

# 新華人壽保險股份有限公司

## NEW CHINA LIFE INSURANCE CO., LTD.

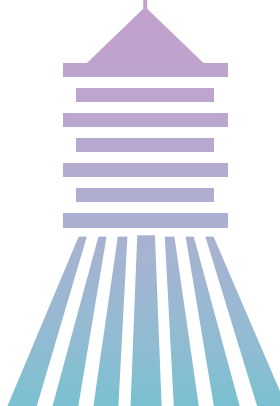
(A joint stock company incorporated in the People's Republic of China with limited liability)

Stock Code : 01336



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2022 Annual Report





# IMPORTANT INFORMATION

- 1** The board of directors (the “**Board**”), the board of supervisors and directors, supervisors, and members of senior management of the Company guarantee the correctness, accuracy and completeness of the contents of this report, and that there is no false representation, misleading statement or material omission in this report, and are legally liable for this report jointly and severally.
- 2** The Annual Report 2022 of the Company was considered and approved at the 4th meeting of the eighth session of the Board on 30 March 2023, which 12 directors were required to attend and 12 of them attended in person.
- 3** Deloitte Touche Tohmatsu conducted the auditing on the 2022 Consolidated Financial Statements of the Company prepared in accordance with International Financial Reporting Standards and issued the standard unqualified audit report.
- 4** The Company plans to distribute an annual cash dividend of RMB1.08 (tax included) per share to all shareholders for 2022, approximately RMB3,369 million in total, representing approximately 34.3% of net profit attributable to shareholders of the Company as contained in the 2022 financial statements of the Company, which meets the minimum percentage requirement of cash distribution as stipulated in the *Articles of Association*. The above dividend distribution plan is subject to the approval of shareholders’ general meeting.
- 5** Mr. LI Quan, the proposed chairman<sup>(1)</sup> and chief executive officer of the Company, Mr. YANG Zheng, chief financial officer and person in charge of finance of the Company, Mr. GONG Xingfeng, chief actuary of the Company and Mr. ZHANG Tao, the officer in charge of accounting department of the Company, guarantee the correctness, accuracy and completeness of financial statements in the Annual Report 2022.
- 6** In addition to the facts stated herein, this report includes some forward-looking statements and analysis, which may differ from the actual results of the Company in the future. The Company does not make any warranty or undertaking as to its future performance. The investors and relevant persons should have adequate awareness of risks and understand the differences between plans, forecasts and undertakings.
- 7** There is no non-operating usage of funds by the controlling shareholder or its related parties for the Company.
- 8** There is no external guarantee provided by the Company which violates the decision-making procedures of the Company.
- 9** There is no more than half of directors of the Company who cannot guarantee the correctness, accuracy and completeness of this report.
- 10** The major risks of the Company include market risk, credit risk, insurance risk, operational risk, reputation risk, strategic risk, liquidity risk, etc. The Company has taken various measures to effectively manage and control all sorts of risks. Please refer to Section 8 “Risk Management” of this report for details.

Note:

1. The qualification of Mr. LI Quan as proposed chairman is subject to the ratification by regulatory authority.

## DEFINITIONS

In this report, unless the context otherwise requires, the following terms shall have the meanings set out below:

<b>the Company, New China Life, NCI</b>	The general term of New China Life Insurance Company Ltd., its subsidiaries and its consolidated structured entities
<b>Asset Management Company</b>	New China Asset Management Co., Ltd., a subsidiary of the Company
<b>Asset Management Company (Hong Kong)</b>	New China Asset Management (Hong Kong) Limited, a subsidiary of Asset Management Company
<b>Xinhua Seniors Service</b>	Xinhua Village Seniors Service (Beijing) Co., Ltd., a subsidiary of the Company
<b>New China Pension</b>	New China Pension Co., Ltd., a subsidiary of the Company
<b>New China Health</b>	New China Life Excellent Health Investment Management Co., Ltd.
<b>Electronic Commerce</b>	New China Electronic Commerce Co., Ltd., a subsidiary of the Company
<b>Hefei Supporting Operation</b>	New China Life Hefei Supporting Construction Operation Management Co., Ltd., a subsidiary of the Company
<b>Foundation</b>	New China Life Foundation
<b>CIC</b>	China Investment Corporation
<b>Huijin</b>	Central Huijin Investment Ltd.
<b>China Baowu</b>	China Baowu Steel Group Corporation Limited
<b>Hwabao Investment</b>	Hwabao Investment Co., Ltd.
<b>CBIRC</b>	China Banking and Insurance Regulatory Commission
<b>CSRC</b>	China Securities Regulatory Commission
<b>SSE</b>	Shanghai Stock Exchange
<b>SZSE</b>	Shenzhen Stock Exchange
<b>Hong Kong Stock Exchange or HKSE</b>	The Stock Exchange of Hong Kong Limited
<b>RMB</b>	Renminbi
<b>Pt</b>	Percentage point(s)
<b>P.R.C., China</b>	People's Republic of China, for the purpose of this report only, excluding Hong Kong, Macau and Taiwan
<b>Company Law</b>	Company Law of the People's Republic of China
<b>Insurance Law</b>	Insurance Law of the People's Republic of China
<b>Securities Law</b>	Securities Law of the People's Republic of China
<b>P.R.C. GAAP</b>	China Accounting Standards for Business Enterprises issued by the Ministry of Finance of the P.R.C., and its application guide, interpretation and other related regulations issued thereafter
<b>IFRS</b>	International Financial Reporting Standards as promulgated by the International Accounting Standards Board
<b>Articles of Association</b>	Articles of Association of New China Life Insurance Company Ltd.
<b>Hong Kong Listing Rules</b>	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
<b>Model Code</b>	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Listing Rules
<b>Corporate Governance Code</b>	Corporate Governance Code as set out in Appendix 14 to the Hong Kong Listing Rules
<b>SFO</b>	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

