expected to vary with the change in fair value of the underlying items.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.8 Insurance Contracts (continued)

2.8.1 Definition (continued)

Reinsurance contract is an insurance contract issued by the reinsurer to compensate the cedent for claims arising from one or more insurance contracts issued by the cedent.

The Group adopts different models for different types of insurance contracts. Insurance contracts with direct participation features are measured using the variable fee approach. The Group simplifies the measurement using the premium allocation approach for insurance contracts and reinsurance contracts with coverage of one year or less or contract groups where there is no significant difference between the results of measuring liabilities for remaining coverage using the premium allocation approach and the results of measuring such liabilities using general measurement model. Other types of insurance contracts and reinsurance contracts are measured using the general measurement model.

The Group assesses the classification of contracts using its expectations at inception of the contracts and does not reassess the conditions afterwards, unless the contracts are modified.

2.8.2 Combination

The Group treats a series of insurance contracts with the same counterparty or related counterparties which may achieve an overall commercial effect, as a whole in order to report the substance of such contracts.

2.8.3 Separation

An insurance contract may contain one or more components, the Group separates the following components:

(a) embedded derivatives meeting the separation conditions of accounting policies for financial instruments under IFRS 9 – Financial Instruments;

(b) distinct investment components, but the investment components that meet the definition of investment contracts with discretionary participation features are still accounted for applying the accounting policies for insurance contracts;

(c) promises to transfer distinct goods or services other than insurance contract services.

Investment component is the amount that an insurance contract requires to repay to policyholders regardless of whether an insured event occurs.

After the Group identifies and separates the non-insurance components that meet the above conditions for separation, the Group applies the accounting policies related to insurance contracts to the remaining portion.

2.8.4 Classification

The Group identifies portfolios of insurance contracts as contracts subject to similar risks and are managed together.

A group of insurance contracts consists of one or more insurance contracts issued within a period of no longer than one year and with similar levels of profitability.

The Group divides a portfolio of insurance contracts into a minimum of the following groups:

(a) a group of contracts that is onerous at initial recognition;

(b) a group of contracts that at initial recognition has no significant possibility of becoming onerous subsequently;

(c) a group of the remaining contracts in the portfolio.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.8 Insurance Contracts (continued)

2.8.4 Classification (continued)

Portfolios of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued.

The Group divides a portfolio of reinsurance contracts held into at least the following groups:

(a) a group of contracts for which there is a net gain at initial recognition;

(b) a group of contracts for which, at initial recognition, there is no significant possibility of a net gain arising subsequently;

(c) a group of the remaining contracts in the portfolio.

The Group classifies reinsurance contracts held within a period of no longer than one year into the same group of reinsurance contracts held.

These groups represent the level of aggregation at which insurance contracts are initially recognised and measured. The Group does not reassess the composition of the groups subsequently.

2.8.5 Recognition

The Group recognises a group of insurance contracts it issues from the earliest of the following:

(a) the beginning of the coverage period of the group of contracts, the coverage period refers to the period during which the Group provides insurance contract services;

(b) the date when the first payment from a policyholder becomes due, or the date when the first payment is received by the Group if there is no contractual due date;

(c) when it becomes onerous.

Reinsurance contracts held are recognised from the earliest of the following:

(a) the beginning of the coverage period of the group of reinsurance contracts held; and

(b) the date the Group recognises an onerous group of underlying insurance contracts.

For the reinsurance contracts held that provide proportionate coverage, they are recognised from the earliest of the following:

(a) the later of the beginning of the coverage period or that any underlying insurance contract is initially recognised;

(b) the date the Group recognises an onerous group of underlying insurance contracts.

2.8.6 Measurement of insurance contracts

(i) General provisions (general measurement model)

Initial measurement

On initial recognition, the Group measures a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.8 Insurance Contracts (continued)

2.8.6 Measurement of insurance contracts (continued)

(i) General provisions (general measurement model) (continued)

Initial measurement (continued)
Fulfilment cash flows comprise the following:

(a) estimates of future cash flows directly related to the insurance contract;

(b) an adjustment to reflect the time value of money and the financial risks; and

(c) a risk adjustment for non-financial risk.

The fulfilment cash flows do not reflect the non-performance risk of the Group.

The Group defines insurance acquisition cash flows as cash flows arising from the costs of selling, underwriting and starting a group of insurance contracts that are directly attributable to the portfolio of insurance contracts to which the group belongs.

The Group may estimate the future cash flows at a higher level of aggregation and then allocate the resulting fulfilment cash flows to individual groups of contracts.

The estimates of future cash flows:

(a) estimates of future cash flows are unbiased probability-weighted averages;

(b) reflect the perspective of the Group, provided that the estimates of any relevant market variables are consistent with observable market prices for those variables;

(c) reflect conditions existing at the reporting date; and

(d) are estimated separately from adjustment for the time value of money and financial risk, unless the most appropriate measurement technique combines these estimates.

The Group includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group and does not measure future cash flows outside the boundary of the contract group.

Cash flows are within the boundary of an insurance contract if the Group has the right to require policyholders to pay premiums or has a substantial obligation to provide policyholders with insurance contract services.

A substantive obligation to provide insurance contract services ends when:

(a) the Group has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks; or

(b) the Group has the practical ability to reassess the risks of the portfolio of insurance contracts that contains the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio; and the pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.8 Insurance Contracts (continued)

2.8.6 Measurement of insurance contracts (continued)

(i) General provisions (general measurement model) (continued)

Initial measurement (continued)

The Group uses appropriate discount rate to adjust the estimates of future cash flows to reflect the time value of money and the financial risks related to those cash flows, to the extent that the financial risks are not included in the estimates of cash flows. The discount rates applied to the estimates of the future cash flows shall:

(a) reflect the time value of money, the characteristics of the cash flows and the liquidity characteristics of the insurance contracts; and

(b) be consistent with observable current market prices for financial instruments with cash flows whose characteristics are consistent with those of the insurance contracts, excluding the effect of factors that influence such observable market prices but do not affect the future cash flows of the insurance contracts.

The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows, to reflect the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risk.

The contractual service margin is a component of the liabilities for the group of insurance contracts that represents the unearned profit the Group will recognise as it provides insurance contract services in the future.

On initial recognition, the contractual service margin is an amount arising from:

(a) the fulfilment cash flows;

(b) the derecognition at the date of initial recognition of any asset for insurance acquisition cash flows and any other asset or liability previously recognised for cash flows related to the group of contracts;

(c) any cash flows arising from the contracts in the group at that date.

If the total amount represents net cash inflows, the Group recognises it as contractual service margin. If the total amount represents net cash outflows, the Group recognises a loss.

Subsequent measurement

The insurance contract liabilities are subsequently measured by the Group at the reporting date at the total of the liabilities for remaining coverage and the liabilities for incurred claims.

The liabilities for remaining coverage include the fulfilment cash flows related to unexpired coverage period allocated to the group at the financial position date and the contractual service margin of the group at that date.

The liabilities for incurred claims include the fulfilment cash flows related to claims and other related expenses incurred allocated to the group at the financial position date.

For insurance contracts without direct participation features, the carrying amount of the contractual service margin of a group of insurance contracts at the reporting date is adjusted by the Group to reflect the effect of the following changes at the group of contracts level:

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.8 Insurance Contracts (continued)

2.8.6 Measurement of insurance contracts (continued)

(i) General provisions (general measurement model) (continued)

Subsequent measurement (continued)

(a) the effect of any new contracts added to the group;

(b) interest accreted on the carrying amount of the contractual service margin for contracts measured using the general measurement model. Interest accreted on the contractual service margin is measured at the locked-in discount rates. The locked-in discount rates are determined at the date of initial recognition of a group of contracts, applied to nominal cash flows that do not vary based on the returns on any underlying items;

(c) changes relating to future service; except for

- when the changes result in a decrease in the carrying amount of the contractual service margin, and the changes exceed the carrying amount of the contractual service margin. The contractual service margin is reduced to zero, and the excess is recognised in insurance service expenses and a loss component is recognised within the liabilities for remaining coverage;

- the above changes adjust the loss component within the liabilities for remaining coverage with correspondence to insurance service expenses. When the changes exceed the amount of loss component, the loss component should be reduced to zero. The remaining should be reinstating the contractual service margin.

(d) the effect of any currency exchange differences on the contractual service margin; and

(e) the amount recognised as insurance revenue because of the services provided in the period.

The Group rationally determines the coverage units of the groups of contracts in each period of the coverage period based on the pattern of provision of insurance contract services, and recognises insurance revenue accordingly over the current and future periods by amortising the carrying amount of the contractual service margin as adjusted for (a) to (d) above.

Changes in fulfilment cash flows that related to future services mainly comprise:

(a) experience adjustments arising from premiums received in the period that related to future services and related cash flows, measured at the discount rates determined on initial recognition;

(b) changes in estimates of the present value of future cash flows in the liabilities for remaining coverage, measured at the discount rates determined on initial recognition, except for those that relate to the effects of the time value of money, financial risk and changes therein;

(c) differences between the amount of investment components that were expected to be payable in the period and the amount of investment components that actually became payable;

(d) differences between the amount of policy loans that were expected to be receivable in the period and the amount of policy loans that actually became receivable;

(e) changes in risk adjustment for non-financial risk that relate to future service.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.8 Insurance Contracts (continued)

2.8.6 Measurement of insurance contracts (continued)

(ii) Measurement of groups of insurance contracts with direct participation features (variable fee approach)

The measurement of variable fee approach is consistent with the general measurement model except for the accounting policies listed below.

The Group applies the variable fee approach to measure the insurance contracts with direct participation features. The Group estimates the fulfilment cash flows of the groups of insurance contracts with direct participation features at the difference between the fair value of the underlying items and the variable fee.

The variable fee reflects the consideration received by the Group for providing investment-related services by managing the underlying items on behalf of the policyholder, and is equal to the Group's share of the fair value of the underlying items less the fulfilment cash flows that do not vary based on the return on the underlying items.

For groups of insurance contracts measured using the variable fee approach, the carrying amount of the contractual service margin of a group of contracts at each reporting date equals the carrying amount at the start of the reporting period adjusted for:

(a) the effect of any new contracts added to the group;

(b) the change in the amount of the Group's share of the fair value of the underlying items, except to the extent that:

- the decrease in the amount of the Group's share of the fair value of the underlying items exceeds the carrying amount of the contractual service margin, giving rise to a loss;

- the increase in the amount of the Group's share of the fair value of the underlying items reverses the loss component of the liabilities for remaining coverage.

(c) the changes in fulfilment cash flows relating to future service and do not vary based on the returns of the fair value of underlying items, except to the extent that:

- such increases in the fulfilment cash flows exceed the carrying amount of the contractual service margin, giving rise to a loss;

- such decreases in the fulfilment cash flows are allocated to the loss component of the liabilities for remaining coverage.

(d) the effect of any currency exchange differences on the contractual service margin; and

(e) the amount recognised as insurance revenue because of the services provided in the period. The Group identifies the coverage units of the groups of contracts for the coverage period in accordance with the insurance contract service provided, and recognised in the insurance revenue of the current period and subsequent periods accordingly by allocating the carrying amount of the contractual service margin as adjusted for (a) to (d) above.

(iii) Measurements for onerous insurance contracts

If a group of insurance contracts is onerous at the date of initial recognition, or if additional loss caused by contracts added to the group of onerous contracts, the Group recognises a loss as insurance service expenses in profit or loss for the net outflow for the group of onerous contracts, resulting in the carrying amount of the liabilities for the group being equal to the fulfilment cash flows and the contractual service margin of the group being zero.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.8 Insurance Contracts (continued)

2.8.6 Measurement of insurance contracts (continued)

(iii) Measurements for onerous insurance contracts (continued)

A group of insurance contracts becomes onerous (or more onerous) on subsequent measurement if meets one of the following conditions, the Group recognises a loss as insurance service expenses in profit or loss and increases loss component of the liabilities for remaining coverage:

(a) the amount of unfavorable changes relating to future service in the fulfilment cash flows changes in estimates of future cash flows and the risk adjustment for non-financial risk exceed the carrying amount of the contractual service margin;

(b) for a group of insurance contracts with direct participation features, the decrease in the amount of the Group's share of the fair value of the underlying items exceed the carrying amount of the contractual service margin.

After a loss is recognised, the Group allocates the subsequent changes in fulfilment cash flows of the liabilities for remaining coverage specified as follows on a systematic basis between the loss component and the liabilities for remaining coverage excluding the loss component:

(a) estimates of the present value of future cash flows for claims and expenses released from the liabilities for remaining coverage because of incurred insurance service expenses;

(b) changes in the risk adjustment for non-financial risk recognised in profit or loss because of the release from risk; and

(c) insurance finance income or expenses.

Any amounts allocated to the loss component of the liabilities for remaining coverage do not be recognised as insurance revenue.

After the Group has recognised a loss on an onerous group of insurance contracts, the subsequent measurements are:

(a) for any subsequent increases relating to future service in fulfilment cash flows allocated to the group arising from changes in estimates of future cash flows and the risk adjustment for non-financial risk, and any subsequent decreases in the amount of the Group's share of the fair value of the underlying items, the Group recognises a loss as insurance service expenses in profit or loss and increases the liabilities for remaining coverage;

(b) for any subsequent decreases relating to future service in fulfilment cash flows allocated to the group arising from changes in estimates of future cash flows and the risk adjustment for non-financial risk, and any subsequent increases in the amount of the Group's share of the fair value of the underlying items, the Group reverses the insurance service expenses in profit or loss and decreases the loss component of the liabilities for remaining coverage until that component is reduced to zero, the Group adjusts the contractual service margin only for the excess of the decrease over the amount allocated to the loss component.

(iv) Simplified approach for measurement of groups of insurance contracts (premium allocation approach)

The Group uses the premium allocation approach for measuring the group of insurance contracts with a coverage period of each contract in the group is one year or less, or the Group reasonably expects that the measurement of the liabilities for remaining coverage for the group using the premium allocation approach would not differ materially from the one that would be produced using general measurement model.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.8 Insurance Contracts (continued)

2.8.6 Measurement of insurance contracts (continued)

(iv) Simplified approach for measurement of groups of insurance contracts (premium allocation approach) (continued)

Initial measurement
On initial recognition, the Group measures the liabilities for remaining coverage based on the premiums received minus the insurance acquisition cash flows, minus (or add) the amount of the assets for insurance acquisition cash flows and other related assets or liabilities that is derecognised at the initial recognition.

Subsequent measurement
The carrying amount of a group of insurance contracts issued at the reporting date is the sum of the liabilities for remaining coverage and the liabilities for incurred claims.

At the reporting date, the carrying amount of the liabilities for remaining coverage is the carrying amount at the start of the reporting period plus the premiums received in the period, minus insurance acquisition cash flows, plus any amounts relating to the amortisation of insurance acquisition cash flows recognised as insurance service expenses in the reporting period, plus any adjustment to a financing component, minus the amount recognised as insurance revenue for services provided in that period, and minus any investment component paid or transferred to the liabilities for incurred claims.

If, at any time during the coverage period, relevant facts and circumstances indicate that a group of insurance contracts is onerous, the Group will recognise a loss in profit or loss and increase the liabilities for remaining coverage.

The Group recognises the liabilities for incurred claims of the insurance contracts as the amount of fulfilment cash flow related to the incurred compensation.

2.8.7 Measurement of groups of reinsurance contracts held

(i) Groups of reinsurance contracts not measured using the premium allocation approach

On initial recognition, the Group measures a group of reinsurance contracts held at the total of the fulfilment cash flows and the contractual service margin. The contractual service margin represents the net cost or net gain the Group will recognise as it receives insurance contract services from the reinsurer.

The fulfilment cash flows for the group of reinsurance contracts held include estimates of future cash flows，an adjustment to reflect the time value of money and the financial risks and a risk adjustment for non-financial risk，which relate directly to fulfil insurance contracts. The Group determines the risk adjustment for non-financial risk so that it represents the amount of risk being transferred by the holder of the group of reinsurance contracts to the issuer of those contracts.

The cash flows are within the contract boundary if they arise from substantive rights and obligations of the Group that exist during the reporting period in which the Group is obligated to pay premiums to the reinsurer or in which the Group has a substantive right to receive services from the reinsurer.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.8 Insurance Contracts (continued)

2.8.7 Measurement of groups of reinsurance contracts held (continued)

(i) Groups of reinsurance contracts not measured using the premium allocation approach (continued)

On initial recognition for a group of reinsurance contracts held, the Group calculates the sum of:

(a) the fulfilment cash flows;

(b) the amount derecognised at that date of any asset or liability previously recognised for cash flows related to the group of reinsurance contracts held;

(c) any cash flows arising from the reinsurance contracts held in the group at that date;

(d) loss-recovery component of assets for remaining coverage of reinsurance contracts held.

The Group recognises any net cost or net gain of the above total amounts as a contractual service margin.

The asset for reinsurance contracts held is subsequently measured by the Group at each financial position date at the total of the asset for remaining coverage and the asset for incurred claims.

The asset for remaining coverage includes the fulfilment cash flows related to unexpired coverage period allocated to the group of reinsurance contracts held at the financial position date and the contractual service margin of the group at that date.

The asset for incurred claims includes the fulfilment cash flows related to recovery of claims and other related expenses incurred allocated to the group of reinsurance contracts held at the financial position date.

If the reinsurance contract held is entered into before or at the same time as the onerous underlying insurance contracts are recognised, when the Group recognises a loss on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to a group, the Group recognises a loss-recovery component of the asset for remaining coverage for such groups of reinsurance contracts held by multiplying:

(a) the loss recognised on the underlying insurance contracts; and

(b) the percentage of claims on the underlying insurance contracts the Group expects to recover from the group of reinsurance contracts held.

The Group recognises the amount calculated above as an adjustment to contractual service margin and simultaneously as recoveries of insurance service expenses from reinsurers in profit or loss of the period.

When the Group measures the groups of reinsurance contracts held, it adjusts the loss-recovery component to reflect changes in the loss components of the onerous underlying insurance contracts, with the carrying amount of the loss-recovery component not exceeding the portion of the carrying amount of the loss components of the onerous underlying insurance contracts that the Group expects to recover from the group of reinsurance contracts held.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.8 Insurance Contracts (continued)

2.8.7 Measurement of groups of reinsurance contracts held (continued)

(i) Groups of reinsurance contracts not measured using the premium allocation approach (continued)

The Group measures the contractual service margin at each financial position date for a group of reinsurance contracts held as the carrying amount determined at the start of the reporting period, adjusted for:

(a) the effect of contracts added to the group of contracts in the period on the contractual service margin;

(b) interest accreted on the carrying amount of the contractual service margin, measured at the discount rates determined at the date of initial recognition of a group of contracts, to nominal cash flows that do not vary based on the returns on any underlying items;

(c) the loss-recovery component of the asset for remaining coverage recognised on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to a group, and reversals of a loss recovery component of the asset for remaining coverage to the extent those reversals are not changes in the fulfilment cash flows of the group of reinsurance contracts held;

(d) the changes in the fulfilment cash flows relating to future service, other than the change resulting from a change in fulfilment cash flows allocated to a group of underlying insurance contracts that does not adjust the contractual service margin for the group of underlying insurance contracts, or the change resulting from recognition or reversal of losses from onerous groups of underlying contracts measured applying the premium allocation approach;

(e) the effect of any currency exchange differences in the period arising on the contractual service margin;

(f) the amortisation of the contractual service margin in the period. The Group rationally determines the coverage units of the group of reinsurance contracts held in each period of the coverage period based on the pattern of receipt of insurance contract services, and recognises profit or loss accordingly over the current and future periods by amortising the carrying amount of the contractual service margin as adjusted for (a) to (e) above.

(ii) Groups of reinsurance contracts measured using the premium allocation approach

The Group applies the same principles to measure the groups of insurance contracts issued and the groups of reinsurance contracts held using the premium allocation approach.

When a group of reinsurance contracts held is measured using the premium allocation approach, for the amount recognised and reversed by the loss-recovery component of asset for remaining coverage recovered from reinsurers, the Group adjusts the carrying amount of asset for remaining coverage recovered from reinsurers in the group of reinsurance contracts while recognising the amounts recovered from reinsurers.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.8 Insurance Contracts (continued)

2.8.8 Investment contracts with discretionary participation features

In addition to the requirements for insurance contracts set out above, the recognition and measurement for investment contract with discretionary participation features are modified as follows:

(a) the date of initial recognition is the date the Group becomes party to the contract;

(b) the contract boundary is modified so that cash flows are within the contract boundary if they result from a substantive obligation of the Group to deliver cash at a present or future date. The Group has no substantive obligation to deliver cash if the Group has the practical ability to set a price for the promise to deliver the cash that fully reflects the amount of cash promised and related risks;

(c) the allocation of the contractual service margin is modified so that the Group recognises the contractual service margin over the duration of the group of contracts in a systematic way that reflects the transfer of investment services under the contract.

2.8.9 Modification and derecognition

If the terms of an insurance contract are modified, the Group derecognises the original contract and recognises the modified contract as a new contract, if any of the conditions below are satisfied:

(a) if the modified terms had been included at contract inception:

- the modified contract would have been excluded from the scope of the accounting policies related to insurance contracts;
- the Group would have separated different components from the host insurance contract, resulting in a different insurance contract to which the accounting policies related to insurance contracts would have applied;
- the modified contract would have had a substantially different contract boundary; or
- the modified contract would have been included in a different group of contracts.

(b) the original contract met the definition of an insurance contract with direct participation features, but the modified contract no longer meets that definition, or vice versa; or

(c) the Group applied the premium allocation approach to the original contract, but the modifications mean that the contract no longer meets the eligibility criteria for that approach.

If a contract modification meets none of the conditions above, the Group treats changes in cash flows caused by the modification as changes in estimates of fulfilment cash flows.

The Group derecognises an insurance contract when it is extinguished, i.e., when the obligation specified in the insurance contract expires or is discharged or cancelled.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.8 Insurance Contracts (continued)

2.8.10 Presentation

(i) Insurance revenue

The Group recognises the reduction in the liabilities for remaining coverage because of services provided in the period as insurance revenue.

The amount of insurance revenue recognised in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration that the Group expects to be entitled to in exchange for those services.

For contracts not measured using the premium allocation approach, insurance revenue includes the following:

(a) Amounts related to the changes in the liabilities for remaining coverage;

- claims and other related expenses incurred in the period measured at the amounts expected at the beginning of the period, excluding:

  – amounts allocated to the loss component;
  – repayments of investment components;
  – amounts that relate to transaction-based taxes collected on behalf of third parties; and
  – insurance acquisition cash flows.

- the changes in the risk adjustment for non-financial risk, excluding:

  – changes included in insurance finance income or expenses;
  – changes that relate to future service that adjust the contractual service margin; and
  – amounts allocated to the loss component.

- amounts of the contractual service margin amortised; and

- other.

(b) The Group determines insurance service expenses related to insurance acquisition cash flows in a systematic way on the basis of the passage of time. The Group recognises the same amount as insurance revenue to reflect the portion of the premiums that relate to recovering those cash flows.

For groups of insurance contracts measured using the premium allocation approach, the Group recognises insurance revenue based on the passage of time over the coverage period of a group of contracts.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.8 Insurance Contracts (continued)

2.8.10 Presentation (continued)

(ii) Insurance service expenses

The Group recognises the increase in the liabilities for incurred claims because of claims and expenses incurred in the period and any subsequent changes in fulfilment cash flows relating to incurred claims and incurred expenses as insurance service expenses.

Insurance service expenses include the following:

(a) claims and other related expenses incurred in the period, excluding investment components;

(b) amortisation of insurance acquisition cash flows;

(c) changes that relate to past service – changes in the fulfilment cash flow relating to the liabilities for incurred claims; and

(d) changes that relate to future service – onerous contract losses or reversals of those losses.

For contracts not measured using the premium allocation approach, amortisation of insurance acquisition cash flows is reflected in insurance service expenses in the same amount as insurance acquisition cash flows recovery reflected within insurance revenue. For contracts measured using the premium allocation approach, amortisation of insurance acquisition cash flows is based on the passage of time.

(iii) Allocation of reinsurance premiums paid

The Group recognises the reduction in the asset for remaining coverage because of insurance contract services received from the reinsurer in the period as allocation of reinsurance premiums paid. The Group treats amounts from the reinsurer that it expects to receive that are not contingent on claims of the underlying contracts as the reduction to the allocation of reinsurance premiums paid. Allocation of reinsurance premiums paid excludes any investment components of the reinsurance contracts held.

(iv) Amounts recovered from reinsurers

The increase in the carrying amount of the incurred claims for reinsurance contracts held incurred due to the incurred claims and other directly attributable expenses in the current period, as well as the subsequent changes in the related fulfilment cash flows, are recognised as the amounts recovered from reinsurers. The Group does not include the investment component of the reinsurance contracts held when recognising the amounts recovered from reinsurers.

(v) Financial changes in insurance contracts

Insurance finance income or expenses comprises the change in the carrying amount of the group of insurance contract liabilities and reinsurance contract assets arising from:

(a) the effect of the time value of money and changes in the time value of money;

(b) the effect of financial risk and changes in financial risk.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.8 Insurance Contracts (continued)

2.8.10 Presentation (continued)

(v) Financial changes in insurance contracts (continued)

The Group disaggregates the financial changes in insurance contracts into insurance finance income or expenses from insurance contracts issued，reinsurance finance income or expenses from reinsurance contracts held and other comprehensive income.

For the contracts not measured using the variable fee approach, the changes in carrying amount of insurance contract liabilities arising from the financial risk changing, such as discount rate, are recognised in other comprehensive income; For the contracts measured using the variable fee approach, insurance finance income or expenses equal to the amounts that can eliminate accounting mismatches arising from profit or loss from underlying items, and the remainders are recognised in other comprehensive income.

2.8.11 The effect of accounting estimates made in interim financial statements

For the treatment result of accounting estimates for insurance contracts and reinsurance contracts held made in interim financial statements, the Group has elected to adjust it in subsequent interim periods or in the annual reporting period.

2.8.12 Transition date approach

As at 1 January 2022, the Group applied IFRS 17 retroactively. When it was impracticable to use the full retrospective approach, the modified retrospective approach or the fair value approach were adopted by the Group. In accordance with IFRS 17, the comparative financial statements of the Group have been restated.

(i) Modified retrospective approach

Contracts without direct participation features

For contracts without direct participation features, the Group determines the contractual service margin or loss component of the liabilities for remaining coverage at the transition date as:

(a) the Group estimates the future cash flows at the date of initial recognition of a group of insurance contracts as the amount of the future cash flows at the transition date, adjusted by the cash flows that occurred between the date of initial recognition of a group of insurance contracts and the transition date;

(b) the risk adjustment for non-financial risk on initial recognition was determined by adjusting the amount at transition date or earlier date (if applicable) for the expected release of risk before transition date. The expected release of risk was determined with reference to the release of risk for similar insurance contracts that the Group issued at transition date;

(c) When the Group recognises contractual service margin at initial recognition, interest accreted on the carrying amount of the contractual service margin during the period, measured at the discount rates determined on initial recognition. The amount of the contractual service margin recognised in profit or loss before transition date was determined by comparing the remaining coverage units at transition date with the coverage units provided under the group of contracts before that date; and

(d) When the Group recognises the loss component at initial recognition, the amount allocated to the loss component before transition date is determined on a systematic and rational basis.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.8 Insurance Contracts (continued)

2.8.12 Transition date approach (continued)

(i) Modified retrospective approach (continued)

Contracts with direct participation features
For contracts with direct participation features, the Group determines the contractual service margin or loss component of the liabilities for remaining coverage at the transition date as:

(a) based on the amount that fair value of the underlying items minus the fulfilment cash flows at transition date and appropriately adjusted the relevant cash flow and non-financial risk adjustment before transition date;

(b) if (a) result in a contractual service margin, the amount of the contractual service margin recognised in profit or loss before transition date was determined by comparing the remaining coverage units at transition date with the coverage units provided under the group of contracts before that date;

(c) if (a) result in a loss component, the Group adjust the loss component to nil and increase the liabilities for remaining coverage excluding the loss component by the same amount.