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## SECTION 1

# CORPORATE INFORMATION

BASIC INFORMATION	
Legal Name in Chinese	新華人壽保險股份有限公司（簡稱「新華保險」）
Legal Name in English	NEW CHINA LIFE INSURANCE COMPANY LTD. (“NCI”)
Legal Representative	XU Zhibin <sup>(1)</sup>
Registered Office	No.16, East Hunan Road, Yanqing District, Beijing, P.R.C. (Zhongguancun Yanqing Park)
The Historic Change of Registered Office	The registered office of the Company changed from No. 1 East Hunan Road, Yanqing District, Beijing P.R.C. to current address in November 2019.
Postal Code	102100
Place of Business	NCI Tower, A12 Jianguomenwai Avenue, Chaoyang District, Beijing, P.R.C.
Postal Code	100022
Place of Business in Hong Kong	31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong
Website	<a href="http://www.newchinalife.com">http://www.newchinalife.com</a>
Email	<a href="mailto:ir@newchinalife.com">ir@newchinalife.com</a>
Customer Service and Complaint Hotline	95567
CONTACT INFORMATION	
Board Secretary/Joint Company Secretary	GONG Xingfeng
Securities Representative	XU Xiu
Telephone	86-10-85213233
Fax	86-10-85213219
Email	<a href="mailto:ir@newchinalife.com">ir@newchinalife.com</a>
Address	NCI Tower, A12 Jianguomenwai Avenue, Chaoyang District, Beijing, P.R.C.
Joint Company Secretary	NG Sau Mei
Telephone	852-35898647
Fax	852-35898359
Email	<a href="mailto:Jojo.Ng@tmf-group.com">Jojo.Ng@tmf-group.com</a>
Address	31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong

Note:

1. According to Articles of Association, chairman of the Board works as legal representative of the Company. Mr. XU Zhibin resigned as the chairman of the Company on 26 September 2022. The Company will change its legal representative after the qualification of proposed chairman Mr. LI Quan is ratified by regulatory authority.

**INFORMATION DISCLOSURE AND PLACE FOR OBTAINING THE REPORT**

Newspapers and Websites for Publishing Annual Report (A Share)	China Securities Journal, <a href="https://epaper.cs.com.cn">https://epaper.cs.com.cn</a> Shanghai Securities News, <a href="https://www.cnstock.com">https://www.cnstock.com</a>
Websites of Stock Exchange for Publishing Annual Report	<a href="http://www.sse.com.cn">http://www.sse.com.cn</a> (A Share) <a href="http://www.hkexnews.hk">http://www.hkexnews.hk</a> (H Share)
Place where copies of Annual reports are kept	Board of Directors Office of the Company

**STOCK INFORMATION**

Stock Type	Stock Exchange	Stock Name	Stock Code
A Share	The Shanghai Stock Exchange	新華保險	601336
H Share	The Stock Exchange of Hong Kong Limited	NCI	01336

**OTHER RELEVANT INFORMATION**

A Share Registrar	China Securities Depository and Clearing Corporation Limited, Shanghai Branch
Address	No. 188 Yanggao South Road, Pilot Free Trade Zone, Shanghai, China
H Share Registrar	Computershare Hong Kong Investor Services Limited
Address	Room 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Domestic Auditor	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Address	30/F, 222 East Yan'an Road, Huangpu District, Shanghai, P.R.C.
Signing Certified Public Accountants	MA Qianlu and YANG Li
International Auditor	Deloitte Touche Tohmatsu
Address	35/F, One Pacific Place, 88 Queensway, Hong Kong
Domestic Legal Advisor	Commerce & Finance Law Offices
Address	China World Office 2, No. 1 Jianguomenwai Avenue, Beijing, China
Hong Kong Legal Advisor	Clifford Chance LLP
Address	Jardine House, 1 Connaught Place, Central, Hong Kong

## SECTION 2 BUSINESS OVERVIEW

- Founded in September 1996, New China Life is a large and nationwide life insurance company with its headquarters in Beijing. New China Life offers life insurance products and services to more than 33,018 thousand individual customers and 83 thousand institutional customers through nationwide distributional networks and diversified marketing channels, manages and deploys insurance funds through its subsidiaries, including Asset Management Company and Asset Management Company (Hong Kong). New China Life was simultaneously listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange in 2011.



### Vision

To be China's best financial service group with comprehensive life insurance business as its core



Unit: RMB in millions

**1,255,044**  
Total assets

**102,884**  
Equity attributable to shareholders of the Company

**1.08** RMB per share <sup>(1)</sup>  
Dividend per share

**209,481**  
Total revenues

**9,822**  
Net profit attributable to shareholders of the Company

**4.3%**  
Total investment yield

**255,582**  
Embedded value

**2,423**  
Value of one year's new business

**238.2%**  
Comprehensive solvency margin ratio

Note:

1. Subject to approval of shareholders' general meeting.



## MAJOR OPERATING INDICATORS

Unit: RMB in millions

Key Operating Indicators	2022/As of 31 December 2022	2021/As of 31 December 2021
Gross written premiums	163,099	163,470
Number of total individual agents (in thousands)	197	389
Investment assets	1,203,008	1,082,803
Total investment yield (%)	4.3	5.9
Net investment yield (%)	4.6	4.3
Value of one year's new business	2,423	5,980
Embedded value	255,582	258,824
Core solvency margin ratio (%)	140.53	243.35
Comprehensive solvency margin ratio (%)	238.20	252.09

## HONORS AND AWARDS

Assessment Institution	Honors & Awards
<ul style="list-style-type: none"> <li>Fortune</li> <li>Forbes</li> </ul>	<ul style="list-style-type: none"> <li>Ranking 416 in Fortune 500 in 2022</li> <li>Ranking 476 in World's Top 2000 Public Companies in 2022</li> </ul>
<ul style="list-style-type: none"> <li>Fortune China</li> <li>Fitch Ratings</li> </ul>	<ul style="list-style-type: none"> <li>Ranking 55 in Fortune China 500 in 2022</li> <li>Insurer Financial Strength (IFS) Rating at "A" (Strong)</li> </ul>
<ul style="list-style-type: none"> <li>World Brand Lab</li> </ul>	<ul style="list-style-type: none"> <li>Ranking 236 in Asian Top 500 Brands in 2022</li> <li>Ranking 82 in China's 500 Most Valuable Brands in 2022</li> </ul>
<ul style="list-style-type: none"> <li>Brand Finance</li> </ul>	<ul style="list-style-type: none"> <li>Ranking 27 in the World's 100 Most Valuable Insurance Brands in 2022</li> <li>Ranking 442 in the World's 500 Valuable Brands in 2022</li> </ul>
<ul style="list-style-type: none"> <li>China Enterprise Confederation</li> </ul>	<ul style="list-style-type: none"> <li>Ranking 119 in China's Top 500 Enterprises in 2022</li> </ul>
<ul style="list-style-type: none"> <li>Securities Times</li> </ul>	<ul style="list-style-type: none"> <li>Excellent Insurance Company with Social Responsibility in 2022</li> </ul>
<ul style="list-style-type: none"> <li>Stock Star.com</li> </ul>	<ul style="list-style-type: none"> <li>Best Insurance Company with Social Responsibility in 2022</li> </ul>
<ul style="list-style-type: none"> <li>JRJ.com</li> </ul>	<ul style="list-style-type: none"> <li>Yanshu Award · Exemplar of Global Insurance Technology in 2022</li> </ul>

## SECTION 3 STATEMENT



Dear shareholders,

The year 2022 has become history. Looking back the past years, we underwent hardships, challenges, and pressure, as well as showed great ambitions, perseverance, and fights worth remembering. We climbed step by step, sometimes encountered rockfalls on the road. When reaching the peak, we still saw another barrier on the road ahead. Despite this, we neither forgot nor turned ourselves away from the original mission.

**We adhered to strategic choices.** The Company has always committed itself to main responsibility and main business, put in place the “One Body Two Wings + Technology Empowerment” strategic layout, and the dual engines of assets and liabilities driving growth. The Company pursued high-quality development, and took a holistic approach to both current operation and long-term development. In 2022, we vigorously implemented the 14th Five-Year Plan, refined all measures to form a joint force as a whole.

**We adhered to stable operation.** Facing complicated external situations, the Company focused on stable operation and completed annual work. Gross written premiums (the “GWP”) reached RMB163.1 billion, among which renewal premiums reached RMB119.7 billion with growth rate of 2.5% year on year, a solid contributor to premium volume. Investment return remained solid and the total investment yield reached 4.3%. Asset Management Company kept and appreciated the value of over 1 trillion assets under management. The investment performance also provided a solid foundation for participating in the construction of commercial pension insurance as the “third pillar”. The product “Excellent and Exclusive Commercial Pension Insurance” offered tens of thousands of customers with reliable pension security, and its actual settlement rate was among the best against the volatile market last year. Meanwhile, three old-age care communities were opened, and a comprehensive old-age care and healthcare service system of “old-age care and healthcare community + nursing and medicare community + leisure and tourism community + health management center” was initially established.

**We fulfilled our duties and missions.** The Company invested over RMB190 billion in the national key fields such as strategically emerging industries to serve real economy, representing a year-on-year increase of 29%. We supported micro and small-sized enterprises, increased investment in and procurement from micro, small and medium-sized enterprises, and launched exclusive accident insurance product for micro, small and medium-sized enterprises, freight and logistics personnel. We implemented the Healthy China strategy. The policy-oriented insurance business covered 17.95 million people in 9 provinces. We participated in more than 30 insurance projects, benefiting 1.6 million people. We contributed to rural revitalization and invested over RMB15 million to designated assistance areas.

In 2023, Chinese society will recover, forge ahead and break through. The year 2023 will be the beginning of the full release of resource endowment and transformation momentum of life insurance industry.

**The first is the advantages of risk management will be given into full play.** Recent years have witnessed people's awareness of health and risk change significantly. As consumption recovers, life insurance companies can provide products and services with wider coverage, deeper protection and higher relevance to help customers cope with and manage longevity and health risks.

**The second is the advantages of long-term investment will be given into full play.** While serving the real economy and participating in the construction of commercial pension insurance as the "third pillar", the industry will make good use of investment and management of long-term funds, injecting funds and vitality into the market and offering high-quality and long-term stable funds with a variety of investment tools. Meanwhile, with the implementation of individual pension system, life insurance companies can participate more in the construction of commercial pension insurance as the "third pillar" through "exclusive commercial pension insurance product" and customized pension product to provide long-term and stable pension security.

**The third is the advantages of ecological construction will be given into full play.** The very unique advantage of life insurance companies in China is the ability to integrate resources and build an ecosystem. Faced with the current population aging and the "9073" pension pattern, life insurance companies will further integrate health and pension resources and offer long-term care, home and community care and other services through old-age care and healthcare ecosystem.

There has been a long-running debate about the state of market equilibrium in economics. In my opinion, there is no final equilibrium between life insurance market and life insurance company. There is only an open and innovative dynamic that meets customers' needs and serves the national economy and people's livelihoods in the process of changing and responding to changes. There is always a transition between increasing marginal returns and diminishing marginal returns. Therefore, we need to reform the perspective on industry development and corporate value evaluation system, respect market, make use of the natural advantages of life insurance companies through innovation, constantly cross the traditional growth curve, expand production boundary and enter into the stage of increasing marginal returns.

In 2023, NCI will grasp development trend, maintain tenacity, work hard to contribute its own strength to China's economic recovery.

**Maintain strategic focus and pursue long-term development.** The Company will further implement the "14th Five-Year Plan". The marketing channels will improve the quality and efficiency of high-performing sales team. The three-step transformation of "increasing production per capita, optimizing team structure and stabilizing team income" and the reform of basic law will be put in place. The healthcare and old-age care industry will forge an "insurance-customer-healthcare and old-age care" ecosystem, accelerate industrial layout and coordinated development and optimize health management services in accordance with combining light and heavy assets. Asset management will adhere to prudent investment philosophy, improve assets allocation planning, expand and strengthen investment research team and vigorously develop the third-party business to provide comprehensive wealth management services. Technological empowerment will solve the needs of customers and sales team, solidify technology infrastructure, strengthen innovative tools and improve customer experience.

**Promote transformation to improve business performance.** The Company will optimize product structure, strengthen product innovation and vigorously develop long-term business to diversify product structure. We will improve business quality, strictly implement assessment and crack down on fraud to improve persistency ratio. We will improve the efficiency of resources, adjust expense policy, reduce non-effective costs to allow resources to be tilted to the front line. We will strengthen staff management, enrich development paths and continue to improve selection and training mechanism for young staff.

**Base on the main responsibility and main business to serve people's livelihoods.** The Company will continue to leverage risk management and investment management, proactively participate in the construction of commercial pension insurance as the "third pillar", promote individual pension program, boost exclusive commercial pension insurance, enrich the supply of inclusive products and explore the development of long-term care insurance, etc.

The ship is sailing on a new and glorious journey again. New China Life is ready to climb another mountain. We will pass on the NCI spirit of pioneering and fighting, carry on the mission of the "second take-off" and strive for giving shareholders and people from all walks of life who support and care about NCI better performance, as well as giving better reward to NCI army who have always fought bravely for the mission.