(ii) Fair value approach

For the groups of contracts that are measured using the fair value approach, the Group determines the contractual service margin or loss component of the liabilities for remaining coverage at transition date as the difference between the fair value of a group of contracts at that date and the fulfilment cash flows at that date.

The fair value of the group of contracts is calculated using the present value method, based on reasonable and supportable information available at the transition date.

3 SUMMARY OF OTHER ACCOUNTING POLICIES

3.1 Segment reporting

The Group's operating segments are presented in a manner consistent with the internal management reporting provided to the operating decision maker – president office for deciding how to allocate resources and for assessing performance.

Operating segment refers to the segment within the Group that satisfies the following conditions: i) the segment generates income and incurs costs from daily operating activities; ii) management evaluates the operating results of the segment to make resource allocation decision and to evaluate the business performance; and iii) the Group can obtain relevant financial information of the segment, including financial condition, operating results, cash flows and other financial performance indicators.

3.2 Foreign currency translation

The Company's functional currency is RMB. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The reporting currency of the consolidated financial statements of the Group is RMB. Transactions in foreign currencies are translated at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates ruling at the end of the reporting period. Exchange differences arising in these cases are recognised in net profit.

3 SUMMARY OF OTHER ACCOUNTING POLICIES (continued)

3.3 Derivative instruments

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. The resulting gain or loss of derivative financial instruments is recognised in net profit. All derivatives are carried as financial assets when fair value is positive and as financial liabilities when fair value is negative.

Embedded derivatives that are not closely related to their host contract (which is not an asset regulated by the Financial Instruments Standard) and that meet the definition of a derivative are separated and fair valued through profit or loss.

3.4 Property, plant and equipment

Property, plant and equipment, are stated at historical costs less accumulated depreciation and any accumulated impairment losses, except for those acquired prior to 30 June 2003, which are stated at deemed cost less accumulated depreciation and any accumulated impairment losses.

Depreciation

The historical costs of property, plant and equipment comprise its purchase price, including import duties and non-refundable purchase taxes, and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after terms of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of comprehensive income in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the assets as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is computed on a straight-line basis to write down the cost of each asset to its residual value over its estimated useful lives as follows:

	Estimated useful lives
Buildings	15 to 35 years
Office equipment, furniture and fixtures	3 to 11 years
Motor vehicles	4 to 8 years
Leasehold improvements	Over the shorter of the remaining term of the lease and the useful lives

The residual values, depreciation method and useful lives are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

Assets under construction mainly represent buildings under construction, which are stated at cost less any impairment losses and are not depreciated, except for those acquired prior to 30 June 2003, which are stated at deemed cost less any accumulated impairment losses. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Assets under construction are reclassified to the appropriate category of property, plant and equipment, investment properties or other assets when completed and ready for use.

3 SUMMARY OF OTHER ACCOUNTING POLICIES (continued)

3.4 Property, plant and equipment (continued)

Impairment and gains or losses on disposals

Property, plant and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in net profit for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in net profit.

3.5 Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of a time, the Group assesses whether, throughout the period of use, the lessee has the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset.

As a lessee

Initial measurement

At the commencement date of the lease, the Group recognises right-of-use assets representing the right to use the leased assets, including buildings. The Group measures the lease liability at the present value of the lease payments that are not paid at that date, except for short-term leases and leases of low-value assets. For short-term leases with a lease term of not more than 12 months and low-value asset leases with a lower value when the individual asset is new, the Group chooses not to recognise the right of use assets and lease liabilities and recognises the relevant rental expenses in profit or loss or the cost of the relevant asset on a straight-line basis over each period of the lease term. In calculating the present value of the lease payments, the lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Group uses its own incremental borrowing rate.

The lease term is the non-cancellable period of a lease when the Group has the right to use lease assets. When the Group has an option to extend a lease and is reasonably certain to exercise that option to extend a lease, the lease term also comprises the periods covered by the option to extend the lease. When the Group has an option to terminate the lease and is reasonably certain not to exercise that option, the lease term also comprises the periods covered by the option to terminate the lease. The Group reassesses whether it is reasonably certain to exercise an extension option, to exercise a purchase option or not to exercise a termination option, upon the occurrence of either a significant event or a significant change in circumstances that are within the control of the Group and affects whether the Group is reasonably certain to exercise the commensurate options.

Subsequent measurement

The Group applies the straight-line method in depreciating the right-of-use assets. If it is reasonably certain that ownership of a leased asset transfers to the Group at the end of the lease term, the leased asset is depreciated under the remaining useful life of the asset. If it cannot be reasonably determined that ownership of a leased asset transfers to the Group at the end of the lease term, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the lease term or the end of the useful life of the right-of-use asset.

3 SUMMARY OF OTHER ACCOUNTING POLICIES (continued)

3.5 Leases (continued)

As a lessee (continued)

Subsequent measurement (continued)

The Group uses a constant periodic rate of interest to calculate interest on the lease liability in each period during the lease term and recognises the interest in profit or loss.

Variable lease payments not included in the measurement of the lease liability are recognised in profit or loss in the period in which the event or condition that triggers the payment occurs.

After the commencement date of a lease, when there is a change in substance fixed payments, a change in the amounts expected to be payable under a residual value guarantee, a change in future lease payments resulting from a change in an index or a rate used to determine those payments, a change in the assessment or actual exercise situation of a purchase option, an extension option or a termination option, the Group uses the changed present value of lease payments to remeasure the lease liability and adjust the carrying amount of right-of-use asset accordingly. If the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the remeasurement in profit or loss.

As a lessor

At the commencement date of the lease, leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss.

3.6 Investment properties

Investment properties are interests in land use rights and buildings that are held to earn rental income and/or for capital appreciation, rather than for the supply of services or for administrative purposes.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any impairment loss.

Depreciation is computed on the straight-line basis over the estimated useful lives. The estimated useful lives of investment properties are 15 to 35 years.

Overseas investment properties, that are held by the Group in the form of property ownership, equity investment, or other forms, have expected useful lives not longer than 50 years, determined based on the usage in their locations.

The useful lives and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from the individual investment properties.

An investment property is derecognised when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of comprehensive income in the year of retirement or disposal. A transfer to, or from, an investment property is made when, and only when, there is evidence of a change in use.

3 SUMMARY OF OTHER ACCOUNTING POLICIES (continued)

3.7 Employee benefits

Pension benefits

Full-time employees of the Group are covered by various government-sponsored pension plans, under which the employees are entitled to a monthly pension based on certain formulae. These government agencies are responsible for the pension liability to these employees upon retirement. The Group contributes on a monthly basis to these pension plans. All contributions made under the government-sponsored pension plans described above are fully attributable to employees at the time of the payment and the Group is unable to forfeit any amounts contributed by it to such plans. In addition to the government-sponsored pension plans, the Group established an employee annuity fund plan pursuant to the relevant laws and regulations in the PRC, whereby the Group is required to contribute to the plan at fixed rates of the employees' salary costs. Contributions made by the Group under the annuity fund plan that is forfeited in respect of those employees who resign from their positions prior to the full vesting of the contributions will be recorded in the public account of the annuity fund and shall not be used to offset any contributions to be made by the Group in the future. All funds in the public account will be attributed to the employees whose accounts are in normal status after the approval procedures are completed as required. Under these plans, the Group has no legal or constructive obligation for retirement benefit beyond the contributions made.

Housing benefits

All full-time employees of the Group are entitled to participate in various government-sponsored housing funds. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees. The Group's liability in respect of these funds is limited to the contributions payable in each year.

Stock appreciation rights

Compensation under the stock appreciation rights is measured based on the fair value of the liabilities incurred and is expensed over the vesting period. Valuation techniques including option pricing models are used to estimate fair value of relevant liabilities. The liability is re-measured at the end of each reporting period to its fair value until settlement. Fair value changes in the vesting period are included in administrative expenses and changes after the vesting period are included in net fair value gains through profit or loss in net profit. The related liability is included in other liabilities.

3.8 Premiums received in advance

The advance premiums received by the Group are mainly premiums received for insurance contracts that have not yet met the criteria for initial recognition.

3.9 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction, net of tax, from the proceeds.

3.10 Current and deferred income taxation

Income tax expense for the period comprises current and deferred tax. Income tax is recognised in net profit, except to the extent that it relates to items recognised directly in OCI where the income tax is recognised in OCI.

Current income tax assets and liabilities for the current period are calculated on the basis of the tax laws enacted or substantively enacted at the end of each reporting period in the jurisdictions where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken with respect to situations in which applicable tax regulations are subject to interpretation.

3 SUMMARY OF OTHER ACCOUNTING POLICIES (continued)

3.10 Current and deferred income taxation (continued)

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

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Conversely, previously unrecognised deferred tax assets are reassessed by the end of each reporting period and are recognised to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income tax levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3.11 Provisions and contingencies

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required, or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised in the consolidated statement of financial position but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that such outflow is probable and can be reliably measured, it will then be recognised as a provision.

3.12 Dividend distribution

Dividend distribution to the Company's equity holders is recognised as a liability in the Group's consolidated financial statements in the year in which the dividends are approved by the equity holders of the Company.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group exercises significant judgement in making appropriate assumptions.

Areas susceptible to changes in critical estimates and judgements, which affect the carrying amount of assets and liabilities, are set out below. It is possible that actual results may be different from the estimates and judgements referred to below. The actual result may have significant differences in accordance with changes in accounting estimates and professional judgement.

4.1 Insurance contracts

4.1.1 Portfolios of contracts

The Group identifies portfolios of insurance contracts as contracts subject to similar risks and are managed together. The Group makes judgments about whether it has similar risk factors and management methods.

4.1.2 Investment components

The Group has established rules to unbundle non-distinct investment components. Generally, for relevant contracts, the Group determines the non-distinct investment components based on cash surrender values and similar contractual terms.

4.1.3 Determination of coverage unit

The Group's unit of coverage is determined by considering the benefits provided by each contract and its expected duration of insurance coverage. For policies that include investment return services or investment-related services, the amount corresponding to the investment return service or investment-related service is the investment component or one of the amounts that the policyholder is entitled to recover.

4.1.4 Estimates of future benefit payments and premiums arising from insurance contracts not using the premium allocation approach

Fulfilment cash flows are determined on the basis of the Group's estimates of future benefits, premiums and related expenses, taking into account the risk adjustment for non-financial risk. The mortality rate, morbidity rate, lapse rate, discount rate, expense assumption and policy dividend assumption used for the estimation of future cash flows are determined according to the latest empirical analysis and current and future economic conditions.

The judgments and estimates used in the valuation process will affect the amount recognised in the consolidated financial statements for insurance contracts and reinsurance contracts held.

The description of the above assumptions is detailed in Note 14.1.

4.2 Financial instruments

The Group's principal investments are debt investments, equity investments, term deposits, etc. The critical estimates and judgements are those associated with the recognition of impairment and the measurement of fair value.

4.2.1 Classification of financial assets

Significant judgements made by the Group in the classification of financial assets include business model and analysis on contractual cash flow characteristics.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

4.2 Financial instruments (continued)

4.2.1 Classification of financial assets (continued)

The Group's assessment of the business model is performed on a financial asset portfolio basis, and determined on the basis of scenarios which are reasonably expected to occur, taking into account: how cash flows were realised in the past, how the performance are evaluated and reported to the entity's key management personnel; the risks that affect the performance and the way in which those risks are assessed and managed; and how managers of the business are compensated, etc.

When assessing whether contractual cash flow characteristics of financial assets are consistent with basic lending arrangement, key judgements made by the Group include: the possibility of changes in timing or amount of the principal during the duration due to reasons such as early repayment; whether interest only includes considerations for time value of money, credit risks, other basic lending risks, costs and profits. For example, whether the prepayment amount only reflects the principal outstanding and the interest on the principal outstanding, as well as the reasonable compensation for the early termination of the contract.

4.2.2 Measurement of ECL

The Group calculates ECL through default risk exposure and ECL rate, and determines the ECL rate based on default probability and default loss rate. In determining the ECL rate, the Group uses data such as internal historical credit loss experience, and adjusts historical data based on current conditions and forward-looking information.

4.2.3 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When the fair values of financial assets and liabilities cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques which require a degree of judgements. The methods and assumptions used by the Group in measuring the fair value of financial instruments are as follows:

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

Equity investments: fair values are generally based upon current bid prices. Where current bid prices are not readily available, fair values are estimated using either prices observed in recent transactions or commonly used market pricing models.

Financial assets purchased under agreements to resell, term deposits, interest-bearing loans and other borrowings, and financial assets sold under agreements to repurchase: the carrying amounts of these assets in the statement of financial position approximate fair value.

For the description of valuation techniques, please refer to Note 5.4. Using different valuation techniques and parameter assumptions may lead to some differences of fair value estimations.

4.3 Impairment of investments in associates and joint ventures

The Group assesses whether there are any indicators of impairment for investments in associates and joint ventures at the end of each reporting period. Investments in associates and joint ventures are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of investments in associates and joint ventures exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of investments in associates and joint ventures. When value in use calculations are undertaken, the Group must estimate the expected future cash flows from investments in associates and joint ventures and choose a suitable discount rate in order to calculate the present value of those cash flows.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

4.4 Income tax

The Group is subject to income tax in numerous jurisdictions. During the normal course of business, certain transactions and activities for which the ultimate tax determination is uncertain, the Group needs to exercise significant judgement when determining the income tax. If the final settlement results of the tax matters are different from the amounts recorded, these differences will impact the final income tax expense and deferred tax for the period.

4.5 Determination of control over investee

The Group applies its judgement to determine whether the control indicators set out in Note 2.2 indicate that the Group controls structured entities such as funds and asset management products.

The Group issues certain structured entities (e. g. funds and asset management products), and acts as a manager for such entities according to the contracts. In addition, the Group may be exposed to variability of returns as a result of holding shares of the structured entities. Determining whether the Group controls such structured entities usually focuses on the assessment of the aggregate economic interests of the Group in the entities (including any carried interests and expected management fees) and the decision-making rights on the entity. As at 31 December 2023, the Group has consolidated some funds issued and managed by the Company's subsidiary, China Life AMP Asset Management Company ("CL AMP"), some debt investment schemes and asset management products issued and managed by the Company's subsidiary, China Life Asset Management Company Limited ("AMC") and some trust schemes and debt investment schemes issued and managed by third parties in the consolidated financial statements. Please refer to Note 33(b) for the details.

5 RISK MANAGEMENT

Risk management is carried out by the Company's Risk Management Committee under policies approved by the Company's Board of Directors.

The Group issues contracts that transfer insurance risk or financial risk or both. This section summarises these risks and the way the Group manages them.

5.1 Insurance risk

5.1.1 Types of insurance risks

The risk under any one insurance contract is the possibility that an insured event occurs and the uncertainty about the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable. For a portfolio of insurance contracts where the theory of probability is applied to the pricing and provisioning, the main risk to the Group is that actual claims are paid in excess of the carrying value of the insured liability. This occurs when the frequency or severity of claims and benefits exceeds the estimates. Insurance events are random, and the actual number of claims and the amount of benefits paid will vary each year from estimates established using statistical techniques.

The business of the Group mainly comprises life insurance contracts and non-life insurance contracts. For life insurance contracts, the most significant factor is constant improvement in medical and social conditions that would help prolong life span. Insurance risk is also affected by policyholders' rights to terminate contracts, reduce premiums, refuse to pay premiums or exercise annuity conversion rights. Thus, insurance risk is also subject to policyholders' behaviours and decisions. For non-life insurance contracts, the significant factors that could increase the overall frequency of claims are epidemics, profound changes in lifestyles, natural disasters, and accidents resulting in earlier or more claims than expected.

The Group manages insurance risk through underwriting strategies, reinsurance arrangements and claims handling.

5 RISK MANAGEMENT (continued)

5.1 Insurance risk (continued)

5.1.1 Types of insurance risks (continued)

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability of the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Group has developed its insurance underwriting strategy to diversify the types of insurance risks accepted and within each of these categories to achieve a sufficiently large population to reduce the variability of the expected outcome.

The Group manages insurance risks through two types of reinsurance agreements, ceding on a quota share basis or a surplus basis, to cover insurance liability risk. Reinsurance contracts cover almost all products, which contain risk liabilities. The products reinsured include: life insurance, accident and health insurance or death, disability, accident, illness and assistance in terms of product category or function, respectively. These reinsurance agreements spread insured risk to a certain extent and reduce the effect of potential losses to the Group. However, the Group's direct insurance liabilities to the policyholder are not eliminated because of the credit risk associated with the failure of reinsurance companies to fulfil their responsibilities.

5.1.2 Concentration of insurance risks

Currently, the Group's insurance operation is mainly located in the PRC. There are no significant differences among the regions where the Group underwrites insurance contracts.

The major products of the Group's life insurance contracts are listed below:

	For the year ended 31 December			
	2023		2022	
Product name	**RMB million**	**%**	RMB million	%
Premiums of life insurance contracts (i)				
Xin Xiang Wei Lai Participating Endowment (a)	**38,632**	**6.84%**	5	0.00%
Kang Ning Whole Life (b)	**11,233**	**1.99%**	13,247	2.45%
Fu Lu Shuang Xi Participating Endowment (c)	**5,065**	**0.90%**	9,379	1.73%
Sheng Shi Zun Xiang Annuity (d)	**61**	**0.01%**	7,492	1.39%
Mei Man Yi Sheng Annuity (e)	**19**	**0.00%**	14	0.00%
Others (f)	**509,867**	**90.26%**	510,789	94.43%
Total	**564,877**	**100.00%**	540,926	100.00%
Insurance benefits of life insurance contracts (i)				
Xin Xiang Wei Lai Participating Endowment (a)	**25**	**0.02%**	–	–
Kang Ning Whole Life (b)	**6,618**	**5.78%**	5,453	6.27%
Fu Lu Shuang Xi Participating Endowment (c)	**3,053**	**2.67%**	3,800	4.37%
Sheng Shi Zun Xiang Annuity (d)	**7,157**	**6.25%**	501	0.58%
Mei Man Yi Sheng Annuity (e)	**2,854**	**2.49%**	2,616	3.01%
Others (f)	**94,723**	**82.79%**	74,594	85.77%
Total	**114,430**	**100.00%**	86,964	100.00%

5 RISK MANAGEMENT (continued)

5.1 Insurance risk (continued)

5.1.2 Concentration of insurance risks (continued)

	As at 31 December 2023		As at 31 December 2022	
	RMB million	%	RMB million	%
Liabilities of life insurance contracts (i)				
Xin Xiang Wei Lai Participating Endowment (a)	28,876	0.68%	4	0.00%
Kang Ning Whole Life (b)	392,552	9.24%	386,218	10.06%
Fu Lu Shuang Xi Participating Endowment (c)	184,863	4.35%	181,523	4.73%
Sheng Shi Zun Xiang Annuity (d)	48,176	1.13%	54,528	1.42%
Mei Man Yi Sheng Annuity (e)	154,698	3.64%	158,469	4.13%
Others (f)	3,440,644	80.96%	3,060,157	79.66%
Total	4,249,809	100.00%	3,840,899	100.00%

(i) The premiums, the current amount of insurance benefits and the ending balance of liabilities are data under the Chinese Accounting Standards for Business Enterprises ("ASBE").

(a) Xin Xiang Wei Lai Participating Endowment is a participating endowment insurance contract. It provides two options with regards to payment of premiums, i.e., one-off payment or regular payments in 3 years or 5 years. The insurance period is divided into 8 years and 10 years. This product is applicable to healthy policyholders between 28-day-old and 72-year-old. From the first effective date after the fifth policy year to the expiration period, if the insured lives to the annual corresponding effective date, a survival benefit shall be paid according to the following provisions: If the payment is made in the form of single premium,20% of the annual premium as determined by the contract's basic insurance amount shall be paid. If the payment period is three years,60% of the annual premium as determined by the contract's basic insurance amount shall be paid. If the payment period is five years,100% of the annual premium paid as determined by the contract's basic insurance amount shall be paid. If the insured lives to the annual corresponding effective date of the expiration period, the contract shall terminate, and the maturity benefit shall be paid at the basic sum insured. If the insured dies from the effective date of the contract to the effective date of the year in which the insured reaches the age of 18, the death benefit shall be paid at the greater value of the insurance premium (excluding interest) and cash value paid by the insured at the time of death. If the insured dies on the effective date of the year in which the insured reaches the age of 18, the contract shall terminate, and the death benefit shall be paid according to the following provisions: if the insured dies before the effective date of the year in which the insured reaches the age of 41, the death benefit shall be paid at 160% of the insurance premium (excluding interest) paid at the time of the insured's death; from the effective date of the year in which the insured reaches the age of 41 to the effective date of the year in which the insured dies before the effective date of the year in which the insured reaches the age of 61, the death benefit shall be paid at 140% of the insurance premium (excluding interest) paid at the time of the insured's death; the death benefit shall be paid at 120% of the insurance premium (excluding interest) paid at the time of the insured's death on and after the effective date of the year in which the insured reaches the age of 61.

(b) Kang Ning Whole Life is a whole life insurance contract with the options for single premium or regular premium of 10 years or 20 years and the payment methods of insurance are divided into single payment, annual payment, and semi-annual payment. This product is applicable to healthy policyholders under 70-year-old. The critical illness benefit is paid at 200% of the basic sum insured. If the critical illness benefits are paid within the payment period, the insurance premium of each subsequent period shall be exempted, and the contract shall continue to be valid from the date of the payment of the critical illness benefits. Both death and disability benefits are paid at 300% of the basic sum insured less any critical illness benefits paid.

5 RISK MANAGEMENT (continued)

5.1 Insurance risk (continued)

5.1.2 Concentration of insurance risks (continued)

(c) Fu Lu Shuang Xi Participating Endowment is a participating insurance contract with the options for regular premium of 3 years,5 years and 10 years paid annually, semi-annually, quarterly or monthly. Its insured period extends from the effective date of the insurance contract to the corresponding date of the year when the policyholders turn 75-year-old. This product is applicable to healthy policyholders between 30-day-old and 60-year-old. Starting from the effective date of the insurance contract, the survival benefit is paid every two policy years on the corresponding date at 10% of the basic sum insured. If death incurred over insured period, the contract terminates and death benefit is paid at death benefit amount. If the policyholders live to the annual corresponding effective date of the expiration period, the contract terminates and maturity benefit is paid at maturity benefit amount.

(d) Sheng Shi Zun Xiang Annuity is an annuity insurance contract with the options for regular premium of 3 years or 5 years paid annually or monthly. The insurance period is 20 years. This product is applicable to healthy policyholders between 28-day-old and 70-year-old. If the insured survives on the first and second annual effective dates after the contract has been in force for five policy years, a special survival benefit shall be paid according to the following provisions: for a premium payment period of three years, a special survival benefit shall be paid according to 48% and 12% of the annual premium determined by the contract's basic insurance amount; for a premium payment period of five years, a special survival benefit shall be paid according to 60% and 40% of the annual premium determined by the contract's basic insurance amount. If the insured survives until the effective date of the contract, the annuity shall be paid at the basic insurance amount every year from the first effective date of the contract after the contract has been in force for seven policy years until the expiration of the insurance period of the contract. If the insured survives until the effective date of the year in which the insurance period of the contract expires, the contract shall terminate, and the maturity benefit shall be paid according to the premiums paid (excluding interest). If the insured dies during the insurance period, the contract shall terminate, and the death benefit shall be paid according to the greater value of the premiums paid at the time of the insured's death (excluding interest) minus the sum of the special survival benefit paid and the cash value.

(e) Mei Man Yi Sheng Annuity is a participating annuity insurance contract with annual premium payment method and four types of premium payment periods: 3 years, 5 years, 8 years and 12 years. The insurance period is from the effective date of the contract to the effective date of the year when the insured reaches the age of 75. Any person between 30 days and 60 years old and in good health can be the insured person. From the effective date of the contract to the date corresponding to the effective date of the year when the insured reaches the age of 74. If the insured is alive, the annuity of care will be paid every year on the effective date of the contract according to the following provisions: The annuity of care is the basic insurance amount multiplied by the period of payment (number of years) multiplied by 1%. The contract shall be terminated on the effective date of the year in which the insured survives until he reaches the age of 75, and the expiration benefit shall be paid according to the following provisions: The expiration benefit is the basic insurance amount multiplied by the payment period (number of years). If the insured dies due to illness within 2 years from the effective (or re-effective) date of the contract, the death benefit shall be paid according to the premium paid (without interest), and the contract shall terminate. If the insured dies due to accidental injury or dies due to illness 2 years after the effective (or re-effective) date of the contract, the death benefits shall be paid in accordance with the following provisions and the contract shall be terminated. The death benefit is the basic insurance amount multiplied by the number of years paid at the time of death multiplied by 110%.

(f) Others consist of various life insurance contracts with no significant concentration.

5 RISK MANAGEMENT (continued)

5.1 Insurance risk (continued)

5.1.3 Sensitivity analysis

Sensitivity analysis of contracts not measured using the premium allocation approach

Significant assumptions involved in calculation of insurance contract liabilities include mortality, morbidity, lapse rate and discount rate, etc.

If holding all other variables constant, the Group considers the expected effect of changes in assumptions on mortality, morbidity and lapse rate on consolidated profit before income tax and consolidated other comprehensive income before income tax for the year, and considers the effect of risk mitigation on insurance contracts and reinsurance contracts held, as follows. For effect of changes in assumption on discount rate, please refer to Note 5.2.1(i).

		For the year ended 31 December							
		2023				2022			
Assumptions	Changes in assumptions	Effect on profit before income tax		Effect on other comprehensive income before income tax		Effect on profit before income tax		Effect on other comprehensive income before income tax	
		Before reinsurance	After reinsurance	Before reinsurance	After reinsurance	Before reinsurance	After reinsurance	Before reinsurance	After reinsurance
		RMB million				RMB million			
Mortality/Morbidity rate	Increase by 10%	(5,407)	(3,556)	(4,928)	(3,184)	(4,773)	(3,436)	(3,509)	(2,219)
Mortality/Morbidity rate	Decrease by 10%	5,540	3,651	5,299	3,471	4,920	3,563	3,734	2,388
Lapse rate	Increase by 10%	2,499	2,229	5,505	5,294	762	529	3,468	3,285
Lapse rate	Decrease by 10%	(2,606)	(2,322)	(5,562)	(5,340)	(918)	(672)	(3,508)	(3,315)

Sensitivity analysis of contracts measured using the premium allocation approach

Changes in factors such as the amount of contractual claims measured using the premium allocation approach have the potential to affect changes in the assumed level of the reserve for outstanding claims, which in turn affects the simultaneous changes in the liabilities for incurred claims.

If holding all other variables constant, the Group considers the following expected effect of changes in claim ratios assumption on consolidated profit before income tax for the year.

Without considering the ceded business, holding all other variables constant, if claim ratios are 100 basis points higher or lower than the current assumption, the consolidated pre-tax profit is expected to be RMB249 million (as at 31 December 2022: RMB266 million) lower or higher, respectively; With consideration of ceded business, holding all other variables constant, if claim ratios are 100 basis points higher or lower than the current assumption, the consolidated pre-tax profit is expected to be RMB238 million (as at 31 December 2022: RMB252 million) lower or higher, respectively.