Proposed Chairman and Chief Executive Officer  
30 March 2023

## SECTION 4

# MANAGEMENT DISCUSSION AND ANALYSIS

## I. FINANCIAL ANALYSIS

### 1. Major accounting data and financial indicators

Unit: RMB in millions

Key accounting data	2022	2021	Change	2020	2019	2018
Total revenues	<b>209,481</b>	220,027	-4.8%	203,858	172,103	151,964
Gross written premiums and policy fees	<b>163,215</b>	163,535	-0.2%	159,556	138,171	122,341
Profit before income tax	<b>6,507</b>	15,670	-58.5%	15,491	13,221	10,510
Net profit attributable to shareholders of the Company	<b>9,822</b>	14,947	-34.3%	14,294	14,559	7,922
Net cash flows from operating activities	<b>89,385</b>	73,853	21.0%	67,179	42,102	13,768

	As at 31 December 2022	As at 31 December 2021	Change	As at 31 December 2020	As at 31 December 2019	As at 31 December 2018
Total assets	<b>1,255,044</b>	1,127,721	11.3%	1,004,376	878,970	733,929
Total liabilities	<b>1,152,139</b>	1,019,207	13.0%	902,696	794,509	668,333
Equity attributable to shareholders of the Company	<b>102,884</b>	108,497	-5.2%	101,667	84,451	65,587

Key financial indicators	2022	2021	Change	2020	2019	2018
Basic weighted average earnings per share attributable to shareholders of the Company (RMB)	<b>3.15</b>	4.79	-34.2%	4.58	4.67	2.54
Diluted weighted average earnings per share attributable to shareholders of the Company (RMB)	<b>3.15</b>	4.79	-34.2%	4.58	4.67	2.54
Weighted average return on equity attributable to shareholders of the Company	<b>9.29%</b>	14.22%	-4.93pt	15.36%	19.41%	12.25%
Weighted average net cash flows from operating activities per share (RMB)	<b>28.65</b>	23.67	21.0%	21.53	13.49	4.41

	As at 31 December 2022	As at 31 December 2021	Change	As at 31 December 2020	As at 31 December 2019	As at 31 December 2018
Net assets per share attributable to shareholders of the Company (RMB)	<b>32.98</b>	34.77	-5.1%	32.59	27.07	21.02

## 2. Other key financial and regulatory indicators

Unit: RMB in millions

Indicators	2022/As at 31 December 2022	2021/As at 31 December 2021	Change	2020/As at 31 December 2020	2019/As at 31 December 2019	2018/As at 31 December 2018
Investment assets	1,203,008	1,082,803	11.1%	965,653	839,447	699,826
Total investment yield <sup>(1)</sup>	4.3%	5.9%	-1.6pt	5.5%	4.9%	4.6%
Gross written premiums and policy fees	163,215	163,535	-0.2%	159,556	138,171	122,341
Growth rate of gross written premiums and policy fees	-0.2%	2.5%	-2.7pt	15.5%	12.9%	11.9%
Benefits, claims and expenses	201,785	203,902	-1.0%	187,281	158,342	140,755
Surrender rate <sup>(2)</sup>	1.8%	2.0%	-0.2pt	1.5%	1.8%	4.8%

Notes:

- Total investment yield = (total investment income – interest expense of financial assets sold under agreements to repurchase)/(monthly average investment assets – monthly average financial assets sold under agreements to repurchase – monthly average interest receivables).
- Surrender rate = surrenders/(balance of life insurance and long-term health insurance contract liabilities at the beginning of the period + premium income of long-term insurance contracts).

## 3. The reasons of the change of main financial indicators

Unit: RMB in millions

Indicators	2022/As at 31 December 2022	2021/As at 31 December 2021	Change	Reason(s) for change
Total assets	1,255,044	1,127,721	11.3%	The increase of business scale
Total liabilities	1,152,139	1,019,207	13.0%	The increase of insurance liabilities
Equity in total	102,905	108,514	-5.2%	The decrease of other comprehensive income due to the fluctuation of capital market
Net profit attributable to shareholders of the Company	9,822	14,947	-34.3%	Based on high profit in the same period of last year, affected by the gloomy capital market, investment return decreased compared to the same period of last year and net profit attributable to shareholders of the Company fluctuated dramatically during the reporting period

## 4. The discrepancy between the P.R.C. GAAP and IFRS

There is no difference between the consolidated net profit of the Company for the year 2022 and the consolidated equity of the Company as at 31 December 2022 as stated in the financial statements prepared by the Company in accordance with the P.R.C. GAAP and the IFRS.

## SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

### 5. The items and reasons for the change beyond 30% in the consolidated financial statements

Unit: RMB in millions

Balance sheet	As at 31 December 2022	As at 31 December 2021	Change	Reason(s) for Change
Term deposits	227,547	168,540	35.0%	Increase of term deposits
Financial assets purchased under agreements to resell	8,847	4,112	115.2%	The allocation of investment assets and the requirement of liquidity management
Accrued investment income	16,898	12,065	40.1%	Increase of interest receivable of term deposits
Deferred tax assets	6,253	196	3,090.3%	Increase of deductible temporary difference
Financial liabilities at fair value through profit or loss	25,877	2,612	890.7%	Increase of payables to the third party investors of controlled structured entities
Reinsurance liabilities	100	504	-80.2%	Development of reinsurance business and timing difference
Other liabilities	22,061	15,770	39.9%	Increase of payables of asset funding plans
Deferred tax liabilities	57	1,118	-94.9%	Decrease of taxable temporary difference

Unit: RMB in millions

Income statement	2022	2021	Change	Reason(s) for Change
Net change in unearned premiums liabilities	414	616	-32.8%	Slowing down of the decline in short-term insurance business
Policyholder dividends resulting from participating in profits	(1,654)	(1,207)	37.0%	Continuous growth of participating business
Commission and brokerage expenses	(10,168)	(14,593)	-30.3%	Decrease of first year premium of health insurance
Share of profits and losses of associates and joint ventures	(18)	378	N/A	Decrease of investment income from associates and joint ventures
Finance costs	(1,171)	(833)	40.6%	Increase of interest expense of financial assets sold under agreements to repurchase and asset funding plans
Profit before income tax	6,507	15,670	-58.5%	Based on high profit before income tax in the same period of last year, affected by the gloomy capital market, investment return decreased compared to the same period of last year and profit before income tax fluctuated dramatically during the reporting period
Income tax expense	3,319	(719)	N/A	Decrease of profit before tax and increase of non-taxable income
Net profit for the year	9,826	14,951	-34.3%	Decrease of profit before income tax
Net profit for the year attributable to owners of the Company	9,822	14,947	-34.3%	Decrease of net profit for the year
Total other comprehensive income for the year, net of tax	(11,043)	(3,785)	191.8%	Change in fair value of available-for-sale financial assets due to the fluctuation of capital market
Total comprehensive income for the year	(1,217)	11,166	N/A	Decrease of net profit for the year and change in fair value of available-for-sale financial assets due to the fluctuation of capital market

## II. BUSINESS ANALYSIS

### (1) Trend of Insurance Industry

In 2022, global situations changed rapidly. China's economic growth suffered a lot. The life insurance industry was still going through deep transformation. Many factors, such as increasing difficulty in marketing, weakening consumption sentiment in residents and dramatic fluctuations in capital market, have caused pressures on both assets and liabilities of the industry. The industry stayed committed to transformation and accelerated the return to the essence of insurance. The industry shifted gear for long-term development in serving the national strategy and the real economy, and unified both attributes and social values of insurance.