5 RISK MANAGEMENT (continued)

5.1 Insurance risk (continued)

5.1.3 Sensitivity analysis (continued)

Sensitivity analysis of contracts measured using the premium allocation approach (continued)

The following table indicates the claim development for contracts measured using the premium allocation approach without taking into account the impacts of ceded business:

	Contracts measured using the premium allocation approach (accident year)					
	2019	2020	2021	2022	**2023**	Total
	RMB million					
Estimated accumulated undiscounted claims expenses (before reinsurance)						
Year end	50,564	53,369	57,727	55,256	**62,411**	
1 year later	52,248	53,202	57,642	54,879		
2 years later	52,197	52,769	56,890			
3 years later	52,239	52,043				
4 years later	51,842					
Accumulated claims expenses paid	(51,813)	(51,939)	(56,551)	(53,220)	**(40,438)**	(253,961)
Total liabilities – Accident years from 2019 to 2023	29	104	339	1,659	**21,973**	24,104
Total liabilities – Accident years before 2019						7
Effect of indirect claims expenses, risk adjustment for non-financial risk and discounting, etc.						2,610
Total liabilities for incurred claims						26,721

The following table indicates the claim development for contracts measured using the premium allocation approach with taking into account the impacts of ceded business:

	Contracts measured using the premium allocation approach (accident year)					
	2019	2020	2021	2022	**2023**	Total
	RMB million					
Estimated accumulated undiscounted claims expenses (after reinsurance)						
Year end	50,012	52,774	56,651	53,416	**60,896**	
1 year later	51,611	52,405	56,125	52,694		
2 years later	51,540	51,938	55,395			
3 years later	51,570	51,234				
4 years later	51,185					
Accumulated claims expenses paid	(51,156)	(51,132)	(55,075)	(51,521)	**(39,479)**	(248,363)
Total liabilities – Accident years from 2019 to 2023	29	102	320	1,173	**21,417**	23,041
Total liabilities – Accident years before 2019						7
Effect of indirect claims expenses, risk adjustment for non-financial risk and discounting, etc.						1,773
Total liabilities for incurred claims						24,821

5 RISK MANAGEMENT (continued)

5.2 Financial risk

The Group's activities are exposed to a variety of financial risks. The key financial risk is that proceeds from the sale of financial assets will not be sufficient to fund the obligations arising from the Group's insurance and investment contracts. The most important components of financial risk are market risk, credit risk and liquidity risk.

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. Risk management is carried out by a designated department under policies approved by management. The responsible department identifies, evaluates and manages financial risks in close cooperation with the Group's operating units. The Group provides written principles for overall risk management, as well as written policies covering specific areas, such as managing market risk, credit risk, and liquidity risk.

The Group manages financial risk by holding an appropriately diversified investment portfolio as permitted by laws and regulations designed to reduce the risk of concentration in any one specific industry or issuer. The structure of the investment portfolio held by the Group is disclosed in Note 11.

The sensitivity analyses below are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated, such as change in interest rate and change in market price.

5.2.1 Market risk

(i) Interest rate risk

Interest rate risk refers to the risk that the value of financial instruments and the measurement results of insurance contracts will fluctuate due to changes in market interest rates. The Group's financial assets are principally comprised of term deposits, debt investments which are exposed to interest rate risk. Changes in the level of interest rates could have a significant impact on the Group's investment return, as well as an impact on the measurement of the Group's insurance contracts and reinsurance contracts held.

The Group manages interest rate risk through adjustments to portfolio structure and duration, and, to the extent possible, by monitoring the mean duration of its assets and liabilities.

The sensitivity analysis for interest rate risk illustrates how changes in interest income, the fair value of future cash flows of a financial instrument, insurance contract liabilities and other items will fluctuate because of changes in market interest rates.

As at 31 December 2023, if market interest rates were 50 basis points higher or lower with all other variables held constant, profit before income tax for the year would have been RMB6,026 million or RMB14,179 million (as at 31 December 2022: RMB8,633 million or RMB15,191 million) higher or lower, respectively, mainly as a result of higher or lower interest income on floating rate cash and cash equivalents, term deposits, statutory deposits-restricted and debt investments and the fair value gains or losses on debt investments at fair value through profit or loss and changes in insurance contract liabilities. Other comprehensive income before income tax would have been RMB9,899 million or RMB20,803 million (as at 31 December 2022: RMB126,190 million or RMB137,367 million) higher or lower, respectively, mainly as a result of the fair value gains or losses on investment in debt instruments at fair value through other comprehensive income, and the change of insurance contract liabilities.

5 RISK MANAGEMENT (continued)

5.2 Financial risk (continued)

5.2.1 Market risk (continued)

(ii) Price risk

Price risk arises mainly from the volatility of prices of equity investments held by the Group. Prices of equity investments are determined by market forces. The Group is subject to increased price risk mainly because China's capital markets are relatively volatile. The Group's insurance contracts using the variable fee approach are exposed to price risk.

The Group manages price risk by holding an appropriately diversified investment portfolio as permitted by laws and regulations designed to reduce the risk of price concentration in any one specific industry or issuer.

As at 31 December 2023, if the prices of all the Group's equity investments had increased or decreased by 10% with all other variables held constant, profit before income tax for the year would have been RMB68,496 million or RMB68,842 million (as at 31 December 2022: RMB4,047 million or RMB4,618 million) higher or lower, respectively, mainly as a result of the fair value gains or losses on equity investments at fair value through profit or loss and the change of insurance contract liabilities. Other comprehensive income before income tax would have been RMB1,775 million or RMB1,795 million lower or higher (as at 31 December 2022: RMB43,381 million or RMB43,857 million higher or lower), respectively, mainly as a result of fair value gains or losses on investment in equity instruments at fair value through other comprehensive income, and the change of insurance contract liabilities.

(iii) Currency risk

Currency risk is the volatility of fair value or future cash flows of financial instruments resulted from changes in foreign currency exchange rates. The Group's currency risk exposure mainly arises from cash and cash equivalents, term deposits, debt investments, equity investments, interest-bearing loans and other borrowings denominated in currencies other than the functional currency, such as US dollar, HK dollar, GB pound and EUR.

The following table summarises primary financial assets and financial liabilities denominated in currencies other than RMB as at 31 December 2023 and 31 December 2022, expressed in RMB equivalent:

As at 31 December 2023	US dollar	HK dollar	GB pound	EUR	Others	Total
	RMB million					
Financial assets						
Equity investments						
Financial assets at fair value through profit or loss	20,928	40,871	541	1,426	1,074	64,840
Investment in equity instruments at fair value through other comprehensive income	–	8,886	–	–	–	8,886
Debt investments						
Financial assets at fair value through profit or loss	6,395	–	21	14	5	6,435
Investment in debt instruments at fair value through other comprehensive income	237	–	–	–	–	237
Investment in debt instruments at amortised cost	189	–	–	–	–	189
Term deposits	2,850	–	–	–	–	2,850
Cash and cash equivalents	2,575	99	52	102	2	2,830
Total	33,174	49,856	614	1,542	1,081	86,267
Financial liabilities						
Interest-bearing loans and other borrowings	6,984	–	2,495	3,378	–	12,857
Total	6,984	–	2,495	3,378	–	12,857

5 RISK MANAGEMENT (continued)

5.2 Financial risk (continued)

5.2.1 Market risk (continued)

(iii) Currency risk (continued)

As at 31 December 2022	US dollar	HK dollar	GB pound	EUR	Others	Total
			RMB million			
Financial assets						
Equity securities						
Available-for-sale securities	10,320	58,413	–	–	–	68,733
Securities at fair value through profit or loss	4,501	614	394	1,212	874	7,595
Debt securities						
Held-to-maturity securities	206	–	–	–	–	206
Loans	1,278	–	–	–	–	1,278
Available-for-sale securities	6,692	–	–	–	–	6,692
Securities at fair value through profit or loss	296	–	8	7	3	314
Term deposits	2,176	–	–	–	–	2,176
Cash and cash equivalents	2,849	62	208	136	7	3,262
Total	28,318	59,089	610	1,355	884	90,256
Financial liabilities						
Interest-bearing loans and other borrowings	6,756	–	2,307	3,192	–	12,255
Total	6,756	–	2,307	3,192	–	12,255

As at 31 December 2023, if RMB had strengthened or weakened by 10% against US dollar, HK dollar, GB pound, EUR and other foreign currencies, with all other variables held constant, profit before income tax for the year would have been RMB7,738 million (as at 31 December 2022: RMB927million) lower or higher, respectively, mainly as a result of foreign exchange losses or gains on translation of US dollar, HK dollar, GB pound, EUR and other foreign currencies denominated financial assets and financial liabilities other than equity instruments at fair value through other comprehensive income included in the table above. Other comprehensive income before tax recognised in equity instruments at fair value through other comprehensive income would have been RMB889 million (31 December 2022: RMB6,820 million) lower or higher due to the foreign exchange. The actual exchange losses in 2023 were RMB380 million (2022: exchange losses in RMB69 million).

5.2.2 Credit risk

Credit risk is the risk that one party of a financial transaction or the issuer of a financial instrument will fail to discharge its obligation and cause another party to incur a financial loss. Because the Group's investment portfolio is restricted to the types of investments as permitted by the National Financial Regulatory Administration ("NFRA") and a significant portion of the portfolio is in government bonds, government agency bonds, corporate bonds with higher credit rating and term deposits with the state-owned commercial banks, the Group's overall exposure to credit risk is relatively low.

Credit risk is controlled by the application of credit approvals, limits and monitoring procedures. The Group manages credit risk through in-house research and analysis of the Chinese economy and the underlying obligors and transaction structures. Where appropriate, the Group obtains collateral in the form of rights to cash, securities, property, equipment and so on to lower the credit risk.

5 RISK MANAGEMENT (continued)

5.2 Financial risk (continued)

5.2.2 Credit risk (continued)

Credit risk exposure

The carrying amount of financial assets included on the consolidated statement of financial position represents the maximum credit risk exposure at the reporting date without taking account of any collateral held or other credit enhancements attached. As at 31 December 2023, the Group's maximum credit risk exposure of insurance contracts and reinsurance contracts held was RMB18,627 million (as at 31 December 2022: RMB19,810 million). The Group had no credit risk exposure relating to off-statement financial position items as at 31 December 2023 and 31 December 2022.

Collateral and other credit enhancements

Financial assets purchased under agreements to resell are pledged by counterparties' debt securities or term deposits of which the Group could take the ownership if the owner of the collateral defaults. These structured entities that the Group has interest in are guaranteed by third parties with higher credit ratings, or by pledging, or by having the fiscal budget income as the source of repayment, or by borrowers with higher credit ratings.

Credit quality

The Group's debt securities investment mainly includes government bonds, government agency bonds, corporate bonds and subordinated bonds. As at 31 December 2023, 99.9% (as at 31 December 2022: 99.9%) of the corporate bonds held by the Group or the issuers of these corporate bonds had credit ratings of AA/A-2 or above. As at 31 December 2023,100% (as at 31 December 2022: 100%) of the subordinated bonds held by the Group either had credit ratings of AA/A-2 or above, or were issued by national commercial banks. The bonds issuers' credit ratings are assigned by a qualified appraisal institution in the PRC and updated at each reporting date.

As at 31 December 2023, 96.5% (as at 31 December 2022: 95.6%) of the Group's bank deposits are with the four largest state-owned commercial banks, other national commercial banks and China Securities Depository and Clearing Corporation Limited ("CSDCC") in the PRC. The main reinsurance contracts were entered into with state-owned reinsurance companies. The Group believes these commercial banks, CSDCC and reinsurance companies have a high credit quality. As a result, the Group concludes that the credit risk associated with term deposits, statutory deposits, cash and cash equivalents and reinsurance contracts held has not caused a material impact on the Group's consolidated financial statements as at 31 December 2023 and 2022.

Measurement of ECL

The Group formulates the credit losses of investment in debt instruments at amortised cost, investment in debt financial instruments at fair value through other comprehensive income, etc., using expected credit loss models according to IFRS 9 requirements. For other receivables, the Group applies the simplified approach to recognise a loss allowance based on lifetime ECLs. The Group integrates factors such as asset type and market segment into a combination of items with similar credit risk characteristics.

Parameters for measuring expected credit losses
The parameters and assumptions involved in ECL model are described below:

The Group considers the credit risk characteristics of different financial instruments when determining if there is significant increase in credit risk. For financial instruments with or without significant increase in credit risk,12-month or lifetime expected credit losses are provided respectively. The expected credit loss is the result of discounting the product of EAD, PD and LGD.

5 RISK MANAGEMENT (continued)

5.2 Financial risk (continued)

5.2.2 Credit risk (continued)

Measurement of ECL (continued)

Exposure at Default (EAD): EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months or over the remaining lifetime.

Probability of Default (PD): The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.

Loss Given Default (LGD): LGD represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support.

Criteria for judging significant changes in credit risk
When considering the impairment stages for financial assets, the Group evaluates the credit risk at initial recognition and whether there is any significant increase in credit risk for each reporting period. The Group considers various reasonable supporting information to judge if there is significant increase in credit risk, including the forward-looking information.

The Group sets quantitative and qualitative criteria to judge whether the credit risk has significant increase in credit risk after initial recognition. The judgement criteria mainly include the PD changes of the debtors, changes of credit risk categories and other indicators of significant increase in credit risk. In the judgement of whether the financial instruments have significant increase in credit risk after initial recognition, the Group considers the 30 days past due as one of criteria of significant increase in credit risk, in accordance with the standard.

Definition of financial assets that are credit-impaired
A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. On each reporting date, the Group mainly considers but is not limited to the following factors when assessing whether the debtor has incurred credit impairment:

- Significant financial difficulty of the issuer or counterparty; or
- A breach of contract, such as a default or past due event; or
- The lender gives the borrower concessions for economic or contractual reasons due to the debtor financial difficulties, where such concessions are normally reluctant to be made by the borrower; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- Disappearance of an active market for that financial asset because of financial difficulties; or
- Purchase or originate a financial asset at a significant discount that reflects the fact that a credit loss has occurred.

The credit impairment of financial assets may be caused by the joint effects of multiple events, and may not be caused by separately identifiable events.

5 RISK MANAGEMENT (continued)

5.2 Financial risk (continued)

5.2.2 Credit risk (continued)

Criteria for judging significant changes in credit risk (continued)

Forward-looking information and management overlay
The determinations of 12 months and the lifetime ECL also incorporates forward-looking information. The Group has performed historical data analysis and identified the key macroeconomic variables associated with credit risk and expected credit losses for each portfolio, including gross domestic product, the amount of exports and the amount of fixed asset investment completed, etc. The Group has developed macroeconomic forward looking adjustment model by establishing a pool of macro-economic indicators, preparing data, filtering model factors, etc.

During the reporting period, the Group adjusted the predicted values of forward-looking economic indicators by synthesis of available data and considered the possibility of each scenario to determine the final macroeconomic scenarios and weights for measuring the relevant expected credit loss. The impact of these economic indicators on PD and LGD varies to different businesses. The Group comprehensively considers internal and external data, statistical analysis to determine the relationship between these economic indicators with PD and LGD. The Group evaluates and forecasts these economic indicators at least annually, provides the best estimates for the future, and regularly evaluates the results. Similar to other economic forecasts, the estimates of economic indicators have high inherent uncertainties, actual results may have significant difference with estimates. The Group considered the estimates above represented the optimal estimation of possible outcomes.

In the year 2023, the Group updated the forward-looking parameters used in the measurement of ECL in response to changes in the macroeconomic environment. The cumulative year-on-year growth rate of GDP is expected to range between 3.9% to 5.5% under the base, optimistic, and adverse scenarios for 2024. The optimistic and adverse scenarios are equally weighted and the base scenario is more weighted in each scenario.

The following table presents the credit risk exposures of financial instruments under the scope of expected credit loss.

Carrying amount	Stage 1	Stage 2	Stage 3	Maximum credit risk exposure
		RMB million		
Cash and cash equivalents	149,305	–	–	149,305
Financial assets purchased under agreements to resell	19,759	–	–	19,759
Term deposits	413,255	–	–	413,255
Statutory deposits – restricted	6,520	–	–	6,520
Investment in debt instruments at amortised cost	211,349	–	–	211,349
Investment in debt instruments at fair value through other comprehensive income	2,735,577	8,592	–	2,744,169
Other assets	37,241	–	77	37,318
Total	3,573,006	8,592	77	3,581,675

The Group internally grades the financial instruments based on the credit quality and risk characteristics. The credit rating of the financial instruments could further be classified into the different levels according to the internal rating scale. As at 31 December 2023, the debt investments held by the Group have sufficient evidence to show that the asset is not expected to default, or there is no reason to suspect that the asset had incurred default. The related credit risk has not caused a material impact on the Group's consolidated financial statements as at 31 December 2023.

5 RISK MANAGEMENT (continued)

5.2 Financial risk (continued)

5.2.3 Liquidity risk

Liquidity risk is the risk that the Group is unable to obtain funds at a reasonable funding cost when required to meet a repayment obligation and fund its asset portfolio within a certain time.

In the normal course of business, the Group attempts to match the maturity of financial assets to the maturity of insurance and financial liabilities to reduce liquidity risk.

The following table shows the undiscounted cash flows of insurance assets and insurance liabilities, financial assets and financial liabilities for contracts not using the premium allocation approach:

As at 31 December 2023	Without maturity	Contractual and expected cash flows (undiscounted) Not later than 1 year	Later than 1 year but not later than 3 years	Later than 3 years but not later than 5 years	Later than 5 years
			RMB million		
Financial and insurance assets					
Equity investments	1,099,601	–	–	–	–
Debt investments	–	422,558	664,719	499,102	4,111,034
Term deposits	–	188,436	144,278	120,329	–
Statutory deposits – restricted	–	706	1,128	5,461	–
Reinsurance contract assets	–	5,590	2,799	3,011	33,282
Financial assets purchased under agreements to resell	–	19,800	–	–	–
Cash and cash equivalents	–	149,305	–	–	–
Sub-total	1,099,601	786,395	812,924	627,903	4,144,316
Financial and insurance liabilities					
Insurance contract liabilities	–	355,437	14,374	(317,979)	(8,454,552)
Reinsurance contract liabilities	–	(24)	(7)	(6)	(54)
Financial assets sold under agreements to repurchase	–	(217,237)	–	–	–
Financial liabilities at fair value through profit or loss	(13,878)	–	–	–	–
Interest-bearing loans and other borrowings	–	(13,259)	–	–	–
Bonds payable	–	(36,498)	–	–	–
Lease liabilities	–	(757)	(580)	(89)	(22)
Sub-total	(13,878)	87,662	13,787	(318,074)	(8,454,628)
Net cash inflow/(outflow)	1,085,723	874,057	826,711	309,829	(4,310,312)

5 RISK MANAGEMENT (continued)

5.2 Financial risk (continued)

5.2.3 Liquidity risk (continued)

As at 31 December 2022	Without maturity	Contractual and expected cash flows (undiscounted)			
		Not later than 1 year	Later than 1 year but not later than 3 years	Later than 3 years but not later than 5 years	Later than 5 years
			RMB million		
Financial and insurance assets					
Equity securities	890,926	–	–	–	–
Debt securities	–	264,690	467,372	422,088	3,306,607
Loans	–	333,258	137,926	78,902	118,063
Term deposits	–	195,048	226,337	100,235	–
Statutory deposits – restricted	–	4,063	988	1,718	–
Reinsurance contract assets	–	4,604	2,988	3,047	39,388
Securities purchased under agreements to resell	–	38,548	–	–	–
Accrued investment income	–	52,161	290	–	–
Cash and cash equivalents	–	127,594	–	–	–
Sub-total	890,926	1,019,966	835,901	605,990	3,464,058
Financial and insurance liabilities					
Insurance contract liabilities	–	307,043	27,090	(273,556)	(7,787,599)
Reinsurance contract liabilities	–	8	(6)	(6)	(145)
Securities sold under agreements to repurchase	–	(149,004)	–	–	–
Financial liabilities at fair value through profit or loss	(3,344)	–	–	–	–
Interest-bearing loans and other borrowings	–	(3,675)	(9,426)	(97)	(317)
Bonds payable	–	(328)	(36,498)	–	–
Lease liabilities	–	(919)	(790)	(98)	(20)
Sub-total	(3,344)	153,125	(19,630)	(273,757)	(7,788,081)
Net cash inflow/(outflow)	887,582	1,173,091	816,271	332,233	(4,324,023)

The cash flows from various insurance contracts presented in the table above are the expected future net cash flows from existing insurance policies, which consist primarily of cash flows from premiums, claims, expense payments and policy loans, and do not take into account future net cash flows from new business. The excess cash inflows from matured financial assets will be reinvested to cover any future liquidity exposures. The estimate is subject to assumptions including mortality, morbidity, the lapse rate, and expense assumption, etc. Actual experience may differ from estimates.

As at 31 December 2023, the carrying amount of the Group's insurance contract liabilities was RMB4,859,175 million (as at 31 December 2022: RMB4,266,947 million), while the amount that the policyholder can demand reimbursement at any time was RMB3,795,388 million (as at 31 December 2022: RMB3,317,324 million).

5 RISK MANAGEMENT (continued)

5.2 Financial risk (continued)

5.2.4 Capital management

The Group's objectives for managing capital are to comply with the insurance capital requirements based on the minimum capital and actual capital required by the NFRA, prevent risk in operation and safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for equity holders and benefits for other stakeholders. The Group replenishes capital to improve the solvency ratio by issuing Core Tier 2 Capital Securities and bonds for capital replenishment according to the relevant laws and the approval of the relevant authorities.

The Group is also subject to other local capital requirements, such as statutory deposits – restricted requirement, statutory insurance fund requirement, statutory reserve fund requirement and general reserve requirement discussed in detail in Note 11.2, Note 19 and Note 35, respectively.

The Group manages capital to ensure its continuous and full compliance with the regulations mainly through monitoring its quarterly solvency ratios, as well as the solvency ratio based on annual stress testing.

The former China Banking and Insurance Regulatory Commission ("Former CBIRC") issued the "Solvency Regulatory Rules II for Insurance Companies" at the end of 2021. The NFRA issued the "Circular of NFRA on Optimization of Solvency Supervision Standards for Insurance Companies" in September 2023. The Company has calculated the core and comprehensive solvency ratio, core capital, actual capital and minimum capital as of 31 December 2023 in accordance with these requirements, as listed below:

	As at 31 December 2023	As at 31 December 2022
	RMB million	RMB million
Core capital	**710,527**	699,688
Actual capital	**981,594**	1,007,601
Minimum capital	**449,160**	487,290
Core solvency ratio	**158%**	144%
Comprehensive solvency ratio	**219%**	207%

According to the solvency ratios results mentioned above, and the unquantifiable evaluation results of operational risk, strategic risk, reputational risk and liquidity risk of insurance companies, the NFRA evaluates the comprehensive solvency of insurance companies and supervises insurance companies by classifying them into four categories:

i) Category A: solvency ratios meet the requirements, and the operational risk, strategic risk, reputational risk and liquidity risk are very low;

ii) Category B: solvency ratios meet the requirements, and the operational risk, strategic risk, reputational risk and liquidity risk are low;

5 RISK MANAGEMENT (continued)

5.2 Financial risk (continued)

5.2.4 Capital management (continued)

iii) Category C: solvency ratios do not meet the requirements or solvency ratios meet the requirements but one or several risks in operation, strategy, reputation and liquidity are high;

iv) Category D: solvency ratios do not meet the requirements or solvency ratios meet the requirements but one or several risks in operation, strategy, reputation and liquidity are severe.

According to the Supervision Information System of the China Risk Oriented Solvency System, the latest Integrated Risk Rating result of the Company was Category A.

5.3 Disclosures about interest in unconsolidated structured entities

The Group's interests in unconsolidated structured entities are accounted for in investment in financial assets at fair value through profit or loss and debt instruments at fair value through other comprehensive income. These structured entities typically raise funds by issuing securities or other beneficiary certificates. The purpose of these structured entities is primarily to generate management service fees, or provide finance to public and private infrastructure construction. Refer to Note 4.5 for the Group's consolidation judgements related to structured entities.

The Group did not guarantee or provide any financing support for the structured entities that the Group had interest in or sponsored.

(i) The unconsolidated structured entities that the Group has interest in

The Group believes that the maximum exposure approximates the carrying amount of interest in these unconsolidated structured entities. The size of unconsolidated structured entities as well as the Group's carrying amount of the assets recognised in the consolidated financial statements relating to its interest in unconsolidated structured entities and the Group's maximum exposure are shown below:

As at 31 December 2023	Unconsolidated structured entities			
	Size	Carrying amount of assets	Maximum exposure	Interest held by the Group
	RMB million	RMB million	RMB million	
Funds managed by affiliated entities	175,402	9,794	9,794	Investment income and service fee
Funds managed by third parties	Note 1	174,195	174,195	Investment income
Trust schemes managed by affiliated entities	2,090	1,284	1,284	Investment income
Trust schemes managed by third parties	Note1	56,551	56,551	Investment income
Debt investment schemes managed by affiliated entities	73,722	31,035	31,035	Investment income and service fee
Debt investment schemes managed by third parties	Note 1	45,544	45,544	Investment income
Others managed by affiliated entities [Note 2]	40,116	9,211	9,211	Investment income and service fee
Others managed by third parties [Note 2]	Note1	103,825	103,825	Investment income

5 RISK MANAGEMENT (continued)

5.3 Disclosures about interest in unconsolidated structured entities (continued)

(i) The unconsolidated structured entities that the Group has interest in (continued)

As at 31 December 2022	Unconsolidated structured entities			
	Size	Carrying amount of assets	Maximum exposure	Interest held by the Group
	RMB million	RMB million	RMB million	
Funds managed by affiliated entities	185,894	10,096	10,096	Investment income and service fee
Funds managed by third parties	Note 1	126,573	126,573	Investment income
Trust schemes managed by affiliated entities	1,992	1,295	1,295	Investment income
Trust schemes managed by third parties	Note1	47,674	47,674	Investment income
Debt investment schemes managed by affiliated entities	60,850	22,781	22,781	Investment income and service fee
Debt investment schemes managed by third parties	Note 1	46,458	46,458	Investment income
Others managed by affiliated entities Note 2	87,959	13,067	13,067	Investment income and service fee
Others managed by third parties Note 2	Note1	100,892	100,892	Investment income

Note 1: Funds, trust schemes, debt investment schemes and others managed by third parties were sponsored by third party financial institutions and the information related to size of these structured entities were not publicly available.

Note 2: Others included wealth management products, special asset management schemes, asset-backed plans, etc.

(ii) The unconsolidated structured entities that the Group has sponsored but does not have interest in

As at 31 December 2023, the size of the unconsolidated structured entities that the Group sponsored but had no interest was RMB623,539 million (as at 31 December 2022: RMB608,027 million), which were mainly funds, special asset management schemes, pension security products and pension products, etc., sponsored by the Group to generate management service fee income. In 2023, the management service fee from these structured entities was RMB1,651 million (2022: RMB1,731 million), which was recorded as other income. The Group did not transfer assets to these structured entities.

5.4 Fair value hierarchy

Level 1 fair value is based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can obtain at the measurement date.

Other than Level 1 quoted prices, Level 2 fair value is based on valuation techniques using significant inputs, that are observable for the asset being measured, either directly or indirectly, for substantially the full term of the asset through corroboration with observable market data. Observable inputs generally used to measure the fair value of investments classified as Level 2 include quoted market prices for similar assets in active markets; quoted market prices in markets that are not active for identical or similar assets and other market observable inputs. This level includes the debt investments for which quotations are available from pricing services providers. Fair values provided by pricing services providers are subject to a number of validation procedures by management. These procedures include a review of the valuation models utilised and the results of these models, as well as the recalculation of prices obtained from pricing services at the end of each reporting period.