### (2) Development of Insurance Business

In face of severe market adjustment, the Company adhered to the general principle of seeking progress while ensuring stability, accelerated the overall development layout with life insurance as the core, supported by wealth management, old-age care and healthcare, and empowered by science and technology, and made efforts to transform business, offer professional services, innovate development model to achieve sustainable, healthy and stable operation.

### (3) Analysis of Core Competitiveness

**Prominent brand value.** New China Life has always been committed to forging "China's best financial service group with comprehensive life insurance business as its core" and deepening the "customer-centered" operation philosophy. While serving the national strategy, the real economy and people's livelihoods, the Company leverages the function of insurance and fulfills its mission. In 2022, the Company has been a member of Fortune 500 for two consecutive years, world's top 500 public companies by Forbes for nine consecutive years and world's top 50 most valuable insurance brands for eight consecutive years.

**Solid main business.** The Company has always adhered to the essence of life insurance and made insurance for people, explored market demands, and deepened supply-side reform. The Company optimizes marketing channels, improves sales team and service network to build a professional and high-quality sales team with broad customer base. In 2022, the Company realized GWP of RMB163,099 million, achieving healthy and stable operation.

**Supportive industrial collaboration.** With Asset Management Company as the main body, the Company has an integrated wealth management platform with total assets under management over RMB1 trillion. The investment remains prudent and forms excellent synergy with liabilities. The healthcare and old-age care industries support life insurance business greatly. Three old-age care projects "Zunxiang, Lexiang and Yixiang" are rolled out step by step. The Company explores experimental marketing and optimizes health management services to improve "product and service" model.

## SECTION 4

### MANAGEMENT DISCUSSION AND ANALYSIS

**Convenient and high-quality service.** The Company continues to strengthen the application of technology and optimize service supply and process. The intelligent operation and service system improves, diversified services strengthens, and value-added health service extends. Service quality and efficiency continue to improve.

**Professional and efficient management.** After 26 years of development and accumulation, the Company has a management team with rich experience and keen market insight as well as a group of talents with high-quality and professional underwriting, actuarial, risk management skills. Management efficiency constantly improves.

#### (4) Insurance Business

In 2022, external situations were complicated and severe. The Company responded to multiple challenges, focused on market demands and firmly pursued high-quality development. The Company strengthened business and sales team transformation, consolidated industrial collaboration, improved professional marketing and management, as well as strengthened comprehensive risk management. As a result, the Company achieved sound business performance.

##### **Business volume**

In 2022, the Company realized GWP of RMB163,099 million, remaining stable premium volume. First year premiums from long-term insurance business totaled RMB38,805 million, down by 5.3% year on year. Renewal premiums amounted to RMB119,737 million, growing by 2.5% year on year.

##### **Embedded value**

By the end of 2022, the embedded value of the Company was RMB255,582 million, decreasing by 1.3% compared with the end of last year. The Company realized the value of one year's new business of RMB2,423 million, decreasing by 59.5% year on year. The new business value margin was 5.5%.

##### **Business structure**

In 2022, renewal premiums accounted for as high as 73.4% of GWP, a solid contributor to premium growth. First year regular premiums from long-term insurance business accounted for 46.0% of first year premiums from long-term insurance business. First year premiums from long-term traditional and participating insurance businesses in aggregate accounted for 89.6% of first year premiums from long-term insurance business, rising by 10.1 percentage points year on year. First year premiums from long-term health insurance business accounted for 10.4% of first year premiums from long-term insurance business, representing a lower proportion of 10.1 percentage points compared with last year.

##### **Business quality**

13-month persistency ratio of individual life insurance business was 82.6%, down by 1.1 percentage points compared with last year, and 25-month persistency ratio of individual life insurance business was 77.2%, decreasing by 6.6 percentage points compared with last year. The surrender rate reached 1.8% in 2022, decreasing by 0.2 percentage point year on year.



## SECTION 4

### MANAGEMENT DISCUSSION AND ANALYSIS

Unit: RMB in millions

For the 12 months ended 31 December	2022	2021	Change
<b>GWP</b>	<b>163,099</b>	163,470	-0.2%
First year premiums from long-term insurance business	<b>38,805</b>	40,962	-5.3%
Regular premiums	<b>17,861</b>	21,764	-17.9%
Regular premiums with payment periods of ten years or more	<b>2,563</b>	6,136	-58.2%
Single premiums	<b>20,944</b>	19,198	9.1%
Renewal premiums	<b>119,737</b>	116,862	2.5%
Premiums from short-term insurance business	<b>4,557</b>	5,646	-19.3%

Note: Numbers may not be additive due to rounding.

#### 1. Analysis by distribution channels

Unit: RMB in millions

For the 12 months ended 31 December	2022	2021	Change
<b>Individual insurance channel</b>			
First year premiums from long-term insurance business	<b>10,672</b>	15,438	-30.9%
Regular premiums	<b>10,074</b>	14,561	-30.8%
Single premiums	<b>598</b>	877	-31.8%
Renewal premiums	<b>103,836</b>	101,353	2.4%
Premiums from short-term insurance business	<b>1,854</b>	3,041	-39.0%
<b>Total</b>	<b>116,362</b>	119,832	-2.9%
<b>Bancassurance channel</b>			
First year premiums from long-term insurance business	<b>28,046</b>	25,206	11.3%
Regular premiums	<b>7,748</b>	7,181	7.9%
Single premiums	<b>20,298</b>	18,025	12.6%
Renewal premiums	<b>15,867</b>	15,493	2.4%
Premiums from short-term insurance business	<b>18</b>	38	-52.6%
<b>Total</b>	<b>43,931</b>	40,737	7.8%
<b>Group insurance</b>			
First year premiums from long-term insurance business	<b>87</b>	318	-72.6%
Renewal premiums	<b>34</b>	16	112.5%
Premiums from short-term insurance business	<b>2,685</b>	2,567	4.6%
<b>Total</b>	<b>2,806</b>	2,901	-3.3%
<b>GWP</b>	<b>163,099</b>	163,470	-0.2%

Note: Numbers may not be additive due to rounding.

## SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

### (1) Individual life insurance business

#### ① Individual insurance channel

In 2022, individual insurance channel realized premiums of RMB116,362 million, reducing by 2.9% year on year. First year premiums from long-term insurance business amounted to RMB10,672 million, reducing by 30.9% year on year. Renewal premiums amounted to RMB103,836 million, growing by 2.4% year on year.