5 RISK MANAGEMENT (continued)

5.4 Fair value hierarchy (continued)

Under certain conditions, the Group may not receive a price quote from independent third-party valuation service providers. In this instance, the Group's valuation team may choose to apply an internally developed valuation method to the assets or liabilities being measured, determine the main inputs for valuation, and analyse the change of the valuation and report it to management. Key inputs involved in internal valuation services are not based on observable market data. They reflect assumptions made by management based on judgements and experiences. The assets and liabilities valued by this method are generally classified as Level 3.

As at 31 December 2023, assets classified as Level 1 accounted for 28.17% of assets measured at fair value on a recurring basis. Fair value measurements classified as Level 1 include certain debt investments, equity investments that are traded in an active exchange market or interbank market and open-ended funds with public market price quotations. The Group considers a combination of certain factors to determine whether a market for a financial instrument is active, including the occurrence of trades within the specific period, the respective trading volume, and the degree to which the implied yields for debt investments for observed transactions differs from the Group's understanding of the current relevant market rates and information. Trading prices from the Chinese interbank market are determined by both trading counterparties and can be observed publicly. The Group adopted this price of the debt investments traded on the Chinese interbank market at the reporting date as their fair market value and classified the investments as Level 1. Open-ended funds also have active markets. Fund management companies publish the net asset value of these funds on their websites on each trade date. Investors subscribe for and redeem units of these funds in accordance with the funds' net asset value published by the fund management companies on each trade date. The Group adopted the unadjusted net asset value of the funds at the reporting date as their fair market value and classified the investments as Level 1.

As at 31 December 2023, assets classified as Level 2 accounted for 58.60% of assets measured at fair value on a recurring basis. They primarily include certain debt securities and equity securities. Valuations are generally obtained from third-party valuation service providers for identical or comparable assets, or through the use of valuation methodologies using observable market inputs, or recent quoted market prices. Valuation service providers typically gather, analyse and interpret information related to market transactions and other key valuation model inputs from multiple sources, and through the use of widely accepted internal valuation models, provide a theoretical quote on various securities. Debt securities are classified as Level 2 when they are valued at recent trading prices from the Chinese interbank market or from valuation service providers.

As at 31 December 2023, assets classified as Level 3 accounted for 13.23% of assets measured at fair value on a recurring basis. They primarily include unlisted equity securities and unlisted debt securities. Fair values are determined using valuation techniques, including discounted cash flow valuations and the comparable companies approach. The determination of Level 3 is primarily based on the significance of certain unobservable inputs used for measurement of the asset's fair value.

For the accounting policies regarding the determination of fair values of financial assets and liabilities, see Note 4.2.

5 RISK MANAGEMENT (continued)

5.4 Fair value hierarchy (continued)

The following table presents the Group's quantitative disclosures of the fair value measurement hierarchy for assets and liabilities measured at fair value as at 31 December 2023:

	Fair value measurement using			
	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	Total
	RMB million	RMB million	RMB million	RMB million
Financial assets at fair value through profit or loss				
Equity investments				
Funds	206,682	281	–	206,963
Common stocks	400,172	15,241	–	415,413
Others	70,539	58,131	210,550	339,220
Debt investments				
Government bonds	409	3,213	–	3,622
Government agency bonds	682	6,131	–	6,813
Corporate bonds	7,785	179,308	45	187,138
Subordinated bonds	114,391	201,044	–	315,435
Others	–	11,860	218,911	230,771
Investment in equity instruments at fair value through other comprehensive income				
Common stocks	14,273	514	–	14,787
Preferred stocks	–	–	50,445	50,445
Others	32,577	10,579	29,617	72,773
Investment in debt instruments at fair value through other comprehensive income				
Government bonds	250,592	244,238	–	494,830
Government agency bonds	184,458	1,533,140	–	1,717,598
Corporate bonds	9,452	399,469	–	408,921
Subordinated bonds/debts	484	22,268	–	22,752
Others	–	2,631	97,437	100,068
Total	1,292,496	2,688,048	607,005	4,587,549
Liabilities measured at fair value				
Financial liabilities at fair value through profit or loss	(13,878)	–	–	(13,878)
Total	(13,878)	–	–	(13,878)

5 RISK MANAGEMENT (continued)

5.4 Fair value hierarchy (continued)

The following table presents the changes in Level 3 financial instruments for the year ended 31 December 2023:

	Investment in equity instruments at fair value through other comprehensive income	Investment in debt instruments at fair value through other comprehensive income	Financial assets at fair value through profit or loss- Equity	Financial assets at fair value through profit or loss- Debt	Total
	RMB million	RMB million	RMB million	RMB million	RMB million
Opening balance	79,678	82,833	161,537	205,281	529,329
Purchases	–	32,703	55,341	24,385	112,429
Transferred into Level 3	–	–	–	–	–
Transferred out of Level 3	–	–	–	–	–
Total gains/(losses) recorded in profit or loss	–	1,042	1,848	9,526	12,416
Total gains/(losses) recorded in other comprehensive income	937	6,872	–	–	7,809
Disposals or exercised	–	–	(8,176)	(934)	(9,110)
Settlement	(553)	(26,013)	–	(19,302)	(45,868)
Closing balance	80,062	97,437	210,550	218,956	607,005

5 RISK MANAGEMENT (continued)

5.4 Fair value hierarchy (continued)

The following table presents the Group's quantitative disclosures of the fair value measurement hierarchy for assets and liabilities measured at fair value as at 31 December 2022:

	Fair value measurement using			
	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	Total
	RMB million	RMB million	RMB million	RMB million
Assets measured at fair value				
Available-for-sale securities				
– Equity securities				
Funds	131,897	–	–	131,897
Common stocks	396,163	17,985	–	414,148
Preferred stocks	–	–	50,522	50,522
Others	45,525	29,260	170,179	244,964
– Debt securities				
Government bonds	36,945	10,243	–	47,188
Government agency bonds	77,982	235,288	–	313,270
Corporate bonds	3,678	184,885	–	188,563
Subordinated bonds	53,194	102,830	–	156,024
Others	–	1,096	173,302	174,398
Securities at fair value through profit or loss				
– Equity securities				
Funds	13,086	358	–	13,444
Common stocks	17,280	1,272	–	18,552
Others	92	173	–	265
– Debt securities				
Government bonds	661	1,144	–	1,805
Government agency bonds	2,387	7,235	–	9,622
Corporate bonds	3,018	149,284	45	152,347
Others	129	25,521	2,105	27,755
Total	782,037	766,574	396,153	1,944,764
Liabilities measured at fair value				
Financial liabilities at fair value through profit or loss	(3,344)	–	–	(3,344)
Investment contracts at fair value through profit or loss	(7)	–	–	(7)
Total	(3,351)	–	–	(3,351)

5 RISK MANAGEMENT (continued)

5.4 Fair value hierarchy (continued)

The following table presents the changes in Level 3 financial instruments for the year ended 31 December 2022:

	Available-for-sale securities		Securities at fair value through profit or loss	
	Debt securities	Equity securities	Debt securities	Total
	RMB million	RMB million	RMB million	RMB million
Opening balance	160,499	188,583	45	349,127
Purchases	49,497	44,778	2,671	96,946
Transferred out of Level 3	(10)	–	–	(10)
Total gains/(losses) recorded in profit or loss	–	(1,714)	182	(1,532)
Total gains/(losses) recorded in other comprehensive income	(1,829)	(168)	–	(1,997)
Disposals or exercised	(600)	(10,778)	–	(11,378)
Maturity	(34,255)	–	(748)	(35,003)
Ending balance	173,302	220,701	2,150	396,153

For the assets and liabilities measured at fair value on a recurring basis, during the year ended 31 December 2023, RMB69,953 million (2022: RMB4,993 million) debt investments were transferred from Level 1 to Level 2 within the fair value hierarchy, whereas RMB22,570 million (2022: RMB46,485 million) debt investments were transferred from Level 2 to Level 1. RMB11,851 million equity investments were transferred from Level 1 to Level 2 (2022: RMB3,478 million), whereas RMB15,174 million equity investments were transferred from Level 2 to Level 1 (2022: RMB23,470 million).

For the years ended 31 December 2023 and 2022, there were no significant changes in the business or economic circumstances that affected the fair value of the Group's financial assets and liabilities. There were also no representations of financial assets.

As at 31 December 2023 and 31 December 2022, significant unobservable inputs such as discount rate and discounts for lack of marketability were used in the valuation of primary assets and liabilities at fair value classified as Level 3.

The table below presents information about the significant unobservable inputs used for primary financial instruments at fair value classified as Level 3 as at 31 December 2023 and 31 December 2022:

Valuation techniques	Significant unobservable inputs	Range	Relationships between fair value and unobservable inputs
Comparable companies method	Discounts for lack of marketability	as at 31 December 2023: 15%-33% as at 31 December 2022: 12%-30%	The fair value is inversely related to the discounts for lack of marketability
Discounted cash flow method	Discount rate	as at 31 December 2023: 1.57%-16.70% as at 31 December 2022: 2.41%-10.55%	The fair value is inversely related to discount rate

6 SEGMENT INFORMATION

6.1 Operating segments

The Group operates in the life insurance business segment, the health insurance business segment, the accident insurance business segment and 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 CLIC, etc., as described in Note 33, 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).

6.2 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.

6.3 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 recognised 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.

6 SEGMENT INFORMATION (continued)

	For the year ended 31 December 2023					
	Life	Health	Accident	Others	Elimination	Total
	RMB million					
I. Operating income	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
II. Operating expenses	(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)
III. Operating profit	5,609	2,054	799	3,779	–	12,241
Add: Non-operating income	81	6	–	7	–	94
Less: Non-operating expenses	(425)	(29)	(1)	(2)	–	(457)
IV. Net profit before income tax	5,265	2,031	798	3,784	–	11,878
Supplementary Information:						
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**	
	RMB million		
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**

6 SEGMENT INFORMATION (continued)

Item	Life	Health	Accident	Others	Elimination	Total
	As at 31 December 2023					
	RMB million					
I. Assets						
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
Total distributable assets	5,294,112	373,294	11,784	70,317	–	5,749,507
Undistributable assets						
Other assets						138,972
Total						5,888,479
II. Liabilities						
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
Total distributable liabilities	4,750,552	339,083	10,117	23,228	–	5,122,980
Non-distributable liabilities						
Other liabilities						295,457
Total						5,418,437

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	
	RMB million			
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**

6 SEGMENT INFORMATION (continued)

	For the year ended 31 December 2022					
	Life	Health	Accident	Others	Elimination	Total
	RMB million					
I. Operating income	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
II. Operating expenses	(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)
III. Operating profit	11,758	7,446	1,943	3,236	–	24,383
Add: Non-operating income	94	6	–	8	–	108
Less: Non-operating expenses	(413)	(28)	(1)	(2)	–	(444)
IV. Net profit before income tax	11,439	7,424	1,942	3,242	–	24,047
Supplementary Information:						
Depreciation and amortisation expenses	3,028	1,126	327	810	–	5,291

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	
	RMB million		
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

6 SEGMENT INFORMATION (continued)

Item	Life	Health	Accident	Others	Elimination	Total
	As at 31 December 2022					
	RMB million					
I. Assets						
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
Total distributable asset	4,727,296	328,884	12,279	63,110	–	5,131,569
Undistributable assets						
Other assets						120,415
Total						5,251,984
II. Liabilities						
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
Total distributable liabilities	4,194,074	299,569	9,781	14,251	–	4,517,675
Non-distributable liabilities						
Other liabilities						289,188
Total						4,806,863

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

Segment information	IFRS 9	IFRS 17	Impact of Deferred tax	Consolidated statement of financial position
	As at 31 December 2022			
	Adjustment			
	RMB million			
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

7 PROPERTY, PLANT AND EQUIPMENT

	Buildings	Office equipment, furniture and fixtures	Motor vehicles	Assets under construction	Leasehold improvements	Total
			RMB million			
Cost						
As at 1 January 2023	62,954	8,884	1,268	5,026	2,206	80,338
Transfers upon completion	1,619	244	–	(2,063)	192	(8)
Additions	114	1,020	189	2,220	–	3,543
Disposals	(1,201)	(185)	(112)	–	(183)	(1,681)
As at 31 December 2023	63,486	9,963	1,345	5,183	2,215	82,192
Accumulated depreciation						
As at 1 January 2023	(16,640)	(6,319)	(1,071)	–	(1,724)	(25,754)
Charge for the year	(2,107)	(1,120)	(95)	–	(240)	(3,562)
Disposals	405	178	109	–	165	857
As at 31 December 2023	(18,342)	(7,261)	(1,057)	–	(1,799)	(28,459)
Impairment						
As at 1 January 2023	(24)	–	–	(1)	–	(25)
Charge for the year	–	–	–	–	–	–
Disposals	2	–	–	–	–	2
As at 31 December 2023	(22)	–	–	(1)	–	(23)
Net book value						
As at 1 January 2023	46,290	2,565	197	5,025	482	54,559
As at 31 December 2023	45,122	2,702	288	5,182	416	53,710

7 PROPERTY, PLANT AND EQUIPMENT (continued)

	Buildings	Office equipment, furniture and fixtures	Motor vehicles	Assets under construction	Leasehold improvements	Total
			RMB million			
Cost						
As at 1 January 2022	59,826	8,394	1,311	6,790	2,433	78,754
Transfers upon completion	3,174	286	–	(3,622)	93	(69)
Additions	64	503	1	2,124	–	2,692
Transfers into investment properties	–	–	–	(266)	–	(266)
Disposals	(110)	(299)	(44)	–	(320)	(773)
31 December 2022	62,954	8,884	1,268	5,026	2,206	80,338
Accumulated depreciation						
As at 1 January 2022	(14,644)	(5,786)	(996)	–	(1,671)	(23,097)
Charge for the year	(2,079)	(819)	(118)	–	(335)	(3,351)
Disposals	83	286	43	–	282	694
As at 31 December 2022	(16,640)	(6,319)	(1,071)	–	(1,724)	(25,754)
Impairment						
As at 1 January 2022	(24)	–	–	(1)	–	(25)
Charge for the year	–	–	–	–	–	–
Disposals	–	–	–	–	–	–
As at 31 December 2022	(24)	–	–	(1)	–	(25)
Net book value						
As at 1 January 2022	45,158	2,608	315	6,789	762	55,632
As at 31 December 2022	46,290	2,565	197	5,025	482	54,559

As at 31 December 2023, the net book value of buildings above which were in process to obtain title certificates was RMB4,617 million (as at 31 December 2022: RMB6,459 million).

8 LEASES

(a) Right-of-use assets

	Buildings	Others	Total
		RMB million	
Cost			
As at 1 January 2023	**4,201**	**3**	**4,204**
Additions	**636**	**1**	**637**
Deductions	**(1,267)**	**–**	**(1,267)**
As at 31 December 2023	**3,570**	**4**	**3,574**
Accumulated depreciation			
As at 1 January 2023	**(2,392)**	**(2)**	**(2,394)**
Charge for the year	**(938)**	**(1)**	**(939)**
Deductions	**1,239**	**–**	**1,239**
As at 31 December 2023	**(2,091)**	**(3)**	**(2,094)**
Impairment			
As at 1 January 2023	**–**	**–**	**–**
As at 31 December 2023	**–**	**–**	**–**
Net book value			
As at 1 January 2023	**1,809**	**1**	**1,810**
As at 31 December 2023	**1,479**	**1**	**1,480**

	Buildings	Others	Total
		RMB million	
Cost			
As at 1 January 2022	5,370	2	5,372
Additions	639	1	640
Deductions	(1,808)	–	(1,808)
31 December 2022	4,201	3	4,204
Accumulated depreciation			
As at 1 January 2022	(2,853)	(1)	(2,854)
Charge for the year	(1,138)	(1)	(1,139)
Deductions	1,599	–	1,599
As at 31 December 2022	(2,392)	(2)	(2,394)
Impairment			
As at 1 January 2022	–	–	–
As at 31 December 2022	–	–	–
Net book value			
As at 1 January 2022	2,517	1	2,518
As at 31 December 2022	1,809	1	1,810

The Group had neither significant profit from subleasing right-of-use assets nor profit or loss from sale and leaseback transactions for the year ended 31 December 2023 (2022: same).

The Group's right-of-use assets include the above assets and land use rights disclosed in Note 13.

8 LEASES (continued)

(b) The amounts recognised in profit or loss in relation to leases are as follows:

	As at 31 December 2023	As at 31 December 2022
	RMB million	RMB million
Interest on lease liabilities	**54**	74
Depreciation charge of right-of-use assets	**939**	1,139
Expense relating to short-term leases	**319**	324
Expense relating to leases of low-value assets (except for short-term lease liabilities)	**1**	–
Total	**1,313**	1,537

9 INVESTMENT PROPERTIES

	Buildings
	RMB million
Cost	
As at 1 January 2023	**15,226**
Additions	**1**
Deductions	**(5)**
As at 31 December 2023	**15,222**
Accumulated depreciation	
As at 1 January 2023	**(2,033)**
Additions	**(437)**
Deductions	**1**
As at 31 December 2023	**(2,469)**
Net book value	
As at 1 January 2023	**13,193**
As at 31 December 2023	**12,753**
Fair value	
As at 1 January 2023	**16,854**
As at 31 December 2023	**16,677**

9 INVESTMENT PROPERTIES (continued)

	Buildings
	RMB million
Cost	
As at 1 January 2022	14,971
Additions	266
Deductions	(11)
31 December 2022	15,226
Accumulated depreciation	
As at 1 January 2022	(1,597)
Additions	(437)
Deductions	1
As at 31 December 2022	(2,033)
Net book value	
As at 1 January 2022	13,374
As at 31 December 2022	13,193
Fair value	
As at 1 January 2022	16,626
As at 31 December 2022	16,854

The Company leases part of its investment properties to its subsidiaries and charges rentals based on the areas occupied by the respective entities. These properties are categorised as property, plant and equipment of the Group in the consolidated statement of financial position.

The Group has no restrictions on the use of its investment properties and no contractual obligations to each investment property purchased, constructed or developed or for repairs, maintenance and enhancements.

As at 31 December 2023, the Group had no investment properties for which the title certificates were in process to obtain (as at 31 December 2022: nil).

The fair value of investment properties of the Group as at 31 December 2023 amounted to RMB16,677 million (as at 31 December 2022: RMB16,854 million), which was estimated by the Group having regards to valuations performed by independent appraisers. The investment properties were classified as Level 3 in the fair value hierarchy.

The Group uses the weighted average of market comparison approach and income approach as its valuation method to estimate the fair value of its investment properties. Under the market comparison approach, the estimated fair value of a property is based on the average sale price of comparable properties recently sold; the income approach is to convert projected future incomes of investment properties into value by rate of return, rate of capitalization or income multiplier. According to the calculation results of the above two valuation approaches, with consideration of the comprehensive adjustment coefficient, which is composed of a number of adjusting factors, including the time and the conditions of sale, the geographical location, age, decoration, floor area, lot size of the property and other factors.

Under the market comparison approach and income approach, an increase (decrease) in the comprehensive adjustment coefficient will result in an increase (decrease) in the fair value of investment properties.

10 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

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

	Accounting method	Investment cost	As at 31 December 2022	As at 1 January 2023	Movements in the current year: Change of the cost	Share of profit or loss	Dividends declared	Other equity movements	Provision for impairment	**As at 31 December 2023**	Percentage of equity interest	Accumulated amount of impairment
			(Restated, Note 2.1.1.b)			RMB million						RMB million
Associates												
China Guangfa Bank Co., Ltd. ("CGB") (i)	Equity method	53,201	98,085	98,085	–	6,061	(742)	1,241	–	**104,645**	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")	Equity method	1,339	1,737	1,737	–	83	(26)	1	–	**1,795**	35.00%	–
China Pipe Group Sichuan to East China Gas Pipeline Co., Ltd. ("Pipeline Company")	Equity method	10,000	21,569	21,569	(10,000)	1,332	(789)	(8)	–	**12,104**	43.86%	–
China United Network Communications Limited ("China Unicom") (iii)	Equity method	21,801	22,602	22,602	–	774	(390)	66	–	**23,052**	10.03%	–
Others (iv)	Equity method	59,055	61,973	61,970	720	1,438	(1,545)	100	–	**62,683**		(505)
Sub-total		156,641	208,160	208,157	(9,280)	7,494	(3,492)	1,400	–	**204,279**		(6,367)
Joint ventures												
Joy City Commercial Property Fund L. P. ("Joy City")	Equity method	6,281	5,283	5,283	–	293	(162)	–	–	**5,414**	66.67%	–
Mapleleaf Century Limited ("MCL")	Equity method	7,656	3,553	3,553	–	(298)	–	(230)	–	**3,025**	75.00%	–
Others (iv)	Equity method	50,121	45,492	45,492	1,028	590	(1,200)	132	–	**46,042**		–
Sub-total		64,058	54,328	54,328	1,028	585	(1,362)	(98)	–	**54,481**		–
Total		220,699	262,488	262,485	(8,252)	8,079	(4,854)	1,302	–	**258,760**		(6,367)

(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.

10 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

(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:

Name	Place of incorporation	Percentage of equity interest held
Associates		
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%**
Joint ventures		
Joy City	**The British Cayman Islands**	**66.67%**
MCL	**The British Virgin Islands**	**75.00%**

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

Name	Place of incorporation	Percentage of equity interest held
Associates		
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%
Joint ventures		
Joy City	The British Cayman Islands	66.67%
MCL	The British Virgin Islands	75.00%

10 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

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 Futures	Pipeline Company	China Unicom	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%
Gross carrying value of the investments	104,645	5,862	1,795	12,104	23,052	5,414	3,025
Impairment provision	–	(5,862)	–	–	–	–	–
Net carrying value 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)

10 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

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 Futures	Pipeline Company	China Unicom	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%
Gross carrying value of the investments	98,085	8,056	1,737	21,569	22,602	5,283	3,553
Impairment	–	(5,862)	–	–	–	–	–
Net carrying value 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). The capital contribution commitment amount has been included in the capital commitments in Note 38.

11 FINANCIAL ASSETS

11.1 Term deposits

	As at 31 December 2023	As at 31 December 2022
	RMB million	RMB million
Maturing:		
Within one year	174,513	183,832
After one year but within five years	238,951	301,735
Sub-total	413,464	485,567
Impairment provision	(209)	–
Total	413,255	485,567

As at 31 December 2023, the Group's term deposits of RMB1,506 million were deposited in banks for risk reserves of enterprise annuity fund investments and risk reserves of personal endowment security management business, which are restricted to use (as at 31 December 2022, the Group's term deposits of RMB2,175 million were deposited in banks for risk reserves of enterprise annuity fund investments, risk reserves of personal endowment security management business and backing overseas borrowings, which are restricted to use).

11.2 Statutory deposits – restricted

	As at 31 December 2023	As at 31 December 2022
	RMB million	RMB million
contractual maturity schedule:		
Within one year	517	3,933
After one year but within five years	6,010	2,400
Sub-total	6,527	6,333
Impairment provision	(7)	–
Total	6,520	6,333

Insurance companies in China are required to deposit an amount that equals 20% of their registered capital with banks in compliance with regulations of the NFRA. These funds may not be used for any purpose other than for paying off debts during liquidation proceedings.

11 FINANCIAL ASSETS (continued)

11.3 Investment in debt instruments at amortised cost

	As at 31 December 2023
	RMB million
Trust schemes	123,996
Debt investment plans	53,255
Others (i)	34,448
Sub-total	211,699
Impairment provision	(350)
Total	211,349
By place of listing:	
Listed in Mainland, PRC	637
Listed in Hong Kong, PRC	132
Listed overseas	57
Unlisted (ii)	210,523
Total	211,349

(i) Other Investment in debt instruments at amortised cost mainly include large-denomination certificates of deposits.

(ii) Unlisted debt investments mainly include non-publicly traded trust schemes and debt investment plans.

	As at 31 December 2023			
	Level 1	Level 2	Level 3	Total
Fair value hierarchy	RMB million	RMB million	RMB million	RMB million
Trust schemes	–	–	128,994	128,994
Debt investment plans	–	–	55,494	55,494
Others	178	2,437	32,276	34,891
Total	178	2,437	216,764	219,379

	As at 31 December 2023
Contractual maturity schedule	RMB million
Maturing:	
Within one year	44,921
After one year but within five years	92,002
After five years but within ten years	67,097
Over ten years	7,329
Total	211,349

11 FINANCIAL ASSETS (continued)

11.4 Investment in debt instruments at fair value through other comprehensive income

	As at 31 December 2023
	RMB million
Government bonds	494,830
Government agency bonds	1,717,598
Corporate bonds	408,921
Subordinated bonds	22,752
Others (i)	100,068
Total	2,744,169
By place of listing:	
Listed in Mainland, PRC	395,189
Listed in Hong Kong, PRC	58
Listed overseas	179
Unlisted (ii)	2,348,743
Total	2,744,169
Contractual maturity schedule	
Maturing:	
Within one year	172,999
After one year but within five years	398,475
After five years but within ten years	207,198
Over ten years	1,965,497
Total	2,744,169
Impairment provision	(1,432)

(i) Other investment in debt instruments at fair value through other comprehensive income mainly include trust schemes and debt investment plans.

(ii) Unlisted debt investments include those traded on the Chinese interbank market and those not publicly traded.

11 FINANCIAL ASSETS (continued)

11.5 Investment in equity instruments at fair value through other comprehensive income

	As at 31 December 2023
	RMB million
Common stocks	14,787
Preferred stocks	50,445
Others (i)	72,773
Total	138,005
By place of listing:	
Listed in Mainland, PRC	56,962
Listed in Hong Kong, PRC	8,891
Unlisted (ii)	72,152
Total	138,005

(i) Other investment in equity instruments at fair value through other comprehensive income mainly include perpetual bonds.

(ii) Unlisted equity investments include those not traded on stock exchanges, which are mainly perpetual bonds.

In 2023, the Group disposed of investment in equity instruments at fair value through other comprehensive income amounted to RMB2,713 million, and the net cumulative gains of RMB96 million on disposal was transferred from other comprehensive income to retained earnings.

The dividends income of investment in equity instruments at fair value through other comprehensive income recognised during the year are described in Note 22.

11 FINANCIAL ASSETS (continued)

11.6 Financial assets at fair value through profit or loss

	As at 31 December 2023
	RMB million
Debt investments	
Government bonds	3,622
Government agency bonds	6,813
Corporate bonds	187,138
Subordinated bonds	315,435
Others (i)	230,771
Sub-total	743,779
Equity investments	
Funds	206,963
Common stocks	415,413
Others (ii)	339,220
Sub-total	961,596
Total	1,705,375
Debt investments	
Listed in Mainland, PRC	50,058
Unlisted (iii)	693,721
Sub-total	743,779
Equity investments	
Listed in Mainland, PRC	422,464
Listed in Hong Kong, PRC	41,877
Listed overseas	10,230
Unlisted (iii)	487,025
Sub-total	961,596
Total	1,705,375

(i) Other debt investments under financial assets at fair value through profit or loss mainly include trust schemes and debt investment plans.

(ii) Other equity investments under financial assets at fair value through profit or loss mainly include perpetual bond, private equity funds and unlisted equities.

(iii) Unlisted debt investments include those traded on the Chinese interbank market and those not publicly traded. Unlisted equity investments refer to investments that are not traded on stock exchanges, mainly perpetual bonds, private equity funds and open-ended funds with public market price quotations.