In 2022, the Company cleaned agent headcount and worked hard to build “young, professional and urban” sales team. As of the end of December 2022, agent headcounts in individual insurance channel totaled 197,000, decreasing by 49.4% year on year. The monthly average number of qualified agents<sup>(1)</sup> was 45,000, decreasing by 50.5% year on year and the monthly average qualified rate<sup>(2)</sup> was 15.0%, down by 4.1 percentage points year on year. The monthly average comprehensive productivity per capita<sup>(3)</sup> was RMB3,237, growing by 18.8% year on year.

#### ② Bancassurance channel

In 2022, bancassurance channel seized market opportunities, optimized cooperation with important partners, improved product and service offerings to grow regular premium business. Bancassurance channel realized premiums of RMB43,931 million in 2022, increasing by 7.8% year on year. First year regular premiums from long-term insurance business amounted to RMB7,748 million, representing an increase of 7.9% year on year. Renewal premiums totaled RMB15,867 million, rising by 2.4% year on year.

Notes:

1. Monthly average number of qualified agents =  $(\sum \text{number of qualified agents in a month}) / \text{the number of months in the reporting period}$ , where monthly number of qualified agents refers to the number of agents who have issued one insurance policy or more (including card-type short-term accident insurance policy) which are not cancelled by policy holders in a month and whose first year commission in the month is equal to or greater than RMB800.
2. Monthly average qualified rate =  $\text{monthly average number of qualified agents} / \text{monthly average number of agents} * 100\%$ . Monthly average number of agents =  $\{[\sum (\text{number of agents at start of the month} + \text{number of agents at end of the month}) / 2]\} / \text{the number of months in the reporting period}$ .
3. Monthly average comprehensive productivity per capita =  $\text{monthly average first year premiums} / \text{monthly average number of agents}$ .

(2) Group insurance

Group insurance focused on short-term insurance business, optimized business structure and strived to meet corporate customers' demands for benefits and security in 2022. Group insurance realized premiums of RMB2,806 million, decreasing by 3.3% year on year. Premiums from short-term insurance business amounted to RMB2,685 million, increasing by 4.6% year on year. The Company realized premiums of RMB762 million from policy-oriented health insurance in 2022, increasing by 48.5% year on year. The policy-oriented health insurance covered 17.95 million customers, rising by 108.2% year on year.

2. Analysis by insurance products

Unit: RMB in millions

For the 12 months ended 31 December	2022	2021	Change
<b>GWP</b>	<b>163,099</b>	163,470	-0.2%
<b>Participating insurance<sup>(1)</sup></b>	<b>54,008</b>	56,746	-4.8%
First year premiums from long-term insurance business	<b>20,335</b>	18,250	11.4%
Renewal premiums	<b>33,673</b>	38,496	-12.5%
Premiums from short-term insurance business	-	-	-
<b>Health insurance</b>	<b>57,861</b>	60,724	-4.7%
First year premiums from long-term insurance business	<b>4,018</b>	8,405	-52.2%
Renewal premiums	<b>50,749</b>	48,638	4.3%
Premiums from short-term insurance business	<b>3,094</b>	3,681	-15.9%
<b>Traditional insurance</b>	<b>49,842</b>	44,123	13.0%
First year premiums from long-term insurance business	<b>14,452</b>	14,307	1.0%
Renewal premiums	<b>35,268</b>	29,683	18.8%
Premiums from short-term insurance business	<b>122</b>	133	-8.3%
<b>Accident insurance</b>	<b>1,341</b>	1,832	-26.8%
First year premiums from long-term insurance business	-	-	-
Renewal premiums	-	-	-
Premiums from short-term insurance business	<b>1,341</b>	1,832	-26.8%
<b>Universal insurance<sup>(1)</sup></b>	<b>47</b>	45	4.4%
First year premiums from long-term insurance business	-	-	-
Renewal premiums	<b>47</b>	45	4.4%
Premiums from short-term insurance business	-	-	-
<b>Unit-linked insurance</b>	-	-	-
First year premiums from long-term insurance business	-	-	-
Renewal premiums	-	-	-
Premiums from short-term insurance business	-	-	-

Notes:

- Participating health insurance is included in the participating insurance. Universal health insurance is included in the universal insurance.
- "-" means less than RMB500,000, herein after the same.

## SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

In 2022, the Company strived to meet customers' demands. First year premiums from long-term participating insurance amounted to RMB20,335 million, increasing by 11.4% year on year. First year premiums from long-term traditional insurance amounted to RMB14,452 million, increasing by 1.0% year on year. Due to sluggish health insurance business in the industry and the reduction of agent headcount of the Company, first year premiums from long-term health insurance reached RMB4,018 million, decreasing by 52.2% year on year.

### 3. Analysis by branches

Unit: RMB in millions

For the 12 months ended 31 December	2022	2021	Change
<b>GWP</b>	<b>163,099</b>	163,470	-0.2%
Shandong Branch	<b>15,863</b>	15,812	0.3%
Henan Branch	<b>13,335</b>	13,482	-1.1%
Beijing Branch	<b>10,567</b>	11,265	-6.2%
Jiangsu Branch	<b>8,718</b>	8,058	8.2%
Zhejiang Branch	<b>8,618</b>	8,344	3.3%
Hubei Branch	<b>8,350</b>	8,036	3.9%
Shaanxi Branch	<b>8,212</b>	8,139	0.9%
Guangdong Branch	<b>7,734</b>	9,264	-16.5%
Inner Mongolia Branch	<b>6,414</b>	6,284	2.1%
Hunan Branch	<b>6,184</b>	6,425	-3.8%
Other Branches	<b>69,104</b>	68,361	1.1%

As of the end of 2022, the Company has established 35 branches across the country. In 2022, around 57.6% premiums came from 10 branches in economy-developed or populated regions, such as Shandong, Henan and Beijing.

## SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

### 4. The top 5 insurance products in terms of premium income

Unit: RMB in millions

Rank	Product	Original premium income	Main distribution channel	Surrender value
1	Wendefu endowment insurance (Participating) 穩得福兩全保險(分紅型)	19,944	Bancassurance channel	67
2	Huitianfu annuity insurance 惠添富年金保險	12,883	Individual insurance channel, bancassurance channel	736
3	Ronghuashijia whole life insurance 榮華世家終身壽險	7,941	Bancassurance channel	193
4	Jiankangwuyou Type C critical illness insurance 健康無憂C款重大疾病保險	5,937	Individual insurance channel	455
5	Huijinxiang annuity insurance 惠金享年金保險	5,262	Individual insurance channel	25

Rank	Product	First year premiums
1	Wendefu endowment insurance (Participating) 穩得福兩全保險(分紅型)	19,944
2	Huijinxiang annuity insurance 惠金享年金保險	5,118
3	Ronghuashijia whole life insurance 榮華世家終身壽險	3,256
4	Rongzunshijia whole life insurance 榮尊世家終身壽險	2,148
5	Rongyao whole life insurance 榮耀終身壽險	1,574

## SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

### 5. Top five customers

During the reporting period, the premium income of top five customers accounted for about 1.03% of total premium income of the Company, and there was no related party of the Company. In view of the Company's business nature, the Company has no suppliers directly related to its business.

### 6. Business quality

For the 12 months ended 31 December	2022	2021	Change
Persistency ratio of individual life insurance business			
13-month persistency ratio <sup>(1)</sup>	<b>82.6%</b>	83.7%	-1.1pt
25-month persistency ratio <sup>(2)</sup>	<b>77.2%</b>	83.8%	-6.6pt

Notes:

- 13-month persistency ratio = premiums under in-force regular premium life insurance policies 13 months after their issuance as a percentage of premiums under life insurance policies becoming in-force during the issuance.
- 25-month persistency ratio = premiums under in-force regular premium life insurance policies 25 months after their issuance as a percentage of premiums under life insurance policies becoming in-force during the issuance.

### 7. Analysis on claims and interests of policyholders

Unit: RMB in millions

For the 12 months ended 31 December	2022	2021	Change
Surrender value	<b>18,547</b>	17,786	4.3%
Insurance benefits and claims	<b>40,522</b>	43,577	-7.0%
Claims recoverable	<b>(2,915)</b>	(1,827)	59.6%
Policyholder dividends resulting from participating in profits	<b>1,654</b>	1,207	37.0%
Net change in insurance contract liabilities	<b>119,111</b>	112,721	5.7%

Claims recoverable increased by 59.6% year on year mainly due to the increase of maturity benefits recoverable as a result of maturity of business ceded out.

Policyholder dividends resulting from participating in profits increased by 37.0% year on year mainly due to the continuous growth of participating business.

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### MANAGEMENT DISCUSSION AND ANALYSIS

Unit: RMB in millions

For the 12 months ended 31 December	2022	2021	Change
<b>Insurance benefits and claims</b>	<b>40,522</b>	43,577	-7.0%
Participating insurance <sup>(1)</sup>	<b>26,251</b>	28,097	-6.6%
Health insurance	<b>10,598</b>	10,431	1.6%
Traditional insurance	<b>3,106</b>	4,373	-29.0%
Accident insurance	<b>544</b>	651	-16.4%
Universal insurance <sup>(1)</sup>	<b>23</b>	25	-8.0%
<b>Insurance benefits and claims</b>	<b>40,522</b>	43,577	-7.0%
Claims	<b>2,929</b>	3,366	-13.0%
Annuity benefits	<b>8,557</b>	9,366	-8.6%
Maturity and survival benefits	<b>18,838</b>	21,157	-11.0%
Casualty and medical benefits	<b>10,198</b>	9,688	5.3%

Note:

- Participating health insurance is included in the participating insurance. Universal health insurance is included in the universal insurance.

In 2022, insurance benefits and claims decreased by 7.0% year on year, and benefits and claims of traditional insurance decreased by 29.0% year on year.

#### 8. Analysis on commission and brokerage expense

Unit: RMB in millions

For the 12 months ended 31 December	2022	2021	Change
<b>Commission and brokerage expense<sup>(1)</sup></b>	<b>10,168</b>	14,592	-30.3%
Participating insurance <sup>(2)</sup>	<b>761</b>	716	6.3%
Health insurance	<b>5,733</b>	10,151	-43.5%
Traditional insurance	<b>3,431</b>	3,260	5.2%
Accident insurance	<b>243</b>	465	-47.7%
Universal insurance <sup>(2)</sup>	-	-	-

Notes:

- This item does not include the commission and brokerage expense under non-insurance contracts.
- Participating health insurance is included in the participating insurance. Universal health insurance is included in the universal insurance.

In 2022, commission and brokerage expense reduced by 30.3% year on year. The commission and brokerage expense of accident insurance decreased by 47.7% year on year mainly due to the reduction of premiums from accident insurance. The commission and brokerage expense of health insurance decreased by 43.5% year on year mainly due to the decline in first year premiums from health insurance.

## SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

### 9. Analysis on insurance contract liabilities

Unit: RMB in millions

Component	As at 31 December 2022	As at 31 December 2021	Change
Unearned premiums liabilities	1,150	1,585	-27.4%
Outstanding claims liabilities	2,194	2,184	0.5%
Life insurance liabilities	776,007	707,345	9.7%
Long-term health insurance liabilities	190,805	152,581	25.1%
<b>Insurance contract liabilities in total</b>	<b>970,156</b>	863,695	12.3%
Participating insurance <sup>(1)</sup>	578,905	554,499	4.4%
Health insurance	174,859	136,917	27.7%
Traditional insurance	215,567	171,214	25.9%
Accident insurance	798	1,037	-23.0%
Universal insurance <sup>(1)</sup>	27	28	-3.6%
<b>Insurance contract liabilities in total</b>	<b>970,156</b>	863,695	12.3%
Including: residual margin <sup>(2)</sup>	215,919	226,048	-4.5%

Notes:

- Participating health insurance is included in the participating insurance. Universal health insurance is included in the universal insurance.
- The residual margin is the liabilities appropriated by the Company for not being recognized as "Day-one" gain at the inception of the contracts, and will be amortized over the life of the contracts.

The insurance contract liabilities at the end of 2022 increased by 12.3% compared with the end of 2021 due to the increase of insurance business and accumulation of insurance liabilities. As at the date of the balance sheet, all types of insurance contract liabilities of the Company passed the adequacy test.



**(5) Asset Management Business**

As Russia-Ukraine war broke out and the Federal Reserve raised interest rate in 2022, capital markets both at home and abroad suffered multiple shocks. Staying committed to “prudent, long-term and value-oriented” investment philosophy, the Company adopted flexible investment tactics under strategic guidance in asset management business. Facing sector rotation in equity assets and shortage in fixed-income assets, the Company seized market opportunities on the premise of controllable risks.

In 2022, the Company’s total investment yield was 4.3% and net investment yield was 4.6%.

The debt financial assets amounted to RMB601,794 million, accounting for 50.0% of total investment assets, decreasing by 3.3 percentage points compared with the end of last year. From the perspective of strategic investment, the Company continued to invest in interest rate bonds such as long-duration local government bonds and treasury bonds to lengthen assets duration. The Company also seized swing trading opportunities in bonds. In terms of financial products, the Company focused on absolute return and invested projects with eligible returns and controllable risks, and resolutely avoided and defused potential risks through various measures.