11 FINANCIAL ASSETS (continued)

11.7 Held-to-maturity securities

	As at 31 December 2022
	RMB million
Debt securities	
Government bonds	378,105
Government agency bonds	1,004,162
Corporate bonds	178,203
Subordinated bonds	13,734
Total	1,574,204
Debt securities	
Listed in Mainland, PRC	231,704
Listed in Hong Kong, PRC	144
Listed overseas	62
Unlisted (i)	1,342,294
Total	1,574,204

(i) Unlisted debt securities refer to debt securities traded in Chinese interbank market.

As at 31 December 2022 there was no provision for impairment of held-to-maturity securities held by the Group.

	As at 31 December 2022		
	Level 1	Level 2	Total
Debt securities – fair value hierarchy	RMB million	RMB million	RMB million
Government bonds	240,597	177,217	417,814
Government agency bonds	104,751	976,103	1,080,854
Corporate bonds	719	185,426	186,145
Subordinated bonds	–	15,993	15,993
Total	346,067	1,354,739	1,700,806

	As at 31 December 2022
Debt securities – contractual maturity schedule	RMB million
Maturing:	
Within one year	33,961
After one year but within five years	160,527
After five years but within ten years	83,894
Over ten years	1,295,822
Total	1,574,204

11 FINANCIAL ASSETS (continued)

11.8 Loans

	As at 31 December 2022
	RMB million (Restated (i))
Loans	344,426
Impairment	(2,343)
Net value	342,083

	As at 31 December 2022
	RMB million (Restated (i))
Maturing:	
Within one year	52,989
After one year but within five years	180,686
After five years but within ten years	97,081
Over ten years	13,670
Total	344,426
Impairment	(2,343)
Net value	342,083

(i) Under IFRS 17 Insurance Contracts, policy loans are no longer accounted for as a separate financial asset and should be accounted for as fulfilment cash flow of the relevant policies.

11 FINANCIAL ASSETS (continued)

11.9 Available-for-sale securities

	As at 31 December 2022
	RMB million
Available-for-sale securities, at fair value	
Debt securities	
Government bonds	47,188
Government agency bonds	313,270
Corporate bonds	188,563
Subordinated bonds	156,024
Others (i)	174,398
Sub-total	879,443
Equity securities	
Funds	131,897
Common stocks	414,148
Preferred stocks	50,522
Others (i)	244,964
Sub-total	841,531
Available-for-sale securities, at cost	
Equity securities	
Others (i)	17,134
Total	1,738,108

11 FINANCIAL ASSETS (continued)

11.9 Available-for-sale securities (continued)

	As at 31 December 2022
	RMB million
Debt securities	
Listed in Mainland, PRC	85,450
Listed in Hong Kong, PRC	38
Listed overseas	94
Unlisted (ii)	793,861
Sub-total	879,443
Equity securities	
Listed in Mainland, PRC	420,287
Listed in Hong Kong, PRC	59,495
Listed overseas	59
Unlisted (ii)	378,824
Sub-total	858,665
Total	1,738,108

(i) Other available-for-sale securities mainly include unlisted equity investments, private equity funds, trust schemes and perpetual bonds.

(ii) Unlisted debt securities are those traded on the Chinese interbank market and those not publicly traded. Unlisted equity securities include those not traded on stock exchanges, which are mainly open-ended funds with public market price quotations, wealth management products and private equity funds.

	As at 31 December 2022
Debt securities – contractual maturity schedule	RMB million
Maturing:	
Within one year	118,373
After one year but within five years	206,086
After five years but within ten years	239,004
Over ten years	315,980
Total	879,443

11 FINANCIAL ASSETS (continued)

11.10 Securities at fair value through profit or loss

	As at 31 December 2022
	RMB million
Debt securities	
Government bonds	1,805
Government agency bonds	9,622
Corporate bonds	152,347
Others (i)	27,755
Sub-total	191,529
Equity securities	
Funds	13,444
Common stocks	18,552
Others	265
Subtotal	32,261
Total	223,790
Debt securities	
Listed in Mainland, PRC	36,455
Listed in Hong Kong, PRC	21
Listed overseas	293
Unlisted (ii)	154,760
Sub-total	191,529
Equity securities	
Listed in Mainland, PRC	16,901
Listed in Hong Kong, PRC	637
Listed overseas	4,233
Unlisted (ii)	10,490
Sub-total	32,261
Total	223,790

(i) Other debt securities at fair value through profit or loss mainly include inter-bank certificates of deposits.

(ii) Unlisted debt securities are those traded on the Chinese interbank market and those not publicly traded. Unlisted equity securities are those not traded on stock exchanges, which are mainly open-ended funds with public market price quotations.

11 FINANCIAL ASSETS (continued)

11.11 Financial assets purchased under agreements to resell

	As at 31 December 2023	As at 31 December 2022
	RMB million	RMB million
Maturing:		
Within 30 days	**19,682**	38,215
Above 30 days	**77**	318
Total	**19,759**	38,533

12 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The table below presents the carrying amount and estimated fair value of major financial assets and liabilities:

	Carrying amount		Estimated fair value (i)	
	As at 31 December 2023	As at 31 December 2022	As at 31 December 2023	As at 31 December 2022
	RMB million	RMB million	RMB million	RMB million
Term deposits	**413,255**	485,567	**413,255**	485,567
Statutory deposits – restricted	**6,520**	6,333	**6,520**	6,333
Investment in debt instruments at amortised cost (ii)	**211,349**	N/A	**219,379**	N/A
Investment in debt instruments at fair value through other comprehensive income	**2,744,169**	N/A	**2,744,169**	N/A
Investment in equity instruments at fair value through other comprehensive income	**138,005**	N/A	**138,005**	N/A
Financial assets at fair value through profit or loss	**1,705,375**	N/A	**1,705,375**	N/A
Held-to-maturity securities (ii)	**N/A**	1,574,204	**N/A**	1,700,806
Loans (ii)	**N/A**	342,083	**N/A**	351,285
Available-for-sale securities, at fair value	**N/A**	1,720,974	**N/A**	1,720,974
Securities at fair value through profit or loss	**N/A**	223,790	**N/A**	223,790
Financial assets purchased under agreements to resell	**19,759**	38,533	**19,759**	38,533
Cash and cash equivalents	**149,305**	127,594	**149,305**	127,594
Financial liabilities at fair value through profit or loss	**(13,878)**	(3,344)	**(13,878)**	(3,344)
Financial assets sold under agreements to repurchase	**(216,851)**	(148,958)	**(216,851)**	(148,958)
Bonds payable	**(36,166)**	(34,997)	**(36,278)**	(35,387)
Interest-bearing loans and other borrowings	**(12,857)**	(12,774)	**(12,857)**	(12,774)

(i) The estimates and judgements to determine the fair value of financial assets are described in Note 4.2.

(ii) The fair values of investment in debt instruments at amortised cost, held-to-maturity securities and loans are determined by reference with the debt securities which are measured by fair value. Please refer to Note 5.4.

12 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (continued)

The fair values of the underlying items of the Group's Insurance contracts with direct participation features are as follows:

	As at 31 December 2023	As at 31 December 2022
	RMB million	RMB million
Cash and cash equivalents	47,693	34,993
Term deposits	131,206	197,000
Investment in debt instruments at amortised cost	12,163	N/A
Investment in debt instruments at fair value through other comprehensive income	1,077,916	N/A
Investment in equity instruments at fair value through other comprehensive income	61,599	N/A
Financial assets at fair value through profit or loss	589,031	N/A
Held-to-maturity securities	N/A	564,510
Loans	N/A	178,972
Available-for-sale securities, at fair value	N/A	715,824
Securities at fair value through profit or loss	N/A	59,482
Other miscellaneous items	167,942	186,876
Total	**2,087,550**	1,937,657

13 OTHER ASSETS

	As at 31 December 2023	As at 31 December 2022
	RMB million	RMB million (Restated, Note 2.1.1.b)
Land use rights (i)	7,861	8,092
Investments receivable and prepaid	7,765	1,029
Disbursements	4,662	3,299
Due from related parties	1,005	963
Prepayments to constructors	95	77
Tax prepaid	–	171
Others (ii)	15,930	8,373
Total	**37,318**	22,004

(i) The Group's right-of-use assets include the above land use rights and right-of-use assets disclosed in Note 8.

(ii) As at 31 December 2023, other items in the Group's other assets were mainly subsidiary real estate related assets.

During the year ended 31 December 2023, the Group recognised an expected credit loss of RMB65 million on other receivables (2022: an assets impairment loss of RMB36 million), and at 31 December 2023, the provision for impairment of other receivables is RMB720 million (As at 31 December 2022: RMB639 million).

14 INSURANCE CONTRACTS

14.1 Significant actuarial assumptions

(1) Estimates of future cash flows

All of the future cash flows within the boundary of each group of contracts are included in the measurement of each group of insurance contracts.

The Group estimates cash flows which are expected in the future and the timing and probability that they will occur based on the information available at the reporting date. In making these expectations, the Group uses information about past events, current conditions and forecasts of future conditions. The Group's estimate of future cash flows is the probability-weighted mean of a range of scenarios that reflect the full range of possible outcomes.

The Group adjusts the estimates of future cash flows to reflect the time value of money.

Assumptions used to develop estimates about future cash flows are reassessed by the Group at the reporting date and adjusted where required.

Significant actuarial assumptions used are discussed below:

Discount rates

Based on the information available at the reporting date, the Group applies the bottom-up approach in determining the discount rate for future cash flows of the insurance contracts by adjusting tax premium and liquidity premium based on the risk-free yield curve. The assumed spot discount rates are as follows:

	Discount rate assumptions
As at 31 December 2023	2.57% ~ 4.80%
As at 31 December 2022	2.59% ~ 4.80%

14 INSURANCE CONTRACTS (continued)

14.1 Significant actuarial assumptions (continued)

(1) Estimates of future cash flows (continued)

Mortality/Morbidity

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

The Group bases its mortality assumptions on the China Life Insurance Mortality Table (2010-2013), adjusted where appropriate to reflect the Group's recent historical mortality experience. The main source of uncertainty with insurance contracts is that epidemics and wide-ranging lifestyle changes could result in deterioration in future mortality experience. Similarly, continuing advancements in medical care and social conditions may push forward improvements in longevity.

The Group bases its morbidity assumptions for critical illness products on analysis of historical experience and expectations of future developments. There are two main sources of uncertainty. Firstly, wide-ranging lifestyle changes could result in future deterioration in morbidity experience. Secondly, future development of medical technologies and improved coverage of medical facilities available to policyholders may bring forward the timing of diagnosing critical illness, which demands earlier payment of the critical illness benefits.

Expense assumptions

Expense assumptions are based on the information available at the reporting date with the consideration of previous expense studies and future trends. Expense assumptions are affected by certain factors such as future inflation and market competition which bring uncertainty to these assumptions.

Lapse rates

The lapse rates are affected by certain factors, such as future macro-economy, availability of financial substitutions, and market competition, which bring uncertainty to these assumptions. The lapse rates are determined with reference to creditable past experience, current conditions, future expectations and other information.

Policy dividend assumption

The policy dividend assumption is uncertainty and is affected by factors such as the expected investment returns, the Group's dividend policy, and the reasonable expectations of policyholders. The Group is obliged to pay 70% or a higher percentage as agreed in the insurance policy of the cumulative distributable income to the participating insurance policyholders.

(2) Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is calculated at the Group level and then allocated down to each group of contracts in accordance with their risk profiles. The Group determines non-financial risk adjustments based on the confidence interval method and at a 75% confidence level.

14 INSURANCE CONTRACTS (continued)

14.2 Insurance contract liabilities

(1) Reconciliation of the liabilities for remaining coverage and the liabilities for incurred claims for insurance contracts issued

Contracts not measured using the premium allocation approach

	Liabilities for remaining coverage			
	Excluding loss component	Loss component	Liabilities for incurred claims	Total
	RMB million			
Insurance contract liabilities as at 1 January 2023	**4,176,033**	**20,169**	**34,873**	**4,231,075**
Contracts measured using the modified retrospective approach at transition	(122,628)	–	–	(122,628)
Contracts measured using the fair value approach at transition	(20,943)	–	–	(20,943)
Other contracts	(16,727)	–	–	(16,727)
Total insurance revenue	(160,298)	–	–	(160,298)
Incurred claims and other expenses	–	(2,309)	46,371	44,062
Amortisation of insurance acquisition cash flows	42,118	–	–	42,118
Losses and reversals of losses on onerous contracts	–	12,595	–	12,595
Changes to liabilities for incurred claims	–	–	247	247
Total insurance service expenses	42,118	10,286	46,618	99,022
Insurance service result	(118,180)	10,286	46,618	(61,276)
Financial changes in insurance contracts	256,720	449	–	257,169
Total amounts recognised in comprehensive income	138,540	10,735	46,618	195,893
Investment components	(209,261)	–	209,261	–
Premiums received	704,912	–	–	704,912
Insurance acquisition cash flows paid	(51,110)	–	–	(51,110)
Claims and other expenses paid	–	–	(255,365)	(255,365)
Total cash flows	653,802	–	(255,365)	398,437
Insurance contract liabilities as at 31 December 2023	**4,759,114**	**30,904**	**35,387**	**4,825,405**

14 INSURANCE CONTRACTS (continued)

14.2 Insurance contract liabilities (continued)

(1) Reconciliation of the liabilities for remaining coverage and the liabilities for incurred claims for insurance contracts issued (continued)

Contracts not measured using the premium allocation approach (continued)

	Liabilities for remaining coverage			
	Excluding loss component	Loss component	Liabilities for incurred claims	Total
	RMB million			
Insurance contract liabilities as at 1 January 2022	3,729,604	10,249	33,480	3,773,333
Contracts measured using the modified retrospective approach at transition	(107,477)	–	–	(107,477)
Contracts measured using the fair value approach at transition	(17,179)	–	–	(17,179)
Other contracts	(2,515)	–	–	(2,515)
Total insurance revenue	(127,171)	–	–	(127,171)
Incurred claims and other expenses	–	(1,125)	42,532	41,407
Amortisation of insurance acquisition cash flows	26,979	–	–	26,979
Losses and reversals of losses on onerous contracts	–	10,646	–	10,646
Changes to liabilities for incurred claims	–	–	509	509
Total insurance service expenses	26,979	9,521	43,041	79,541
Insurance service result	(100,192)	9,521	43,041	(47,630)
Financial changes in insurance contracts	139,633	399	–	140,032
Total amounts recognised in comprehensive income	39,441	9,920	43,041	92,402
Investment components	(171,236)	–	171,236	–
Premiums received	622,108	–	–	622,108
Insurance acquisition cash flows paid	(43,884)	–	–	(43,884)
Claims and other expenses paid	–	–	(212,884)	(212,884)
Total cash flows	578,224	–	(212,884)	365,340
Insurance contract liabilities as at 31 December 2022	4,176,033	20,169	34,873	4,231,075

14 INSURANCE CONTRACTS (continued)

14.2 Insurance contract liabilities (continued)

(1) Reconciliation of the liabilities for remaining coverage and the liabilities for incurred claims for insurance contracts issued (continued)

Contracts measured using the premium allocation approach

	liabilities for remaining coverage		liabilities for incurred claims		
	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment for non-financial risk	Total
	RMB million				
Insurance contract liabilities as at 1 January 2023	3,411	1,778	29,959	724	35,872
Contracts measured using the modified retrospective approach at transition	(108)	–	–	–	(108)
Other contracts	(52,039)	–	–	–	(52,039)
Total insurance revenue	(52,147)	–	–	–	(52,147)
Incurred claims and other expenses	–	(1,669)	39,196	518	38,045
Amortisation of insurance acquisition cash flows	16,531	–	–	–	16,531
Losses and reversals of losses on onerous contracts	–	689	–	–	689
Changes to liabilities for incurred claims	–	–	(3,250)	(684)	(3,934)
Total insurance service expenses	16,531	(980)	35,946	(166)	51,331
Insurance service result	(35,616)	(980)	35,946	(166)	(816)
Financial changes in insurance contracts	1,297	–	674	20	1,991
Total amounts recognised in comprehensive income	(34,319)	(980)	36,620	(146)	1,175
Investment components	(25,665)	–	25,665	–	–
Premiums received	79,681	–	–	–	79,681
Insurance acquisition cash flows paid	(16,857)	–	–	–	(16,857)
Claims and other expenses paid	–	–	(66,101)	–	(66,101)
Total cash flows	62,824	–	(66,101)	–	(3,277)
Insurance contract liabilities as at 31 December 2023	6,251	798	26,143	578	33,770

14 INSURANCE CONTRACTS (continued)

14.2 Insurance contract liabilities (continued)

(1) Reconciliation of the liabilities for remaining coverage and the liabilities for incurred claims for insurance contracts issued (continued)

Contracts measured using the premium allocation approach (continued)

	liabilities for remaining coverage		liabilities for incurred claims		
	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment for non-financial risk	Total
			RMB million		
Insurance contract liabilities as at 1 January 2022	3,766	699	31,225	693	36,383
Contracts measured using the modified retrospective approach at transition	(18,160)	–	–	–	(18,160)
Other contracts	(37,247)	–	–	–	(37,247)
Total insurance revenue	(55,407)	–	–	–	(55,407)
Incurred claims and other expenses	–	(691)	37,718	648	37,675
Amortisation of insurance acquisition cash flows	17,045	–	–	–	17,045
Losses and reversals of losses on onerous contracts	–	1,770	–	–	1,770
Changes to liabilities for incurred claims	–	–	(3,783)	(634)	(4,417)
Total insurance service expenses	17,045	1,079	33,935	14	52,073
Insurance service result	(38,362)	1,079	33,935	14	(3,334)
Financial changes in insurance contracts	1,385	–	642	17	2,044
Total amounts recognised in comprehensive income	(36,977)	1,079	34,577	31	(1,290)
Investment components	(22,770)	–	22,770	–	–
Premiums received	76,305	–	–	–	76,305
Insurance acquisition cash flows paid	(16,913)	–	–	–	(16,913)
Claims and other expenses paid	–	–	(58,613)	–	(58,613)
Total cash flows	59,392	–	(58,613)	–	779
Insurance contract liabilities as at 31 December 2022	3,411	1,778	29,959	724	35,872

14 INSURANCE CONTRACTS (continued)

14.2 Insurance contract liabilities (continued)

(2) Reconciliation of fulfilment cash flows and contractual service margin for insurance contracts issued

Contracts not measured using the premium allocation approach

	Present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total
	RMB million			
Insurance contract liabilities as at 1 January 2023	**3,413,416**	**34,186**	**783,473**	**4,231,075**
Contractual service margin recognised for the service provided	–	–	(65,689)	(65,689)
Change in the risk adjustment for non-financial risk	–	(1,771)	–	(1,771)
Current experience adjustment	(6,658)	–	–	(6,658)
Changes relating to current service	(6,658)	(1,771)	(65,689)	(74,118)
Impact of insurance contracts initially recognised in the period	(51,821)	1,249	51,093	521
Changes in estimates with adjustment to contractual service margin	22,655	29	(22,684)	–
Changes in estimates without adjustment to contractual service margin	11,413	661	–	12,074
Changes relating to future service	(17,753)	1,939	28,409	12,595
Changes to liabilities for incurred claims	242	5	–	247
Changes relating to past service	242	5	–	247
Insurance service result	(24,169)	173	(37,280)	(61,276)
Financial changes in insurance contracts	231,656	2,569	22,944	257,169
Total amounts recognised in comprehensive income	207,487	2,742	(14,336)	195,893
Premiums received	704,912	–	–	704,912
Insurance acquisition cash flows paid	(51,110)	–	–	(51,110)
Claims and other expenses paid	(255,365)	–	–	(255,365)
Total cash flows	398,437	–	–	398,437
Insurance contract liabilities as at 31 December 2023	**4,019,340**	**36,928**	**769,137**	**4,825,405**

14 INSURANCE CONTRACTS (continued)

14.2 Insurance contract liabilities (continued)

(2) Reconciliation of fulfilment cash flows and contractual service margin for insurance contracts issued (continued)

Contracts not measured using the premium allocation approach (continued)

	Present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total
	RMB million			
Insurance contract liabilities as at 1 January 2022	2,930,016	37,884	805,433	3,773,333
Contractual service margin recognised for the service provided	–	–	(43,273)	(43,273)
Change in the risk adjustment for non-financial risk	–	(2,017)	–	(2,017)
Current experience adjustment	(13,495)	–	–	(13,495)
Changes relating to current service	(13,495)	(2,017)	(43,273)	(58,785)
Impact of insurance contracts initially recognised in the period	(48,984)	1,790	47,966	772
Changes in estimates with adjustment to contractual service margin	53,731	(4,906)	(48,825)	–
Changes in estimates without adjustment to contractual service margin	9,937	(63)	–	9,874
Changes relating to future service	14,684	(3,179)	(859)	10,646
Changes to liabilities for incurred claims	506	3	–	509
Changes relating to past service	506	3	–	509
Insurance service result	1,695	(5,193)	(44,132)	(47,630)
Financial changes in insurance contracts	116,365	1,495	22,172	140,032
Total amounts recognised in comprehensive income	118,060	(3,698)	(21,960)	92,402
Premiums received	622,108	–	–	622,108
Insurance acquisition cash flows paid	(43,884)	–	–	(43,884)
Claims and other expenses paid	(212,884)	–	–	(212,884)
Total cash flows	365,340	–	–	365,340
Insurance contract liabilities as at 31 December 2022	3,413,416	34,186	783,473	4,231,075

14 INSURANCE CONTRACTS (continued)

14.2 Insurance contract liabilities (continued)

(3) Impact of the initial recognition of the insurance contracts issued in the current period

Contracts not measured using the premium allocation approach

	2023			2022		
	Non-onerous contracts	Onerous contracts	Total	Non-onerous contracts	Onerous contracts	Total
	RMB million			RMB million		
Estimates of the present value of future cash inflows	(773,096)	(14,355)	(787,451)	(715,190)	(22,061)	(737,251)
Insurance acquisition cash flows	53,205	1,649	54,854	44,060	2,610	46,670
Others	667,559	13,217	680,776	621,391	20,206	641,597
Estimates of the present value of future cash outflows	720,764	14,866	735,630	665,451	22,816	688,267
Risk adjustment for non-financial risk	1,239	10	1,249	1,773	17	1,790
Contractual service margin	51,093	–	51,093	47,966	–	47,966
Total	–	521	521	–	772	772

(4) Expected amortisation of contractual service margin

The expected amortisation of contractual service margin provided in the table below represents the amount by which the carrying value of the Group's contractual service margin at 31 December 2023 is expected to be apportioned to future years on the basis of the unit of coverage, which does not include contractual service margin for future new business, accrued interest, etc., and therefore there may be differences with the amortisation of contractual service margin in future years.

	As at 31 December 2023
	RMB million
Number of years until expected to be amortised	
1 year or less (including 1 year)	64,321
1 – 3 years (including 3 years)	119,844
3 – 5 years (including 5 years)	105,156
5 – 10 years (including 10 years)	194,653
More than 10 years	285,163
Total	769,137

14 INSURANCE CONTRACTS (continued)

14.2 Insurance contract liabilities (continued)

(5) Reconciliation of contractual service margin for insurance contracts not measured using the premium allocation approach

	Insurance contracts measured using the modified retrospective approach at the transition date	Insurance contracts measured using the fair value approach at the transition date	Other contracts	Total
	RMB million			
As at 1 January 2023	**612,200**	**133,890**	**37,383**	**783,473**
Changes relating to current service	**(50,470)**	**(12,088)**	**(3,131)**	**(65,689)**
Impact of insurance contracts initially recognised in the period	**–**	**–**	**51,093**	**51,093**
Changes in estimates with adjustment to contractual service margin	**(21,347)**	**11,175**	**(12,512)**	**(22,684)**
Changes relating to future service	**(21,347)**	**11,175**	**38,581**	**28,409**
Financial changes in insurance contracts	**17,111**	**3,932**	**1,901**	**22,944**
As at 31 December 2023	**557,494**	**136,909**	**74,734**	**769,137**

	Insurance contracts measured using the modified retrospective approach at the transition date	Insurance contracts measured using the fair value approach at the transition date	Other contracts	Total
	RMB million			
As at 1 January 2022	666,255	139,178	–	805,433
Changes relating to current service	(35,167)	(7,643)	(463)	(43,273)
Impact of insurance contracts initially recognised in the period	–	–	47,966	47,966
Changes in estimates with adjustment to contractual service margin	(36,736)	(1,216)	(10,873)	(48,825)
Changes relating to future service	(36,736)	(1,216)	37,093	(859)
Financial changes in insurance contracts	17,848	3,571	753	22,172
As at 31 December 2022	612,200	133,890	37,383	783,473

14 INSURANCE CONTRACTS (continued)

14.3 Reinsurance contract assets/(liabilities)

(1) Reconciliation of remaining coverage and incurred claims for reinsurance contracts held

Contracts not measured using the premium allocation approach

	Assets for remaining coverage recovered from reinsurers			
	Excluding loss- recovery component	Loss- recovery component	Assets for incurred claims recovered from reinsurers	Total
	RMB million			
Reinsurance contract assets as at 1 January 2023	12,842	1,990	6,837	21,669
Reinsurance contract liabilities as at 1 January 2023	(157)	–	22	(135)
Net assets/(liabilities) of reinsurance contract as at 1 January 2023	12,685	1,990	6,859	21,534
Allocation of reinsurance premiums paid	(4,141)	–	–	(4,141)
Recovery of incurred claims and other expenses	–	(196)	3,745	3,549
Recognition and reversals of loss-recovery component	–	389	–	389
Changes to assets for incurred claims recovered from reinsurers	–	–	696	696
Amounts recovered from reinsurers	–	193	4,441	4,634
Gains or losses on reinsurance contracts	(4,141)	193	4,441	493
Financial changes in reinsurance contracts held	1,337	107	–	1,444
Total amounts recognised in comprehensive income	(2,804)	300	4,441	1,937
Investment components	(1,674)	–	1,674	–
Reinsurance premiums paid	6,694	–	–	6,694
Incurred claims and other expenses recovered from reinsurers	–	–	(5,868)	(5,868)
Total cash flows	6,694	–	(5,868)	826
Net assets/(liabilities) of reinsurance contract as at 31 December 2023	14,901	2,290	7,106	24,297
Reinsurance contract assets as at 31 December 2023	15,043	2,290	7,087	24,420
Reinsurance contract liabilities as at 31 December 2023	(142)	–	19	(123)

14 INSURANCE CONTRACTS (continued)

14.3 Reinsurance contract assets/(liabilities) (continued)

(1) Reconciliation of remaining coverage and incurred claims for reinsurance contracts held (continued)

Contracts not measured using the premium allocation approach (continued)

	Assets for remaining coverage recovered from reinsurers			
	Excluding loss- recovery component	Loss- recovery component	Assets for incurred claims recovered from reinsurers	Total
	RMB million			
Reinsurance contract assets as at 1 January 2022	13,314	1,767	2,977	18,058
Reinsurance contract liabilities as at 1 January 2022	(132)	–	8	(124)
Net assets/(liabilities) of reinsurance contract as at 1 January 2022	13,182	1,767	2,985	17,934
Allocation of reinsurance premiums paid	(3,423)	–	–	(3,423)
Recovery of incurred claims and other expenses	–	(116)	4,269	4,153
Recognition and reversals of loss-recovery component	–	268	–	268
Changes to assets for incurred claims recovered from reinsurers	–	–	834	834
Amounts recovered from reinsurers	–	152	5,103	5,255
Gains or losses on reinsurance contracts	(3,423)	152	5,103	1,832
Financial changes in reinsurance contracts held	1,146	71	–	1,217
Total amounts recognised in comprehensive income	(2,277)	223	5,103	3,049
Investment components	(1,604)	–	1,604	–
Reinsurance premiums paid	3,384	–	–	3,384
Incurred claims and other expenses recovered from reinsurers	–	–	(2,833)	(2,833)
Total cash flows	3,384	–	(2,833)	551
Net assets/(liabilities) of reinsurance contract as at 31 December 2022	12,685	1,990	6,859	21,534
Reinsurance contract assets as at 31 December 2022	12,842	1,990	6,837	21,669
Reinsurance contract liabilities as at 31 December 2022	(157)	–	22	(135)

14 INSURANCE CONTRACTS (continued)

14.3 Reinsurance contract assets/(liabilities) (continued)

(1) Reconciliation of remaining coverage and incurred claims for reinsurance contracts held (continued)

Contracts measured using the premium allocation approach

	Assets for remaining coverage recovered from reinsurers		Assets for incurred claims recovered from reinsurers		
	Excluding loss-recovery component	Loss-recovery component	Present value of future cash flows	Risk adjustment for non-financial risk	Total
	RMB million				
Reinsurance contract assets as at 1 January 2023	(399)	57	2,757	12	2,427
Reinsurance contract liabilities as at 1 January 2023	(55)	1	29	–	(25)
Net assets/(liabilities) of reinsurance contract as at 1 January 2023	(454)	58	2,786	12	2,402
Allocation of reinsurance premiums paid	(585)	–	–	–	(585)
Recovery of incurred claims and other expenses	–	(59)	634	9	584
Recognition and reversals of loss-recovery component	–	30	–	–	30
Changes to assets for incurred claims recovered from reinsurers	–	–	(799)	(11)	(810)
Amounts recovered from reinsurers	–	(29)	(165)	(2)	(196)
Gains or losses on reinsurance contracts	(585)	(29)	(165)	(2)	(781)
Financial changes in reinsurance contracts held	40	–	37	–	77
Total amounts recognised in comprehensive income	(545)	(29)	(128)	(2)	(704)
Investment components	(1,283)	–	1,283	–	–
Reinsurance premiums paid	1,714	–	–	–	1,714
Incurred claims and other expenses recovered from reinsurers	–	–	(2,051)	–	(2,051)
Total cash flows	1,714	–	(2,051)	–	(337)
Net assets/(liabilities) of reinsurance contract as at 31 December 2023	(568)	29	1,890	10	1,361
Reinsurance contract assets as at 31 December 2023	(402)	28	1,790	10	1,426
Reinsurance contract liabilities as at 31 December 2023	(166)	1	100	–	(65)

14 INSURANCE CONTRACTS (continued)

14.3 Reinsurance contract assets/(liabilities) (continued)

(1) Reconciliation of remaining coverage and incurred claims for reinsurance contracts held (continued)

Contracts measured using the premium allocation approach (continued)

	Assets for remaining coverage recovered from reinsurers		Assets for incurred claims recovered from reinsurers		
	Excluding loss-recovery component	Loss-recovery component	Present value of future cash flows	Risk adjustment for non-financial risk	Total
	RMB million				
Reinsurance contract assets as at 1 January 2022	229	20	1,013	7	1,269
Reinsurance contract liabilities as at 1 January 2022	(111)	3	78	–	(30)
Net assets/(liabilities) of reinsurance contract as at 1 January 2022	118	23	1,091	7	1,239
Allocation of reinsurance premiums paid	(696)	–	–	–	(696)
Recovery of incurred claims and other expenses	–	(24)	858	11	845
Recognition and reversals of loss-recovery component	–	59	–	–	59
Changes to assets for incurred claims recovered from reinsurers	–	–	121	(6)	115
Amounts recovered from reinsurers	–	35	979	5	1,019
Gains or losses on reinsurance contracts	(696)	35	979	5	323
Financial changes in reinsurance contracts held	61	–	32	–	93
Total amounts recognised in comprehensive income	(635)	35	1,011	5	416
Investment components	(2,043)	–	2,043	–	–
Reinsurance premiums paid	2,106	–	–	–	2,106
Incurred claims and other expenses recovered from reinsurers	–	–	(1,359)	–	(1,359)
Total cash flows	2,106	–	(1,359)	–	747
Net assets/(liabilities) of reinsurance contract as at 31 December 2022	(454)	58	2,786	12	2,402
Reinsurance contract assets as at 31 December 2022	(399)	57	2,757	12	2,427
Reinsurance contract liabilities as at 31 December 2022	(55)	1	29	–	(25)

14 INSURANCE CONTRACTS (continued)

14.3 Reinsurance contract assets/(liabilities) (continued)

(2) Reconciliation of fulfilment cash flows and contractual service margin for reinsurance contracts held

Contracts not measured using the premium allocation approach

	Present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total
	RMB million			
Reinsurance contract assets as at 1 January 2023	**27,998**	**7,870**	**(14,199)**	**21,669**
Reinsurance contract liabilities as at 1 January 2023	**(64)**	**60**	**(131)**	**(135)**
Net assets/(liabilities) of reinsurance contract as at 1 January 2023	**27,934**	**7,930**	**(14,330)**	**21,534**
Contractual service margin recognised for the service provided	–	–	857	857
Change in the risk adjustment for non-financial risk	–	(352)	–	(352)
Current experience adjustment	(1,097)	–	–	(1,097)
Changes relating to current service	(1,097)	(352)	857	(592)
Impact of reinsurance contracts held initially recognised in the period	(9)	36	(27)	–
Changes in estimates with adjustment to contractual service margin	(3,095)	(302)	3,397	–
Changes in estimates without adjustment to contractual service margin	364	25	–	389
Changes relating to future service	(2,740)	(241)	3,370	389
Changes to assets for incurred claims recovered from reinsurers	696	–	–	696
Changes relating to past service	696	–	–	696
Gains or losses on reinsurance contracts held	(3,141)	(593)	4,227	493
Financial changes in reinsurance contracts held	1,500	557	(613)	1,444
Total amounts recognised in comprehensive income	(1,641)	(36)	3,614	1,937
Reinsurance premiums paid	6,694	–	–	6,694
Incurred claims and other expenses recovered from reinsurers	(5,868)	–	–	(5,868)
Total cash flows	826	–	–	826
Net assets/(liabilities) of reinsurance contract as at 31 December 2023	**27,119**	**7,894**	**(10,716)**	**24,297**
Reinsurance contract assets as at 31 December 2023	**27,197**	**7,859**	**(10,636)**	**24,420**
Reinsurance contract liabilities as at 31 December 2023	**(78)**	**35**	**(80)**	**(123)**

14 INSURANCE CONTRACTS (continued)

14.3 Reinsurance contract assets/(liabilities) (continued)

(2) Reconciliation of fulfilment cash flows and contractual service margin for reinsurance contracts held (continued)

Contracts not measured using the premium allocation approach (continued)

	Present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total
	RMB million			
Reinsurance contract assets as at 1 January 2022	34,976	8,653	(25,571)	18,058
Reinsurance contract liabilities as at 1 January 2022	(159)	57	(22)	(124)
Net assets/(liabilities) of reinsurance contract as at 1 January 2022	34,817	8,710	(25,593)	17,934
Contractual service margin recognised for the service provided	–	–	819	819
Change in the risk adjustment for non-financial risk	–	(344)	–	(344)
Current experience adjustment	257	–	–	257
Changes relating to current service	257	(344)	819	732
Impact of reinsurance contracts held initially recognised in the period	106	62	(168)	–
Changes in estimates with adjustment to contractual service margin	(10,729)	(887)	11,616	–
Changes in estimates without adjustment to contractual service margin	256	10	–	266
Changes relating to future service	(10,367)	(815)	11,448	266
Changes to assets for incurred claims recovered from reinsurers	834	–	–	834
Changes relating to past service	834	–	–	834
Gains or losses on reinsurance contracts held	(9,276)	(1,159)	12,267	1,832
Financial changes in reinsurance contracts held	1,842	379	(1,004)	1,217
Total amounts recognised in comprehensive income	(7,434)	(780)	11,263	3,049
Reinsurance premiums paid	3,384	–	–	3,384
Incurred claims and other expenses recovered from reinsurers	(2,833)	–	–	(2,833)
Total cash flows	551	–	–	551
Net assets/(liabilities) of reinsurance contract as at 31 December 2022	27,934	7,930	(14,330)	21,534
Reinsurance contract assets as at 31 December 2022	27,998	7,870	(14,199)	21,669
Reinsurance contract liabilities as at 31 December 2022	(64)	60	(131)	(135)

14 INSURANCE CONTRACTS (continued)

14.3 Reinsurance contract assets/(liabilities) (continued)

(3) Impact of the initial recognition of the reinsurance contracts in the current period

Contracts not measured using the premium allocation approach

	For the year ended 31 December					
	2023			2022		
	Reinsurance contracts with a net gain	**Reinsurance contracts with a net cost**	**Total**	Reinsurance contracts with a net gain	Reinsurance contracts with a net cost	Total
	RMB million			RMB million		
Estimates of the present value of future cash inflows	**560**	**191**	**751**	1,142	4	1,146
Estimates of the present value of future cash outflows	**(551)**	**(209)**	**(760)**	(1,034)	(6)	(1,040)
Risk adjustment for non-financial risk	**27**	**9**	**36**	62	–	62
Contractual service margin	**(36)**	**9**	**(27)**	(170)	2	(168)
Total	**–**	**–**	**–**	–	–	–

(4) Expected amortisation of contractual service margin

The expected amortisation of contractual service margin provided in the table below represents the amount by which the carrying value of the Group's contractual service margin at 31 December 2023 is expected to be apportioned to future years on the basis of the unit of coverage, which does not include contractual service margin of reinsurance contracts held for future new business, accrued interest, etc., and therefore there may be differences with amortisation of contractual service margin in future years.

	As at 31 December 2023
	RMB million
Number of years until expected to be amortised	
1 year or less (including 1 year)	**797**
1 – 3 years (including 3 years)	**1,587**
3 – 5 years (including 5 years)	**1,308**
5 – 10 years (including 10 years)	**2,395**
More than 10 years	**4,629**
Total	**10,716**

14 INSURANCE CONTRACTS (continued)

14.3 Reinsurance contract assets/(liabilities) (continued)

(5) Reconciliation of contractual service margin for reinsurance contracts held not measured using the premium allocation approach

	Reinsurance contracts held measured using the modified retrospective approach at the transition date	Other contracts	Total
		RMB million	
As at 1 January 2023	**(13,806)**	**(524)**	**(14,330)**
Changes relating to current service	**857**	**–**	**857**
Impact of reinsurance contracts initially recognised in the period	**–**	**(27)**	**(27)**
Changes in estimates with adjustment to contractual service margin	**2,962**	**435**	**3,397**
Changes relating to future service	**2,962**	**408**	**3,370**
Financial changes in reinsurance contracts held	**(598)**	**(15)**	**(613)**
As at 31 December 2023	**(10,585)**	**(131)**	**(10,716)**

	Reinsurance contracts held measured using the modified retrospective approach at the transition date	Other contracts	Total
		RMB million	
As at 1 January 2022	(25,593)	–	(25,593)
Changes relating to current service	814	5	819
Impact of reinsurance contracts initially recognised in the period	–	(168)	(168)
Changes in estimates with adjustment to contractual service margin	11,973	(357)	11,616
Changes relating to future service	11,973	(525)	11,448
Financial changes in reinsurance contracts held	(1,000)	(4)	(1,004)
As at 31 December 2022	(13,806)	(524)	(14,330)

15 INTEREST-BEARING LOANS AND OTHER BORROWINGS

	Maturity date	Interest rate	As at 31 December 2023	As at 31 December 2022
			RMB million	RMB million
Guaranteed loans	8 March 2024	EURIBOR+2.8%	773	742
Guaranteed loans	8 March 2024	EURIBOR+2.8%	2,605	2,450
Credit loans	25 June 2024	3.08%	2,495	2,307
Credit loans	27 September 2024	6M SOFR+1.15%	6,984	6,756
Mortgages loans	15 June 2034	LPR (i)	–	436
Mortgages loans	15 June 2034	LPR+0.53% (i)	–	51
Mortgages loans	15 June 2034	LPR+0.63% (i)	–	32
Total			12,857	12,774

(i) The adjustment date is 1 January of each year.

16 BONDS PAYABLE

As at 31 December 2023, all bonds payable were the bonds for capital replenishment (the "Bond") with a total carrying amount of RMB36,166 million (as at 31 December 2022: RMB34,997 million), and the fair value of RMB36,278 million (as at 31 December 2022: RMB35,387 million). The fair value of the Bond was classified as level 2 in the fair value hierarchy. The following table presents the par value of the bonds payable:

Issue date	Maturity date	Interest rate p. a.	As at 31 December 2023	As at 31 December 2022
			RMB million	RMB million
22 March 2019	22 March 2029	4.28%	35,000	35,000
Total			35,000	35,000

The fair value of bonds payable is based on the valuation results of China Central Depository & Clearing Co., Ltd.

On 20 March 2019, the Company issued a bond in the national inter-bank bond market at a principal amount of RMB35 billion, and completed the issuance on 22 March 2019. The bond has a 10-year maturity and a fixed coupon rate of 4.28% per annum. The Company has a conditional right to redeem the bonds at the end of the fifth year. If the Company does not redeem the bonds at the end of the fifth year, the coupon rate per annum for the remaining 5 years will be raised to 5.28%.

On 18 February 2024, the Company issued the "Notice of Exercise of Redemption Option of China Life Insurance Company Limited 2019 Bonds for Capital Replenishment (Bond Pass-Through) " and on 22 March 2024, the Company redeemed the capital supplementary Bond in full.

Bonds payable are measured at amortised cost as described in Note 2.4.2.

17 OTHER LIABILITIES

	As at 31 December 2023	As at 31 December 2022
	RMB million	RMB million (Restated, Note 2.1.1.b)
Payable to the third-party holders of consolidated structured entities	84,295	73,845
Salary and welfare payable	8,404	11,735
Brokerage and commission payable	4,780	4,664
Payable to constructors	2,189	2,606
Interest payable of debt instruments	1,451	1,241
Agency deposits	1,107	1,298
Tax payable	834	704
Stock appreciation rights (Note 31)	181	340
Others	23,509	21,318
Total	126,750	117,751

18 FINANCIAL ASSETS SOLD UNDER AGREEMENTS TO REPURCHASE

	As at 31 December 2023	As at 31 December 2022
	RMB million	RMB million
Interbank markets	150,028	101,641
Stock exchange markets	66,823	47,317
Total	216,851	148,958
Maturing:		
Within 30 days	216,579	148,958
More than 30 days within 90 days	272	–
Total	216,851	148,958

As at 31 December 2023, bonds with a carrying amount of RMB182,528 million (as at 31 December 2022: RMB110,104 million) were pledged as collateral for financial assets sold under agreements to repurchase resulting from repurchase transactions entered into by the Group in the interbank markets.

For debt repurchase transactions through the stock exchange, the Group is required to deposit certain exchange-traded bonds into a collateral pool with fair value converted at a standard rate pursuant to the stock exchange's regulation which should be no less than the balance of the related repurchase transaction. As at 31 December 2023, the carrying amount of securities deposited in the collateral pool was RMB310,320 million (as at 31 December 2022: RMB269,925 million). The collateral is restricted from trading during the period of the repurchase transaction.

19 STATUTORY INSURANCE FUND

As required by the former CIRC Order [2008] No. 2, "Measures for Administration of Statutory Insurance Fund", all insurance companies have to pay the statutory insurance fund contribution from 1 January 2009 to 31 December 2022.

Since January 1,2023, the Group has paid the Insurance Protection Fund in accordance with the "Measures for the Administration of the Insurance Security Fund" (Issued by Order no.7 [2022] Former CBIRC, the Ministry of Finance of the People's Republic of China and the People's Bank of China) and the "Notice of the General Office of the China Banking and Insurance Regulatory Commission on Matters related to the Payment of Insurance Protection Fund" (No. 2 [2023] of the General Office of the China Banking and Insurance Regulatory Commission).

The fund contribution is equal to the product of the business income and the fund rate, which is composed of the base rate and the risk differential rate, and is equal to the sum of the base rate and the risk differential rate.

(1) Benchmark Interest Rate

- Short-term health insurance and accident insurance shall be paid at 0.8% of business income;

- Life insurance, long-term health insurance and annuity insurance shall be paid at 0.3% of business income; Among them, investment-linked insurance shall be paid at 0.05% of business income;

(2) Risk differential rate

The risk differential rate is based on the results of the comprehensive solvency risk rating. When the rating is A (including AAA, AA and A), B (including BBB, BB and B), C and D, the applicable rate is -0.02%,0%,0.02% and 0.04%, respectively.

When the life insurance protection fund reaches 1% of the total assets of the industry, payment will be suspended. The total assets of the industry shall be subject to the data determined by the State Financial Supervision and Regulation.

20 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
Sub-total	**160,298**	127,171
Contracts measured using the premium allocation approach	**52,147**	55,407
Total	**212,445**	182,578

21 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
Total	**122,994**

(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.

22 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	25,574
Sub-total	**54,691**
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	10,396
Sub-total	**(31,280)**
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	159
Sub-total	**(32,786)**
Total	**(9,375)**

22 INVESTMENT INCOME (continued)

	For the year ended 31 December 2022
	RMB million (Restated (i))
Debt securities	
– held-to-maturity securities	62,883
– available-for-sale securities	32,079
– at fair value through profit or loss	5,174
Equity securities	
– available-for-sale securities	28,934
– at fair value through profit or loss	770
Bank deposits	25,161
Loans	19,095
Financial assets purchased under agreements to resell	713
Total	174,809

(i) 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.

23 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
Sub-total	8,965
Equity securities	
Realised gains or losses (i)	23,573
Impairment (ii)	(19,831)
Sub-total	3,742
Total	12,707

(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, 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.

24 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	462
Total	(12,156)

25 INSURANCE SERVICE EXPENSES

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

26 NET INVESTMENT RETURNS AND FINANCIAL CHANGES IN INSURANCE CONTRACTS

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

26 NET INVESTMENT RETURNS AND FINANCIAL CHANGES IN INSURANCE CONTRACTS (continued)

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

27 EXPECTED CREDIT LOSSES

	For the year ended 31 December 2023
	RMB million
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**
Total	**(1,217)**

28 PROFIT BEFORE INCOME TAX

Profit before income tax is stated after charging the following:

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

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

29 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:

	For the year ended 31 December	
	2023	2022
	RMB million	RMB million (Restated, Note 2.1.1.b)
Current taxation – Enterprise income tax	**1,241**	2,190
Deferred taxation	**(4,212)**	(242)
Taxation charges	**(2,971)**	1,948

29 TAXATION (continued)

(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:

	For the year ended 31 December	
	2023	2022
	RMB million	RMB million (Restated, Note 2.1.1.b)
Profit before income tax	**44,576**	70,060
Income tax computed at the statutory tax rate	**11,144**	17,515
Adjustment on current income tax of previous period	**(10)**	(246)
Non-taxable income (i)	**(18,522)**	(15,932)
Expenses not deductible for tax purposes (i)	**171**	311
Deductible losses for which no deferred tax asset was recognised	**4,034**	33
Others	**212**	267
Income tax at the effective tax rate	**(2,971)**	1,948

(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 are as follows:

	As at 31 December 2023	As at 31 December 2022
	RMB million	RMB million (Restated, Note 2.1.1.b)
Deferred tax assets	**86,971**	48,703
Deferred tax liabilities	**(62,540)**	(2,849)
Net deferred tax assets	**24,431**	46,126
Net deferred tax liabilities	**–**	(272)

29 TAXATION (continued)

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

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 (Restated, Note 2.1.1.b)	Impact of initial application of IFRS 9 (Note 2.1.1.a)	As at 1 January 2023	Recognised in profit or loss in the current year	Recognised in other comprehensive income in the current year	**As at 31 December 2023**
	RMB million					
Provision for asset impairment	6,993	(5,058)	1,935	(324)	298	**1,909**
Accrued payroll	2,714	–	2,714	(851)	–	**1,863**
Insurance contract liabilities	26,545	–	26,545	(9,457)	32,583	**49,671**
Deductible losses	7,185	–	7,185	5,170	–	**12,355**
Changes in fair value of the financial assets at fair value through profit or loss	–	10,356	10,356	9,147	–	**19,503**
Changes in fair value of the financial assets at fair value through other comprehensive income	–	(37,052)	(37,052)	–	(25,488)	**(62,540)**
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)	**1,670**
Net value	45,854	(33,024)	12,830	4,212	7,389	**24,431**

	As at 31 December 2021	Impact of initial application of IFRS 17 (Note 2.1.1.b)	As at 1 January 2022 (Restated, Note 2.1.1.b)	Recognised in profit or loss in the current year	Recognised in other comprehensive income in the current year	As at 31 December 2022 (Restated, Note 2.1.1.b)
	RMB million					
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	(7,360)	30,541	23,181	242	22,431	45,854

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).

29 TAXATION (continued)

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

	As at 31 December 2023	As at 31 December 2022
	RMB million	RMB million (Restated, Note 2.1.1.b)
Deferred tax assets:		
– deferred tax assets to be recovered after 12 months	80,587	39,773
– deferred tax assets to be recovered within 12 months	6,384	8,930
Sub-total	86,971	48,703
Deferred tax liabilities:		
– deferred tax liabilities to be settled after 12 months	(60,691)	(1,396)
– deferred tax liabilities to be settled within 12 months	(1,849)	(1,453)
Sub-total	(62,540)	(2,849)
Net deferred tax assets/(liabilities)	24,431	45,854

30 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).

31 STOCK APPRECIATION RIGHTS

The Board of Directors of the Company approved, on 5 January 2006, an award of stock appreciation rights of 4.05 million units and on 21 August 2006, another award of stock appreciation rights of 53.22 million units to eligible employees. The exercise prices of the two awards were HKD5.33 and HKD6.83, respectively, the average closing price of shares in the five trading days prior to 1 July 2005 and 1 January 2006, the dates for vesting and exercise price setting purposes of this award. Upon the exercise of stock appreciation rights, exercising recipients will receive payments in RMB, subject to any withholding tax, equal to the number of stock appreciation rights exercised times the difference between the exercise price and market price of the H shares at the time of exercise.

Stock appreciation rights have been awarded in units, with each unit representing the value of one H share. No shares of common stock will be issued under the stock appreciation rights plan. According to the Company's plan, all stock appreciation rights will have an exercise period of five years from the date of award and will not be exercisable before the fourth anniversary of the date of award unless specific market or other conditions have been met. On 26 February 2010, the Board of Directors of the Company approved the Proposal on Extension of the Effective Period of Stock Appreciation Rights to extend the exercise period of all stock appreciation rights, which is also subject to government policy.

As at 31 December 2023, there were 55.01 million units outstanding and exercisable (as at 31 December 2022: same). As at 31 December 2023, the amount of intrinsic value for the vested stock appreciation rights was RMB168 million (as at 31 December 2022: RMB327 million).

31 STOCK APPRECIATION RIGHTS (continued)

The fair value of the stock appreciation rights is estimated at each reporting date using lattice-based option valuation models based on expected volatility from 32% to 54%, an expected dividend yield of no higher than 5.34% and a risk-free interest rate ranging from 2.43% to 4.69%.

The Company recognised a gain of RMB159 million in the net fair value through profit or loss in the consolidated comprehensive income representing the fair value change of the rights during the year ended 31 December 2023 (2022: The Company recognised a loss of RMB49 million in the net fair value through profit or loss in the consolidated comprehensive income representing the fair value change of the rights). RMB168 million and RMB13 million were included in salary and staff welfare payable included under other liabilities for the units not exercised and exercised but not paid as at 31 December 2023 (as at 31 December 2022: RMB327 million and RMB13 million), respectively. There was no unrecognised compensation cost for the stock appreciation rights as at 31 December 2023 (as at 31 December 2022: same).

32 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.

33 SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Related parties with control relationship

Information of the parent company is as follows:

Name	Location of registration	Principal business	Relationship with the Company	Nature of ownership	Legal representative
CLIC	Beijing, China	Insurance services including receipt of premiums and payment of benefits in respect of the in-force life, health, accident and other types of personal insurance business, and the reinsurance business; holding or investing in domestic and overseas insurance companies or other financial insurance institutions; fund management business permitted by national laws and regulations or approved by the State Council of the People's Republic of China; and other businesses approved by insurance regulatory agencies.	Immediate and ultimate holding company	State-owned	Bai Tao

33 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

(b) Subsidiaries

(i) The table below presents the basic information of the Company's subsidiaries as at 31 December 2023:

Name	Place of incorporation and operation	Percentage of equity interest held	Registered capital	Principal activities
China Life Asset Management Company Limited ("AMC") (i)	PRC	60.00% directly	RMB4,000 million	Asset management
China Life Pension Company Limited ("Pension Company") (i)	PRC	74.27% directly and indirectly	RMB3,400 million	Pension and annuity
China Life Franklin Asset Management Company Limited ("AMC HK")	Hong Kong, PRC	50.00% indirectly	Not applicable	Asset management
China Life (Suzhou) Pension and Retirement Investment Company Limited ("Suzhou Pension Company") (i)	PRC	100.00% directly and indirectly	RMB3,236 million	Investment in retirement properties
China Life AMP Asset Management Co., Ltd. ("CL AMP") (i)	PRC	85.03% indirectly	RMB1,288 million	Fund management
China Life Wealth Management Company Limited ("CL Wealth") (i)	PRC	100.00% indirectly	RMB200 million	Asset management
Golden Phoenix Tree Limited	Hong Kong, PRC	100.00% directly	Not applicable	Investment
King Phoenix Tree Limited	The British Jersey Island	100.00% indirectly	Not applicable	Investment
Shanghai Rui Chong Investment Co., Limited ("Rui Chong Company") (i)	PRC	100.00% directly	RMB6,100 million	Investment
New Aldgate Limited	Hong Kong, PRC	100.00% directly	Not applicable	Investment
Glorious Fortune Forever Limited	Hong Kong, PRC	100.00% directly	Not applicable	Investment
CL Hotel Investor, L. P.	USA	100.00% directly	Not applicable	Investment
Golden Bamboo Limited	The British Virgin Islands	100.00% directly	Not applicable	Investment
Sunny Bamboo Limited	The British Virgin Islands	100.00% directly	Not applicable	Investment
Fortune Bamboo Limited	The British Virgin Islands	100.00% directly	Not applicable	Investment

33 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

(b) Subsidiaries (continued)

(i) The table below presents the basic information of the Company's subsidiaries as at 31 December 2023 (continued):

Name	Place of incorporation and operation	Percentage of equity interest held	Registered capital	Principal activities
China Century Core Fund Limited	The British Cayman Islands	100.00% indirectly	Not applicable	Investment
China Life (Beijing) Health Management Co., Limited ("CL Health") (i)	PRC	100.00% directly	RMB1,530 million	Health management
China Life Franklin (Shenzhen) Private Equity Investment Fund Management Co., Limited ("Franklin Shenzhen Company") (i)	PRC	100.00% indirectly	RMB100 million	Investment
Ningbo Meishan Bonded Port Area Guo Yang Guo Sheng Investment Partnership ("Guo Yang Guo Sheng") (ii)	PRC	89.997% directly	Not applicable	Investment
New Capital Wisdom Limited	The British Virgin Islands	100.00% indirectly	Not applicable	Investment
New Fortune Wisdom Limited	The British Virgin Islands	100.00% indirectly	Not applicable	Investment
Wisdom Forever Limited Partnership	The British Cayman Islands	100.00% indirectly	Not applicable	Investment
Ningbo Meishan Bonded Port Area Bai Ning Investment Partnership (Limited Partnership) ("Bai Ning") (ii)	PRC	99.98% directly	Not applicable	Investment
Shanghai Yuan Shu Yuan Pin Investment Management Partnership (Limited Partnership) ("Yuan Shu Yuan Pin") (ii)	PRC	99.98% directly	Not applicable	Investment
Shanghai Yuan Shu Yuan Jiu Investment Management Partnership (Limited Partnership) ("Yuan Shu Yuan Jiu") (ii)	PRC	99.98% directly	Not applicable	Investment

33 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

(b) Subsidiaries (continued)

(i) The table below presents the basic information of the Company's subsidiaries as at 31 December 2023 (continued):

Name	Place of incorporation and operation	Percentage of equity interest held	Registered capital	Principal activities
Dalian Hope Building Company Ltd. ("Hope Building") (i)	PRC	100.00% indirectly	RMB484 million	Investment
Shanghai Wansheng Industry Partnership (Limited Partnership) ("Shanghai Wansheng") (ii)	PRC	99.98% directly	Not applicable	Investment
Wuhu Yuanxiang Tianfu Investment Management Partnership (Limited Partnership) ("Yuanxiang Tianfu") (ii)	PRC	99.98% directly	Not applicable	Investment
Wuhu Yuanxiang Tianyi Investment Management Partnership (Limited Partnership) ("Yuanxiang Tianyi") (ii)	PRC	99.98% directly	Not applicable	Investment
Xi'an Shengyi Jingsheng Real Estate Co., Ltd. ("Shengyi Jingsheng") (i)	PRC	100.00% indirectly	RMB831 million	Investment
CBRE Global Investors U. S. Investments I, LLC ("CG Investments")	USA	99.99% directly	Not applicable	Investment
China Life Guangde (Tianjin) Equity Investment Fund Partnership (Limited Partnership) ("CL Guang De") (ii)	PRC	99.95% directly	Not applicable	Investment
Beijing China Life Pension Industry Investment Fund (Limited Partnership) ("CL Pension Industry") (ii)	PRC	99.90% directly	Not applicable	Investment
China Life Qihang Phase I (Tianjin) Equity Investment Fund Partnership (Limited Partnership) ("CL Qihang Fund I") (ii)	PRC	99.99% directly	Not applicable	Investment
China Life Xing Wan (Tianjin) Enterprise Management Partnership (Limited Partnership) ("CL Xingwan") (ii)	PRC	99.98% indirectly	Not applicable	Investment
China Life Nianfeng Insurance Agency Co., Ltd. ("CL Nianfeng") (i)	PRC	90.81% directly	RMB544 million	Insurance agent
China Life (Hangzhou) Hotel Co., Ltd. ("CL Hangzhou")(i)	PRC	99.99% indirectly	RMB65 million	Hotel management
China Life Jiayuan (Xiamen) Health Management Company Limited ("CL Jiayuan")(i)	PRC	99.99% indirectly	RMB1,500 million	Health consultation
China Life (Tianjin) Pension & Retirement Investment Company Limited ("Tianjin Pension Company")(i)	PRC	99.99% indirectly	RMB1,551 million	Investment management
China Life (Qingdao) Health Management Co., Ltd. ("CL Qingdao") (i)	PRC	99.50% indirectly	RMB211 million	Health management
China Life Qinhuangdao Health and Elderly Care Service Co., Ltd. ("CL Qinhuangdao") (i)	PRC	100.00% indirectly	RMB33 million	Elderly care services
Zhuhai Xinwan Real Estate Co., Ltd. ("Zhuhai Xinwan") (i)	PRC	100.00% indirectly	RMB6,800 million	Real estate management

33 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

(b) Subsidiaries (continued)

(i) The table below presents the basic information of the Company's subsidiaries as at 31 December 2023 (continued):

Notes:

(i) The above subsidiaries are registered as limited companies in accordance of the Company Law of the People's Republic of China.

(ii) The above subsidiaries are registered as limited liability partnerships in accordance of the Law of the People's Republic of China on Partnerships.

Non-controlling interests in subsidiaries are not significant to the Company.

(ii) The table below presents the basic information of the Company's major consolidated structured entities as at 31 December 2023:

Name	Percentage of shares held	Trust/investments received	Principal activities
CL Asset-Yuanliu No.1 Insurance Asset Management Product	68.75% directly	RMB112,779 million	Investment management
CL Asset-Yuanliu No.2 Insurance Asset Management Product	75.88% directly	RMB23,648 million	Investment management
CL Asset-Yuanliu No.3 Insurance Asset Management Product	72.78% directly	RMB21,799 million	Investment management
China Life-Yunnan Guoqi Reform And Development Equity Investment Plan I	100.00% directly	RMB13,000 million	Investment management
China Life- Hufa No.1 Equity	99.15% directly	RMB11,798 million	Investment management
CL Investment-China Eastern Airlines Group Equity	100.00% directly	RMB11,000 million	Investment management
China Life-China Hua Neng Debt-to-Equity Swap	100.00% directly	RMB10,000 million	Investment management
Shan Guo Tou • Jing Tou Corporate Trust Loan Collective Funds Trust Scheme	98.40% directly	RMB10,000 million	Investment management
Jiao Yin Guo Xin • China Aluminium Co., Ltd. Supply-side Reform Collective Fund Trust Scheme	99.99% directly	RMB10,000 million	Investment management
Bai Rui Heng Yi No.817 Collective Fund Trust Scheme (Zhong Guo Guo Xin)	90.00% directly and indirectly	RMB10,000 million	Investment management
Guang Da • Hui Ying No. 8 Collective Fund	89.00% directly	RMB10,000 million	Investment management
Chongqing Trust Fund • Guo Rong No.4 Collective Fund	85.00% directly	RMB9,992 million	Investment management
Jiao Yin Guo Xin • Jing Tou Corporate Collective Funds	91.98% directly	RMB9,970 million	Investment management
Zhong Hang Trust Fund • Tian Qi [2020] No.372 China Eastern Airlines Equity Instrument Investment Collective Fund Trust Scheme	99.99% directly	RMB9,000 million	Investment management
Zhong Hang Trust Fund • Tian Qi 21A No.155 China Eastern Airlines Perpetual Bonds Investment Collective Fund Trust Scheme	99.38% directly	RMB8,000 million	Investment management
Kun Lun Trust • China Metallurgical No.1 Collective Fund	86.25% directly	RMB8,000 million	Investment management
Jiang Su Trust • Xin Bao Sheng No.144 (Jing Tou)	84.00% directly	RMB8,000 million	Investment management

33 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

(c) Other related parties

Significant related parties	Relationship with the Company
China Life Real Estate Co., Limited ("CLRE")	Under common control of CLIC
China Life Insurance (Overseas) Company Limited ("CL Overseas")	Under common control of CLIC
China Life Investment Management Company Limited (Formerly known as "China Life Investment Holding Company Limited")("CLI")	Under common control of CLIC
China Life Ecommerce Company Limited ("CL Ecommerce")	Under common control of CLIC
China Life Healthcare Investment company limited ("CLHI")	Under common control of CLIC
China Life Enterprise Annuity Fund ("EAP")	A pension fund jointly set up by the Company and others
China Life Property & Casualty Insurance Company Limited ("CLP&C")	An associate of the Company
CGB	An associate of the Company
Sino-Ocean Group	An associate of the Company

Associated enterprises and joint ventures of the basic and important information related to see note 10.

(d) Registered capital of related parties with control relationship and changes during the year

Name of related party	As at 31 December 2022	Increase	Decrease	**As at 31 December 2023**
	million	million	million	**million**
CLIC	RMB4,600	–	–	**RMB4,600**
AMC	RMB4,000	–	–	**RMB4,000**
Pension Company	RMB3,400	–	–	**RMB3,400**
Suzhou Pension Company	RMB2,181	RMB1,055	–	**RMB3,236**
CL AMP	RMB1,288	–	–	**RMB1,288**
CL Wealth	RMB200	–	–	**RMB200**
Rui Chong Company	RMB6,100	–	–	**RMB6,100**
CL Health	RMB1,530	–	–	**RMB1,530**
Franklin Shenzhen Company	RMB100	–	–	**RMB100**
Shengyi Jingsheng Company	RMB831	–	–	**RMB831**
Hope Building	RMB484	–	–	**RMB484**
CL Nianfeng	RMB544	–	–	**RMB544**
CL Hangzhou	RMB65	–	–	**RMB65**
CL Jiayuan	RMB1500	–	–	**RMB1,500**
Tianjin Pension Company	RMB700	RMB851	–	**RMB1,551**
CL Qingdao	–	RMB211	–	**RMB211**
CL Qinhuangdao	–	RMB33	–	**RMB33**
Zhuhai Xinwan	RMB6,800	–	–	**RMB6,800**

The table above does not include the partnerships and the subsidiaries which were not set up or invested in Mainland China that having control relationship with the Group. These partnerships and subsidiaries do not have related information about registered capital.

33 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

(e) Percentages of holding of related parties with control relationship and changes during the year

Shareholder	As at 31 December 2022				As at 31 December 2023	
	Amount	Percentage of holding	Increase	Decrease	Amount	Percentage of holding
	million		million	million	million	
CLIC	RMB19,324	68.37%	–	–	**RMB19,324**	**68.37%**

Subsidiaries	As at 31 December 2022				As at 31 December 2023	
	Amount	Percentage of holding	Increase	Decrease	Amount	Percentage of holding
	million		million	million	million	
AMC	RMB1,680	60.00% directly	–	–	**RMB1,680**	**60.00% directly**
Pension Company	RMB2,746	74.27% directly and indirectly	–	–	**RMB2,746**	**74.27% directly and indirectly**
China Life Franklin Asset Management Company Limited	HKD130	50.00% indirectly	–	–	**HKD130**	**50.00% indirectly**
Suzhou Pension Company	RMB2,181	100.00% directly	–	–	**RMB2,181**	**100.00% directly**
CL AMP	RMB1,095	85.03% indirectly	–	–	**RMB1,095**	**85.03% indirectly**
CL Wealth	RMB200	100.00% indirectly	–	–	**RMB200**	**100.00% indirectly**
Golden Phoenix Tree Limited	–	–	RMB264	–	**RMB264**	**100.00% directly**
King Phoenix Tree Limited	–	100.00% indirectly	–	–	**–**	**100.00% indirectly**
Rui Chong Company	RMB6,100	100.00% directly	–	–	**RMB6,100**	**100.00% directly**
New Aldgate Limited	RMB1,167	100.00% directly	–	–	**RMB1,167**	**100.00% directly**
Glorious Fortune Forever Limited	–	100.00% directly	–	–	**–**	**100.00% directly**
CL Hotel Investor, L. P.	RMB285	100.00% directly	–	–	**RMB285**	**100.00% directly**
Golden Bamboo Limited	RMB3,101	100.00% directly	–	–	**RMB3,101**	**100.00% directly**
Sunny Bamboo Limited	RMB2,359	100.00% directly	–	–	**RMB2,359**	**100.00% directly**
Fortune Bamboo Limited	RMB2,435	100.00% directly	–	–	**RMB2,435**	**100.00% directly**
China Century Core Fund Limited	USD1,125	100.00% indirectly	–	–	**USD1,125**	**100.00% indirectly**
CL Health	RMB1,530	100.00% directly	–	–	**RMB1,530**	**100.00% directly**
Franklin Shenzhen Company	RMB100	100.00% indirectly	–	–	**RMB100**	**100.00% indirectly**
Guo Yang Guo Sheng	RMB2,835	89.997% directly	–	–	**RMB2,835**	**89.997% directly**
New Capital Wisdom Limited	–	100.00% indirectly	–	–	**–**	**100.00% indirectly**
New Fortune Wisdom Limited	–	100.00% indirectly	–	–	**–**	**100.00% indirectly**

33 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

(e) Percentages of holding of related parties with control relationship and changes during the year (continued)

Subsidiaries (continued)	As at 31 December 2022				As at 31 December 2023	
	Amount	Percentage of holding	Increase	Decrease	Amount	Percentage of holding
	million		million	million	million	
Wisdom Forever Limited Partnership	USD452	100.00% indirectly	–	–	USD452	100.00% indirectly
Yuan Shu Yuan Jiu	RMB540	99.98% directly	–	RMB35	RMB505	99.98% directly
Yuan Shu Yuan Pin	RMB540	99.98% directly	–	RMB35	RMB505	99.98% directly
Shanghai Wansheng	RMB4,036	99.98% directly	RMB12	–	RMB4,048	99.98% directly
Bai Ning	RMB1,680	99.98% directly	–	–	RMB1,680	99.98% directly
Hope Building	RMB484	100.00% indirectly	–	–	RMB484	100.00% indirectly
Yuanxiang Tianfu	RMB502	99.98% directly	–	RMB23	RMB479	99.98% directly
Yuanxiang Tianyi	RMB502	99.98% directly	–	RMB23	RMB479	99.98% directly
Shengyi Jingsheng	RMB1,093	100.00% indirectly	–	–	RMB1,093	100.00% indirectly
CG Investments	RMB4,111	99.99% directly	–	–	RMB4,111	99.99% directly
CL Guang De	RMB1,316	99.95% directly	RMB120	–	RMB1,436	99.95% directly
CL Pension Industry	RMB2,392	99.90% directly	RMB1,595	–	RMB3,987	99.90% directly
CL Qihang Fund I	RMB6,915	99.99% directly	RMB57	–	RMB6,972	99.99% directly
CL Xingwan	RMB3,765	99.98% indirectly	–	–	RMB3,765	99.98% indirectly
CL Nianfeng	–	90.81% directly	–	–	–	90.81% directly
CL Hangzhou	RMB65	99.99% indirectly	–	–	RMB65	99.99% indirectly
CL Jiayuan	RMB300	99.99% indirectly	–	–	RMB300	99.99% indirectly
Tianjin Pension Company	RMB1,216	99.99% indirectly	–	–	RMB1,216	99.99% indirectly
CL Qingdao (i)	–	–	RMB210	–	RMB210	100.00% indirectly
CL Qinhuangdao (i)	–	–	–	–	–	100.00% indirectly
Zhuhai Xinwan (i)	RMB3,322	49.00% indirectly	RMB4,344	–	RMB7,666	100.00% indirectly

(i) In 2023, CL Qingdao, CL Qinhuangdao and Zhuhai Xinwan were newly included in the consolidation scope.

33 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

(f) Transactions with significant related parties

		For the year ended 31 December	
Transactions with CLIC and its subsidiaries		**2023**	2022
	Note	**RMB million**	RMB million
CLIC			
Distribution of dividends from the Company and AMC to CLIC		**9,806**	12,941
Policy management fee received from CLIC	(i)	**463**	463
Asset management fee received from CLIC	(ii.a)	**141**	150
CLP&C			
Agency fee received from CLP&C	(iii)	**1,706**	1,516
Rental and a service fee received from CLP&C		**99**	99
Dividends from CLP&C		**80**	75
Asset management fee received from CLIC	(ii.c)	**42**	43
CLI			
Payment of asset management fee to CLI	(ii.d)	**542**	637
CLHI			
Payment of operation management service fee to CLHI	(vi)	**74**	96
CL Overseas			
Asset management fee received from CLIC	(ii.b)	**102**	108

		For the year ended 31 December	
Transactions with associates and joint ventures		**2023**	2022
	Note	**RMB million**	RMB million
CGB			
Interest received on deposits		**2,453**	2,747
Dividends from CGB		**742**	774
Commission expenses charged by CGB	(iv)	**252**	218
Rental fee from CGB		**163**	173
Sino-Ocean			
Interest of corporate bonds received from Sino-Ocean		**37**	7
Transaction between other associates and joint ventures and the Group			
Dividends from other associates and joint ventures (Note 10)		**4,032**	4,463
Transaction between EAP and the Group			
Contribution to EAP		**1,051**	1,355

33 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

(f) Transactions with significant related parties (continued)

		For the year ended 31 December	
Transactions between other subsidiaries and the Company		**2023**	2022
	Note	**RMB million**	RMB million
Payment of an asset management fee			
Payment of an asset management fee to AMC	(ii.e)	**3,265**	2,872
Payment of an asset management fee to AMC HK	(ii.f)	**11**	18
Payment of an asset management fee to Pension Company		**5**	94
Dividends from subsidiaries			
Dividends from AMC		**483**	549
Dividends from Pension Company		**248**	241
Dividends from the other subsidiaries		**83**	475
Agency fee received			
Agency fee from Pension Company	(v)	**30**	57
Rental received			
Rental received from Pension Company		**75**	76
Capital increase in subsidiaries (Note 33(e))			
Capital contribution to Pension Industry Fund		**1,595**	1,888
Capital contribution to Golden Phoenix Tree Limited		**264**	–
Capital contribution to China Life Guangde		**120**	700
Capital contribution to China Life Qihang Fund I		**57**	850
Capital contribution to Shanghai Wansheng		**12**	12
Capital reduction of subsidiaries (Note 33(e))			
Capital contribution to Yuanshu Yuanjiu		**35**	31
Capital contribution to Yuanshu Yuanpin		**35**	31
Capital contribution to Yuanxiang Tianfu		**23**	46
Capital contribution to Yuanxiang Tianyi		**23**	46
Transaction between the consolidated structured entities and the Company			
Distribution of profits from the consolidated structured entities to the Company		**20,616**	15,686

33 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

(f) Transactions with significant related parties (continued)

Notes:

(i) On 31 December 2021, the Company and CLIC renewed an Insurance Agency Agreement, effective from 1 January 2022 to 31 December 2024. The Company performs its duties of insurance agents in accordance with the agreement, but does not acquire any rights and profits or assume any obligations, losses and risks as an insurer of the non-transferable policies. The policy management fee is payable annually, and is equal to the sum of (1) the number of policies in force as at the last day of the period, multiplied by RMB14.0 per policy and (2) 2.5% of the actual premiums and deposits received during the period, in respect of such policies. The policy management fee income is included in other income in the consolidated statement of comprehensive income.

(ii.a) In December 2022, CLIC renewed an Asset Management Agreement with AMC, entrusting AMC to manage and make investments for its insurance funds. The agreement is effective from 1 January 2023 to 31 December 2025. In accordance with the agreement, CLIC paid AMC a basic service fee for the management of insurance funds. The fixed investment management service fee applicable to various investment products (mainly bonds, deposits, stocks, funds, public real estate investment trusts, financial products, unlisted equity, equity investment funds, derivatives, liquidity management and domestic securities lending) was between 0.02% and 0.3%. The service fee was calculated on a monthly basis and payable on a quarterly basis, by multiplying the average book value of the assets under management (net of the funds and interests of positive repurchase transactions, and of book balances of products issued by AMC, for which management fee has been paid) at the beginning and the end of any given month by the rate, divided by 12. The rate applicable to assets issued by AMC, for which management fee has been paid, is subject to relevant legal documents on financial products, and no additional management fees shall be paid. At the end of each year, CLIC assessed the investment performance of the assets managed by AMC, compared the actual results against benchmark returns and made adjustment to the basic service fee.

(ii.b) In 2018, CL Overseas renewed an investment management agreement with AMC HK, effective from 1 January 2018 to 31 December 2022. In accordance with the agreement, CL Overseas entrusted AMC HK to manage and make investments for its insurance funds and paid AMC HK a basic investment management fee and an investment performance fee. The basic investment management fee was accrued by multiplying the weighted average total funds by the basic fee rate. The investment performance fee was calculated based on the difference between the total actual annual yields and predetermined net realised yield. The basic investment management fee was calculated and payable on a semi-annual basis. The investment performance fee was payable according to the total actual annual yield at the end of each year. Upon expiration, the agreement is automatically one-year renewal, if no objections were raised by either party upon expiry. The agreement remains effective until 31 December 2023, with no disputes from both parties in 2023.

(ii.c) On 10 February 2021, CLP&C renewed an Insurance Funds Entrusted Investment Management Agreement with AMC, entrusting AMC to manage and make investments for its insurance funds, effective from 1 January 2021 to 31 December 2023. In accordance with the agreement, CLP&C paid AMC a fixed service fee and a variable service fee. The fixed service fee was calculated on a monthly basis and payable on an annual basis, by multiplying the average net asset value of assets of each category under management at the beginning and the end of any given month by the responding annual investment management fee rate, divided by 12. The variable service fee was payable on an annual basis, and linked to investment performance.

(ii.d) On 30 June 2023, the Company and CLI renewed an Entrusted Investment Management and Operation Service Agreement of Alternative Investment of Insurance Funds, effective from 1 July 2023 to 31 December 2024. The agreement shall be automatically renewed for one year unless either party gives written notice to the other party not to renew it 90 business days prior to the expiration of this agreement. The company entrusts CLI with the investment and management of the company's entrusted assets and provides operational services for the equity/real estate funds that the company entrusts it to manage and operate. The Company paid CLI an asset management fee, product management fee, real estate operation management service fee, a performance related bonus and consignment operation fee based on the agreement. According to the agreement, the annual investment management service fee for the new project is 0.08% of the balance of funds paid in real time and not withdrawn, and the stock item is calculated according to the applicable agreement at the time of investment and the relevant rate of investment guidelines. The fee rate for product management does not exceed 0.6% per year. The fee for real estate operation and management services is 3% to 6% of the EBITDA of the related real estate project. Regarding performance bonuses, for existing non-fixed return projects,15% of the amount exceeding the threshold (8% IRR) will be extracted; For amounts exceeding 10% IRR, an additional 20% will be extracted. The entrusted operation fee is 0.02% of the actual contributed capital balance of the entrusted operation projects. In addition, the Company adjusts the investment management fees for fixed-income projects and non-fixed-income projects based on the annual evaluation results on CLI's performance. The adjustment (variable management fee) ranges from negative 2% to positive 2% of the investment management fee in the current period.

(ii.e) On 1 January 2023, the Company and AMC renewed an Insurance Funds Entrusted Investment Management Agreement, effective from 1 January 2023 to 31 December 2025. In accordance with the agreement, the Company entrusted AMC to manage and make investments for its insurance funds and paid AMC a fixed investment management service fee and a variable investment management service fee. The daily accrued fixed service fee was calculated and payable on a quarterly basis, by multiplying the net value of the total investment assets on the day by the variety-based annual investment management fee rate divided by 360; the variable investment management service fee was calculated by multiplying 7.5% of the current year's fixed investment management service fee with the payment ratio determined based on the Company's annual assessment of AMC and is payable on an annual basis. Asset management fees charged to the Company by AMC were eliminated in the consolidated statement of comprehensive income.

33 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

(f) Transactions with significant related parties (continued)

Notes (continued):

(ii.f) On 29 December 2021, the Company and AMC HK renewed an Insurance Funds Entrusted Investment Management Agreement, which is effective from 1 January 2022 to 31 December 2024. In accordance with the agreement, the Company entrusted AMC HK to manage and make investments for its insurance funds and paid AMC HK an asset management fee on a semi-annual basis. The management fee is determined by market-oriented pricing, and the maximum investment management fee paid annually is RMB30 million. Asset management fees charged to the Company by AMC HK are eliminated in the consolidated statement of comprehensive income.

(iii) On 31 January 2018, CLP&C and the Company signed a Framework Agreement for Mutual Insurance Sales Business Agency (the Company as the Agent), whereby CLP&C entrusted the Company to act as an agent to sell designated P&C insurance products in certain authorised jurisdictions. The agency fee was determined based on cost (tax included) plus a margin. The agreement was effective for three years, from 8 March 2018 to 7 March 2021. On 20 February 2021, CLP&C and the Company renewed the agreement, effective for two years, from 8 March 2021 to 7 March 2023. This agreement was automatically renewed for one year to 7 March 2024 upon the expiration of the term.

(iv) On 11 July 2023, the Company and CGB signed an insurance agency agreement to distribute insurance products. All individual insurance products suitable for distribution through bancassurance channels are included in the agreement. CGB provides agency services, including the sale of insurance products, collecting premiums and paying benefits. The Company paid the agency commission by multiplying the net amount of total premiums received from the sale of each category individual insurance products after deducting the surrender premiums in the hesitation period, by the responding fixed commission rate. The commission rates for various insurance products sold by CGB are agreed based on arm's length transactions. The commissions are payable on a monthly basis. The agreement was effective from the signing date to 31 December 2025.

On 27 December 2021, the Company and CGB renewed a Cooperation Agreement for Agency of Corporate Group Insurance Products. All corporate group insurance products suitable for distribution through bancassurance channels are included in the agreement. The Company paid the agency commission by multiplying the net amount of total premiums received from the sale of each category group insurance product after deducting the surrender premiums, by the responding fixed commission rate. The commission rates for various insurance products sold by CGB are agreed by reference to comparable market prices of independent third-parties. The commissions are payable on a monthly basis. The agreement is effective for one year from 1 January 2022, with an automatic one-year renewal, no more than twice, if no objections were raised by either party upon expiry. In 2023, both parties agreed that the agreement continued to be effective..

(v) On 29 December 2021, the Company and Pension Company renewed an Entrusted Agency Agreement for Pension Business Acted by China Life. The agreement is effective from 1 January 2022 to 31 December 2024. The business means that Pension Company entrusted the Company to cooperate in selling enterprise annuity funds, pension security business, occupational pension business and the third-pillar pension financial business. According to the agreement, the commissions for the cooperative service of enterprise annuity fund management, which is the core business of Pension Company, are calculated at 50% to 70% of the annual entrusting management fee revenues, depending on the duration of the agreement. The commissions for cooperative account management service are calculated at 60% of the first year's account management fee and were only charged for the first year, regardless of the duration of the agreement. The commissions for cooperative investment management services, in accordance with the duration of the agreement, are calculated at 35% to 60% of the annual investment management fee (excluding risk reserves for investment). For pension security business, the commissions of the group pension plan are, in accordance with the duration of the contracts, calculated at 50% to 3% of the annual investment management fee, decreasing annually; the commissions of the personal pension plan are calculated at 30% to 50% of the annual investment management fee according to the various rates of the daily management fee applied to the various individual pension management products in all of the management years; the cooperative commissions of occupation annuity and third-pillar pension financial business should be determined by both parties on a separate occasion. The commissions charged to Pension Company by the Company are eliminated in the consolidated statement of comprehensive income of the Group.

(vi) On 31 December 2021, the Company and CLHI renewed an aged-care projects management service agreement, effective from 1 January 2022 to 31 December 2022. In 2023, both parties agreed to automatically renew this agreement for one year as along as this would not go against Listing Rules and the regulations of the NFRA. In accordance with the agreement, the Company entrusted CLHI to operate and manage existed aged-care projects and paid CLHI a management service fee. The management service fee was calculated and payable on a quarterly basis, by multiplying the total amount of the investments under management (based on the daily weighted average investment amount) by the annual rate of 2%.

33 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

(g) Amounts due from/to significant related parties

The following table summarises the balances due from and to significant related parties. The balances of the Group are all unsecured. The balances of the Group are non-interest-bearing and have no fixed repayment dates except for deposits with CGB, wealth management products and other securities of CGB, and corporate bonds issued by Sino-Ocean.

	As at 31 December 2023	As at 31 December 2022
	RMB million	RMB million
Amounts due from and to related parties of the Group		
Amount due from CLIC	549	539
Amount due from CL Overseas	109	118
Amount due from CLP&C	335	293
Amount due to CLP&C	(68)	(53)
Amount due from CLI	5	5
Amount due to CLI	(483)	(528)
Amount due from CLRE	4	4
Amount due to CLHI	(30)	(61)
Amount deposited with CGB	43,707	57,904
Wealth management products and other securities of CGB	8,059	8,027
Amount due to CGB	(74)	(66)
Corporate bonds of Sino-Ocean	234	648
Amount due from CL Ecommerce	3	4
Amount due to CL Ecommerce	(18)	(29)
Amounts due from and to subsidiaries of the Company		
Amount due from CL Hotel Investors, L. P.	6,241	6,137
Amount due from Pension Company	36	43
Amount due from Rui Chong Company	10	274
Amount due to AMC	(1,771)	(782)
Amount due to Pension Company	(73)	(123)
Amount due to AMC HK	(5)	(7)

(h) Key management personnel compensation

	For the year ended 31 December	
	2023	2022
	RMB million	RMB million
Salaries and other benefits	18	37

The total compensation package for the Company's key management personnel has not yet been finalised in accordance with regulations of the relevant PRC authorities. The compensation listed above is the tentative payment.

33 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

(i) Transactions with state-owned enterprises

Under IAS 24 *Related Party Disclosures*, business transactions between state-owned enterprises controlled by the PRC government are within the scope of related party transactions. CLIC, the ultimate holding company of the Group, is a state-owned enterprise. The Group's key business is insurance and investment related and therefore the business transactions with other state-owned enterprises are primarily related to insurance and investment activities. The related party transactions with other state-owned enterprises are conducted in the ordinary course of business. Due to the complex ownership structure, the PRC government may hold indirect interests in many companies. Some of these interests may, in themselves or when combined with other indirect interests, be controlling interests which may not be known to the Group. Nevertheless, the Group believes that the following captures the material related party transactions and has applied IAS 24 exemption and disclosed only qualitative information.

As at 31 December 2023, most of the bank deposits of the Group were with state-owned banks; the issuers of corporate bonds and subordinated bonds held by the Group were mainly state-owned enterprises. For the year ended 31 December 2023, a large portion of group insurance business of the Group were with state-owned enterprises; the majority of bancassurance commission charges were paid to state-owned banks and postal offices; and the majority of the reinsurance agreements of the Group were entered into with state-owned reinsurance companies.

34 SHARE CAPITAL

	As at 31 December 2023		As at 31 December 2022	
	No. of shares	**RMB million**	No. of shares	RMB million
Registered, authorised, issued and fully paid				
Ordinary shares of RMB1 each	**28,264,705,000**	**28,265**	28,264,705,000	28,265

As at 31 December 2023, the Company's share capital is as follows:

	As at 31 December 2023	
	No. of shares	**RMB million**
Owned by CLIC (i)	**19,323,530,000**	**19,324**
Owned by other equity holders	**8,941,175,000**	**8,941**
Including: Domestic listed	**1,500,000,000**	**1,500**
Overseas listed (ii)	**7,441,175,000**	**7,441**
Total	**28,264,705,000**	**28,265**

(i) All shares owned by CLIC are domestic listed shares.

(ii) Overseas listed shares are traded on the Stock Exchange of Hong Kong Limited.

35 RESERVES

	Share premium	Other reserves	Unrealised gains/ (losses) from available-for-sale securities (i)	Other comprehensive income reclassifiable to profit or loss under the equity method	Financial changes in insurance contracts and reinsurance contracts reclassifiable to profit or loss	Statutory reserve fund	Discretionary reserve fund	General reserve	Exchange differences on translating foreign operations	Other comprehensive income non-reclassifiable to profit or loss under the equity method	Financial changes in insurance contracts non-reclassifiable to profit or loss	Total
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million (a)	RMB million (b)	RMB million (c)	RMB million	RMB million	RMB million	RMB million
As at 31 December 2021	53,905	1,098	48,919	2,635	–	50,621	45,511	48,320	(1,377)	123	–	249,755
Impact of initial application of IFRS 17 (Note 2.1.1.b)	–	–	19,597	(4)	(112,671)	–	–	–	–	–	–	(93,078)
As at 1 January 2022 (Restated, Note 2.1.1.b)	53,905	1,098	68,516	2,631	(112,671)	50,621	45,511	48,320	(1,377)	123	–	156,677
Other comprehensive income	–	–	(71,220)	(3,015)	5,512	–	–	–	1,102	(1,636)	–	(69,257)
Appropriation to reserves	–	–	–	–	–	3,932	5,096	4,109	–	–	–	13,137
Other comprehensive income to retained earnings	–	–	–	–	–	–	–	–	–	(74)	–	(74)
Others	–	(1,450)	–	–	–	–	–	–	–	–	–	(1,450)
As at 31 December 2022 (Restated Note 2.1.1.b)	53,905	(352)	(2,704)	(384)	(107,159)	54,553	50,607	52,429	(275)	(1,587)	–	99,033

(i) Under IFRS 17 Insurance Contracts, changes in the fair value of available-for-sale securities attributable to policyholders are no longer measured and accounted for separately and are measured and accounted for within insurance contract liabilities.

35 RESERVES (continued)

	Share premium	Other reserves	Financial assets at fair value through other comprehensive income	Other comprehensive income reclassifiable to profit or loss under the equity method	Financial changes in insurance contracts and reinsurance contracts reclassifiable to profit or loss	Statutory reserve fund	Discretionary reserve fund	General reserve	Exchange differences on translating foreign operations	Other comprehensive income non-reclassifiable to profit or loss under the equity method	Financial changes in insurance contracts non-reclassifiable to profit or loss	Total
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million (a)	RMB million (b)	RMB million (c)	RMB million	RMB million	RMB million	RMB million
As at 31 December 2022 (Restated, Note 2.1.1.b)	53,905	(352)	(2,704)	(384)	(107,159)	54,553	50,607	52,429	(275)	(1,587)	–	99,033
Impact of initial application of IFRS 9 (Note 2.1.1.a)	–	–	116,176	28	(55,453)	–	–	–	–	–	–	60,751
As at 1 January 2023	53,905	(352)	113,472	(356)	(162,612)	54,553	50,607	52,429	(275)	(1,587)	–	159,784
Other comprehensive income	–	–	75,073	(51)	(97,261)	–	–	–	325	660	(487)	(21,741)
Appropriation to reserves	–	–	–	–	–	1,753	3,932	1,919	–	–	–	7,604
Other comprehensive income to retained earnings	–	–	(69)	–	–	–	–	–	–	(92)	67	(94)
Others	–	380	–	–	–	–	–	–	–	–	–	380
As at 31 December 2023	53,905	28	188,476	(407)	(259,873)	56,306	54,539	54,348	50	(1,019)	(420)	145,933

(a) Pursuant to the relevant PRC laws, the Company appropriated 10% of its net profit under Chinese Accounting Standards ("CAS") to statutory reserve which amounted to RMB1,753million for the year ended 31 December 2023 (2022: RMB3,932 million).

(b) Approved at the Annual General Meeting in 28 June 2023, the Company appropriated RMB3,932 million to the discretionary reserve fund for the year ended 31 December 2022 based on net profit under CAS (2022: RMB5,096 million).

(c) Pursuant to "Financial Standards of Financial Enterprises – Implementation Guide" issued by the Ministry of Finance of the PRC on 30 March 2007, for the year ended 31 December 2023, the Company appropriated 10% of net profit under CAS which amounted to RMB1,753 million to the general reserve for future uncertain catastrophes, which cannot be used for dividend distribution or conversion to share capital increment (2022: RMB3,932 million). In addition, pursuant to the CAS, the Group appropriated RMB166 million to the general reserve of its subsidiaries attributable to the Company in the consolidated financial statements (2022: RMB177 million).

Under related PRC law, dividends may be paid only out of distributable profits. Any distributable profits that are not distributed in a given year are retained and available for distribution in the subsequent years.

36 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Changes in liabilities arising from financing activities

	Interest-bearing loans and other borrowings	Bonds payable	Lease liabilities	Financial assets sold under agreements to repurchase	Other liabilities-payable to the third-party holders of consolidated structured entities	Other liabilities-interest payable related to financing activities	Total
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
At 1 January 2022	19,222	34,994	2,182	239,446	67,862	359	364,065
Changes from financing cash flows	(7,587)	–	(1,307)	(90,711)	5,983	(5,073)	(98,695)
Foreign exchange movement	1,139	–	–	–	–	–	1,139
Changes arising from losing control of consolidated structured entities	–	–	–	–	–	–	–
New leases	–	–	817	–	–	–	817
Interest expense	–	3	74	–	–	4,786	4,863
Others	–	–	(197)	223	–	–	26
At 31 December 2022	12,774	34,997	1,569	148,958	73,845	72	272,215
At 31 December 2022	**12,774**	**34,997**	**1,569**	**148,958**	**73,845**	**72**	**272,215**
Impact of initial application of IFRS 9	**8**	**1,170**	**–**	**64**	**89**	**(72)**	**1,259**
At 1 January 2023	**12,782**	**36,167**	**1,569**	**149,022**	**73,934**	**–**	**273,474**
Changes from financing cash flows	**(1,073)**	**(1,500)**	**(1,149)**	**64,330**	**10,361**	**–**	**70,969**
Foreign exchange movement	**479**	**–**	**–**	**–**	**–**	**–**	**479**
Changes arising from losing control of consolidated structured entities	**–**	**–**	**–**	**(4)**	**–**	**–**	**(4)**
New leases	**–**	**–**	**810**	**–**	**–**	**–**	**810**
Interest expense	**669**	**1,499**	**54**	**2,882**	**–**	**–**	**5,104**
Others	**–**	**–**	**(29)**	**621**	**–**	**–**	**592**
At 31 December 2023	**12,857**	**36,166**	**1,255**	**216,851**	**84,295**	**–**	**351,424**

37 PROVISIONS AND CONTINGENT LIABILITIES

The following is a summary of the significant contingent liabilities:

	As at 31 December 2023	As at 31 December 2022
	RMB million	RMB million
Pending lawsuits	583	531

The Group involves in certain lawsuits arising from the ordinary course of business. In order to accurately disclose the contingent liabilities for pending lawsuits, the Group analyses all pending lawsuits on a case by case basis at the end of each interim and annual reporting period. A provision will only be recognised if management determines, based on third-party legal advice, that the Group has present obligations and the settlement of which is expected to result an outflow of the Group's resources embodying economic benefits, and the amount of such obligations could be reasonably estimated. Otherwise, the Group will disclose the pending lawsuits as contingent liabilities. As at 31 December 2023 and 31 December 2022, the Group had other contingent liabilities but disclosure of such was not practical because the amounts of liabilities could not be reliably estimated and were not material in aggregate.

38 COMMITMENTS

(a) Capital commitments

The Group had the following capital commitments relating to property development projects and investments:

	As at 31 December 2023	As at 31 December 2022
	RMB million	RMB million
Contracted, but not provided for		
Investments	86,590	91,727
Property, plant and equipment	1,466	1,408
Total	88,056	93,135

(b) Operating lease commitments

As lessor, the future minimum rentals receivable under non-cancellable operating leases are as follows:

	As at 31 December 2023	As at 31 December 2022
	RMB million	RMB million
Not later than one year	914	893
Later than one year but not later than five years	1,413	1,478
Later than five years	198	160
Total	2,525	2,531

39 STATEMENT OF FINANCIAL POSITION AND NOTES TO KEY ITEMS

(a) Statement of financial position

	As at 31 December 2023	As at 31 December 2022	As at 1 January 2022
	RMB million	RMB million (Restated, Note 2.1.1.b)	RMB million (Restated, Note 2.1.1.b)
ASSETS			
Property, plant and equipment	48,775	49,856	51,116
Right-of-use assets	1,364	1,595	2,239
Investment properties	6,063	6,266	6,191
Investments in subsidiaries	315,929	246,115	170,387
Investments in associates and joint ventures	217,717	222,069	216,315
Term deposits	322,298	442,690	491,332
Statutory deposits – restricted	5,801	5,653	5,653
Investment in debt instruments at amortised cost	32,206	N/A	N/A
Investment in debt instruments at fair value through other comprehensive income	2,908,332	N/A	N/A
Investment in equity instruments at fair value through other comprehensive income	117,711	N/A	N/A
Financial assets at fair value through profit or loss	1,462,090	N/A	N/A
Held-to-maturity securities	N/A	1,571,892	1,531,640
Loans	N/A	324,557	410,789
Available-for-sale securities	N/A	1,644,704	1,370,035
Securities at fair value through profit or loss	N/A	93,657	120,191
Reinsurance contract assets	25,846	24,096	19,327
Other assets	29,627	22,778	28,098
Deferred tax assets	23,020	45,939	24,059
Financial assets purchased under agreements to resell	13,155	35,816	3,463
Accrued investment income	70	47,159	47,159
Cash and cash equivalents	135,645	119,036	53,593
Total assets	5,665,649	4,903,878	4,551,587

39 STATEMENT OF FINANCIAL POSITION AND NOTES TO KEY ITEMS (continued)

(a) Statement of financial position (continued)

	As at 31 December 2023	As at 31 December 2022	As at 1 January 2022
	RMB million	RMB million (Restated, Note 2.1.1.b)	RMB million (Restated, Note 2.1.1.b)
LIABILITIES AND EQUITY			
Liabilities			
Insurance contract liabilities	4,859,175	4,266,947	3,809,716
Reinsurance contract liabilities	188	160	154
Bonds payable	36,166	34,997	34,994
Other liabilities	35,784	39,860	40,267
Premiums received in advance	48,878	49,654	47,546
Financial assets sold under agreements to repurchase	203,605	140,591	232,496
Total liabilities	5,183,796	4,532,209	4,165,173
Equity			
Share capital	28,265	28,265	28,265
Reserves (Note 39(b))	147,745	95,578	152,959
Retained earnings	305,843	247,826	205,190
Total equity	481,853	371,669	386,414
Total liabilities and equity	5,665,649	4,903,878	4,551,587

The Company has elected to account for its investments in associates and joint ventures in separate financial statements under the equity method starting from 1 January 2023 in accordance with IAS 27 Separate Financial Statement with retrospective adjustment. This retrospection resulted in an increase in investments in associates and joint ventures of RMB52,352 million, an increase in retained earnings of RMB49,488 million and an increase in reserves of RMB2,961 million as at 1 January 2022. Also it resulted in an increase in investments in associates and joint ventures of RMB45,476 million, an increase in retained earnings of RMB49,207 million and a decrease in reserves of RMB1,090 million as at 31 December 2022.

39 STATEMENT OF FINANCIAL POSITION AND NOTES TO KEY ITEMS (continued)

(b) Reserves

	Share premium	Other reserves	Unrealised gains/ (losses) from available-for-sale securities (i)	Other comprehensive income reclassifiable to profit or loss under the equity method	Financial changes in insurance contracts and reinsurance contracts reclassifiable to profit or loss	Statutory reserve fund	Discretionary reserve fund	General reserve	Exchange differences on translating foreign operations	Other comprehensive income non-reclassifiable to profit or loss under the equity method	Financial changes in insurance contracts non-reclassifiable to profit or loss	Total
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
As at 31 December 2021 (Restated, Note 39(a))	53,360	1,580	47,604	–	–	50,573	45,511	47,409	–	–	–	246,037
Impact of initial application of IFRS 17 (Note 2.1.1.b)	–	–	19,597	(4)	(112,671)	–	–	–	–	–	–	(93,078)
As at 1 January 2022 (Restated, Note 2.1.1.b)	53,360	1,580	67,201	(4)	(112,671)	50,573	45,511	47,409	–	–	–	152,959
Other comprehensive income	–	–	(71,779)	(1,813)	5,512	–	–	–	–	(1,559)	–	(69,639)
Appropriation to reserves	–	–	–	–	–	3,932	5,096	3,932	–	–	–	12,960
Other comprehensive income to retained earnings	–	–	–	–	–	–	–	–	–	(56)	–	(56)
Others	–	(646)	–	–	–	–	–	–	–	–	–	(646)
As at 31 December 2022 (Restated, Note 2.1.1.b)	53,360	934	(4,578)	(1,817)	(107,159)	54,505	50,607	51,341	–	(1,615)	–	95,578

(i) Under IFRS 17 Insurance Contracts, changes in the fair value of available-for-sale securities attributable to policyholders are no longer measured and accounted for separately and are measured and accounted for within contract liabilities.

39 STATEMENT OF FINANCIAL POSITION AND NOTES TO KEY ITEMS (continued)

(b) Reserves (continued)

	Share premium	Other reserves	Financial assets at fair value through other comprehensive income	Other comprehensive income reclassifiable to profit or loss under the equity method	Financial changes in insurance contracts and reinsurance contracts reclassifiable to profit or loss	Statutory reserve fund	Discretionary reserve fund	General reserve	Exchange differences on translating foreign operations	Other comprehensive income non-reclassifiable to profit or loss under the equity method	Financial changes in insurance contracts non-reclassifiable to profit or loss	Total
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
As at 31 December 2022 (Restated, Note 2.1.1.b)	53,360	934	(4,578)	(1,817)	(107,159)	54,505	50,607	51,341	–	(1,615)	–	95,578
Impact of initial application of IFRS 9 (Note 2.1.1.a)	–	–	121,314	28	(55,453)	–	–	–	–	–	–	65,889
As at 1 January 2023	53,360	934	116,736	(1,789)	(162,612)	54,505	50,607	51,341	–	(1,615)	–	161,467
Other comprehensive income	–	–	76,279	406	(98,034)	–	–	–	13	695	(487)	(21,128)
Appropriation to reserves	–	–	–	–	–	1,753	3,932	1,753	–	–	–	7,438
Other comprehensive income to retained earnings	–	–	(71)	–	–	–	–	–	–	(92)	67	(96)
Others	–	64	–	–	–	–	–	–	–	–	–	64
As at 31 December 2023	53,360	998	192,944	(1,383)	(260,646)	56,258	54,539	53,094	13	(1,012)	(420)	147,745

40 DIRECTORS', SUPERVISORS', CHIEF EXECUTIVE'S AND SENIOR MANAGEMENT'S REMUNERATION

The total compensation package for the directors, supervisors, chief executive and senior management for the year ended 31 December 2023 in accordance with the related measures for compensation management of the Company has not yet been finalised. The amount of the compensation not provided for is not expected to have a significant impact on the Group's 2023 consolidated financial statements. The final compensation will be disclosed in a separate announcement when determined.

(a) Directors' and chief executive's emoluments

The aggregate amounts of emoluments paid to directors and chief executive of the Company for the year ended 31 December 2023 are as follows:

Name	Remuneration paid	Benefits in kind	Pension scheme contributions	Total
	RMB thousand			
Bai Tao (i)	–	–	–	–
Zhao Peng (ii)	–	–	–	–
Li Mingguang (iii)	**417.7**	**50.3**	**84.2**	**552.2**
Wang Junhui (iv)	–	–	–	–
Zhuo Meijuan (v)	–	–	–	–
Lam Chi Kuen	**420.0**	–	–	**420.0**
Zhai Haitao	**420.0**	–	–	**420.0**
Huang Yiping	**420.0**	–	–	**420.0**
Chen Jie	**420.0**	–	–	**420.0**

(i) Bai Tao was appointed as the chairman and executive director in May 2022 and did not receive remuneration from the Company.

(ii) Zhao Peng did not receive remuneration from the Company, and resigned as executive director in August 2023.

(iii) Li Mingguang did not receive remuneration from the Company from May 2023.

(iv) Wang Junhui is a non-executive director and does not receive any remuneration from the Company.

(v) Zhuo Meijuan was appointed as non-executive director in June 2023 and did not receive any remuneration from the Company.

(vi) The above remuneration was calculated based on the relevant employment period during the reporting period.

40 DIRECTORS', SUPERVISORS', CHIEF EXECUTIVE'S AND SENIOR MANAGEMENT'S REMUNERATION (continued)

(a) Directors' and chief executive's emoluments (continued)

The aggregate amounts of emoluments paid to directors and chief executive of the Company for the year ended 31 December 2022 are as follows:

Name	Basic salaries	Performance related bonuses	Subtotal of salary income	Deferred payment included in salary income	Benefits in kind	Pension scheme contributions	Total	Deferred payment included in total	Actual paid included in total
					RMB thousand				
Bai Tao (i)	–	–	–	–	–	–	–	–	–
Zhao Peng (ii)	–	–	–	–	–	–	–	–	–
Su Hengxuan (iii)	–	–	–	–	–	–	–	–	–
Li Mingguang	1,432.0	1,145.6	2,577.6	687.4	144.3	288.2	3,010.1	687.4	2,322.7
Huang Xiumei (iv)	939.8	728.3	1,668.1	437.0	108.6	194.2	1,970.9	437.0	1,533.9
Yuan Changqing (iii)	–	–	–	–	–	–	–	–	–
Wang Junhui (v)	–	–	–	–	–	–	–	–	–
Lam Chi Kuen	300.0	120.0	420.0	–	–	–	420.0	–	420.0
Zhai Haitao	300.0	120.0	420.0	–	–	–	420.0	–	420.0
Tang Xin (vi)	175.0	70.0	245.0	–	–	–	245.0	–	245.0
Leung Oi-Sie Elsie (vi)	175.0	70.0	245.0	–	–	–	245.0	–	245.0
Huang Yiping (vi)	125.0	50.0	175.0	–	–	–	175.0	–	175.0
Chen Jie (vi)	125.0	50.0	175.0	–	–	–	175.0	–	175.0

(i) Bai Tao was appointed as the chairman and executive director in May 2022 and did not receive remuneration from the Company.

(ii) Zhao Peng was appointed as executive director in October 2022 and did not receive any remuneration from the Company.

(iii) Su Hengxuan and other non-executive directors did not receive remuneration from the Company. Su Hengxuan resigned as executive director in August 2022 and Yuan Changqing resigned as non-executive director in June 2022.

(iv) Huang Xiumei resigned as executive director in November 2022 and did not receive any remuneration from the Company from October 2022.

(v) Wang Junhui is a non-executive director and does not receive any remuneration from the Company.

(vi) Tang Xin resigned as independent director in March 2022 and continued to perform as independent director until July 2022. Leung Oi-Sie Elsie resigned as independent director in July 2022. Huang Yiping and Chen Jie were appointed as independent directors of the Company in July 2022.

(vii) The above remuneration was calculated based on the relevant employment period during the reporting period, and there is no performance remuneration recovery and deduction in 2022.

The compensation amounts disclosed above for these directors and the chief executive for the year ended 31 December 2022 were restated based on the finalised amounts determined during 2023.

The directors and chief executive received the compensation amounts disclosed above during their term of office in 2023 and 2022.

In addition to the directors' emoluments disclosed above, certain directors of the Company received emoluments from CLIC, the amounts of which were not apportioned between their services to the Company and their services to CLIC.

40 DIRECTORS', SUPERVISORS', CHIEF EXECUTIVE'S AND SENIOR MANAGEMENT'S REMUNERATION (continued)

(b) Supervisors' emoluments

The aggregate amounts of emoluments paid to supervisors of the Company for the year ended 31 December 2023 are as follows:

Name	Remuneration paid	Benefits in kind	Pension scheme contributions	Total
	RMB thousand			
Cao Weiqing	**1,267.9**	**151.9**	**225.2**	**1,645.0**
Ye Yinglan (i)	**465.1**	**65.3**	**91.4**	**621.8**
Hu Zhijun (ii)	**485.4**	**62.4**	**87.8**	**635.6**
Wang Xiaoqing (ii)	**452.3**	**62.4**	**100.1**	**614.8**
Lai Jun	**1,021.9**	**125.5**	**218.0**	**1,365.4**
Niu Kailong (iii)	**–**	**–**	**–**	**–**

(i) Ye Yinglan was appointed as employee representative supervisor in June 2023.

(ii) Hu Zhijun and Wang Xiaoqing resigned as employee representative supervisor in June 2023

(iii) Niu Kailong did not receive remuneration from the Company.

(iv) The above remuneration was calculated based on the relevant employment period during the reporting period.

The aggregate amounts of emoluments paid to supervisors of the Company for the year ended 31 December 2022 are as follows:

Name	Basic salaries	Performance related bonuses	Subtotal of salary income	Deferred payment included in salary income	Benefits in kind	Pension scheme contributions	Total	Deferred payment included in total	Actual paid included in total
					RMB thousand				
Jia Yuzeng (i)	1,148.6	584.7	1,733.3	350.8	113.5	237.6	2,084.4	350.8	1,733.6
Cao Weiqing (i)	104.4	83.5	187.9	50.1	14.5	23.4	225.8	50.1	175.7
Cao Qingyang (ii)	461.2	685.2	1,146.4	274.1	66.4	115.8	1,328.6	274.1	1,054.5
Hu Zhijun (ii)	306.7	381.2	687.9	152.5	52.9	77.4	818.2	152.5	665.7
Wang Xiaoqing	695.3	1,176.8	1,872.1	470.7	117.7	209.0	2,198.8	470.7	1,728.1
Lai Jun	768.8	1,370.0	2,138.8	548.0	117.3	210.6	2,466.7	548.0	1,918.7
Niu Kailong (iii)	–	–	–	–	–	–	–	–	–

(i) Cao Weiqing was appointed as Chairman of the Board of Supervisors in November 2022. Jia Yuzeng resigned as the Chairman of the Supervisory Board.

(ii) Hu Zhijun was appointed as employee representative supervisor in July 2022, while Cao Qingyang resigned as employee representative supervisor.

(iii) Niu Kailong did not receive remuneration from the Company.

(iv) The above remuneration was calculated based on the relevant employment period during the reporting period, and there is no performance remuneration recovery and deduction in 2022.

40 DIRECTORS', SUPERVISORS', CHIEF EXECUTIVE'S AND SENIOR MANAGEMENT'S REMUNERATION (continued)

(b) Supervisors' emoluments (continued)

The compensation amounts disclosed above for these supervisors for the year ended 31 December 2022 were restated based on the finalised amounts determined during 2023.

The supervisors received the compensation amounts disclosed above during their term of office in 2023 and 2022.

(c) Five highest paid individuals

For the year ended 31 December 2023, the five individuals whose emoluments were the highest in the Company include one supervisor (2022: one director and one supervisor).

Details of the remuneration of the five highest paid individuals are as follows:

	For the year ended 31 December	
	2023	2022
	RMB thousand	RMB thousand
Basic salaries, housing allowances, other allowances and benefits in kind	**6,872.0**	12,820.2
Pension scheme contributions	**1,136.0**	1,301.2
Total	**8,008.0**	14,121.4

The emoluments fell within the following bands:

	Number of individuals	
	For the year ended 31 December	
	2023	2022
RMB0 – RMB1,000,000	**–**	–
RMB1,000,001 – RMB2,000,000	**5**	–
RMB2,000,001 – RMB3,000,000	**–**	3
RMB3,000,001 – RMB4,000,000	**–**	2
RMB4,000,001 – RMB4,500,000	**–**	–

For the year ended 31 December 2023, no emoluments were paid by the Company to the directors, chief executive, supervisors or any of the five highest paid individuals as an inducement to join or upon joining the Company or compensation for loss of office as a director of any member of the Group or of any other office in connection with the management (2022: nil).

The emoluments of the five highest paid individuals are the total emoluments paid to them during the year.

There was no arrangement under which a director, chief executive or supervisor waived or agreed to waive any remuneration during the year.

In case of any discrepancy between the Chinese version and the English version of this report, the Chinese version shall prevail; in case of any discrepancy between the printed version and the website version of this report, the website version shall prevail.

中国人寿保险股份有限公司
China Life Insurance Company Limited

Office Address	:	16 Financial Street, Xicheng District, Beijing, P. R. China
Telephone	:	86-10-63633333
Website	:	www.e-chinalife.com
E-mail	:	ir@e-chinalife.com

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