The equity financial assets amounted to RMB279,172 million, accounting for 23.2% of total investment assets, reducing by 0.6 percentage point compared with the end of last year. In 2022, while industries and sectors rotated and structural opportunities existed, equity market declined throughout the whole year. The Company committed itself to value-oriented and long-term investment philosophy in equity investment, selected industries and stocks from the bottom up and seized structural opportunities. In addition, the Company focused on high dividend and invested more in the undervalued assets in the Hong Kong stock market.

By the end of 2022, Asset Management Company managed entrusted assets of RMB479,600 million from the third-party business, representing a year-on-year increase of 48% compared with 2021. Among them, portfolio asset management products reached RMB437,700 million, increased by RMB171,300 million compared with 2021 and RMB294,700 million compared with 2020, which grew by over RMB10,000 million for three consecutive years.

## SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

### 1. Investment portfolio

Unit: RMB in millions

As at 31 December	2022		2021		Change
	Amount	Proportion	Amount	Proportion	
<b>Investment assets</b>	<b>1,203,008</b>	<b>100.0%</b>	1,082,803	100.0%	11.1%
<b>Classified by investment type</b>					
Term deposits <sup>(1)</sup>	227,547	18.9%	168,540	15.6%	35.0%
Debt financial assets	601,794	50.0%	577,214	53.3%	4.3%
– Bonds	481,752	40.0%	416,579	38.5%	15.6%
– Trust products	68,152	5.7%	83,733	7.7%	-18.6%
– Debt plans <sup>(2)</sup>	46,663	3.9%	57,747	5.3%	-19.2%
– Others <sup>(3)</sup>	5,227	0.4%	19,155	1.8%	-72.7%
Equity financial assets	279,172	23.2%	257,436	23.8%	8.4%
– Funds	87,131	7.3%	75,306	7.0%	15.7%
– Stocks <sup>(4)</sup>	82,164	6.8%	91,716	8.5%	-10.4%
– Others <sup>(5)</sup>	109,877	9.1%	90,414	8.3%	21.5%
Investments in associates and joint ventures	5,820	0.5%	5,452	0.5%	6.7%
Cash and cash equivalents <sup>(1)</sup>	17,586	1.5%	15,459	1.4%	13.8%
Other investment assets <sup>(6)</sup>	71,089	5.9%	58,702	5.4%	21.1%
<b>Classified by investment purpose</b>					
Financial assets at fair value through profit or loss	79,465	6.6%	70,226	6.5%	13.2%
Available-for-sale financial assets	375,654	31.2%	403,427	37.3%	-6.9%
Held-to-maturity investments	378,391	31.5%	301,102	27.8%	25.7%
Loans and others <sup>(7)</sup>	363,678	30.2%	302,596	27.9%	20.2%
Investment in associates and joint ventures	5,820	0.5%	5,452	0.5%	6.7%

Notes:

- Term deposits exclude those with maturity of three months or less, while cash and cash equivalents include term deposits with maturity of three months or less.
- Debt plans mainly consist of infrastructure and real estate funding projects.
- Others include perpetual bonds, asset management products, certificates of deposit and asset funding plans, etc.
- Stocks include common stocks and preferred stocks.
- Others include asset management products, private equity, equity plans, unlisted equity investments, perpetual bonds, etc.
- Other investment assets mainly include statutory deposits, policy loans, financial assets purchased under agreements to resell, dividend receivables and interest receivables, etc.
- Loans and others mainly include term deposits, cash and cash equivalents, statutory deposits, policy loans, financial assets purchased under agreements to resell, dividend receivables, interest receivables, loans and receivables, etc.
- Numbers may not be additive due to rounding.

2. *Investment income*

Unit: RMB in millions

For the 12 months ended 31 December	2022	2021	Change
Interest income from cash and cash equivalents	168	138	21.7%
Interest income from term deposits	7,318	5,710	28.2%
Interest income from debt financial assets	25,359	25,884	-2.0%
Dividend income from equity financial assets	15,147	7,876	92.3%
Interest income from other investment assets <sup>(1)</sup>	2,394	2,246	6.6%
<b>Net investment income<sup>(2)</sup></b>	<b>50,386</b>	41,854	20.4%
Realized gains on investment assets	2,820	17,985	-84.3%
Unrealized losses	(1,442)	(327)	341.0%
Impairment losses on financial assets	(4,954)	(2,269)	118.3%
Share of results of associates and joint ventures under equity method	(18)	378	N/A
<b>Total investment income<sup>(3)</sup></b>	<b>46,792</b>	57,621	-18.8%
Net investment yield <sup>(4)</sup>	4.6%	4.3%	0.3pt
Total investment yield <sup>(4)</sup>	4.3%	5.9%	-1.6pt

Notes:

1. Interest income from other investment assets includes interest income from statutory deposits, policy loans and financial assets purchased under agreements to resell, etc.
2. Net investment income includes interest income from cash and cash equivalents, term deposits, debt financial assets and other investment assets and dividend income from equity financial assets.
3. Total investment income = net investment income + realized gains/(losses) on investment assets + unrealized gains/(losses) + impairment losses on financial assets + share of results of associates and joint ventures under equity method.
4. Investment yield = (investment income – interest expense of financial assets sold under agreements to repurchase)/(monthly average investment assets – monthly average financial assets sold under agreements to repurchase – monthly average interest receivables).

3. *Investment in non-standard assets*

As of the end of 2022, the non-standard investment assets amounted to RMB221,113 million, accounting for 18.4% of total investment assets, decreasing by 2.1 percentage points compared with the end of last year. In 2022, the Company invested in non-standard assets with eligible returns and controllable risks. While selecting projects with strict criteria and improving post investment management, the Company attached importance to and invested in high-quality projects in line with national strategy. The non-standard assets held by the Company have good quality and controllable risks. The financing entities are industrial giants and large financial institutions. The non-standard assets are taken sound credit enhancement measures.

## SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

### (1) Ratings

Excluding non-fixed income financial products and portfolio products issued by insurance asset management companies not requiring external ratings, the non-standard assets held by the Company with AAA ratings accounted for 97.96% of total non-standard assets. The overall credit risk was limited.

### (2) Investment portfolio

Unit: RMB in millions

As at 31 December 2022	Amount	Proportion	Proportion change compared with the end of last year	Amount change compared with the end of last year
<b>Non-standard debt investments</b>	<b>115,403</b>	52.2%	-12.4pt	(28,022)
– Trust products	68,152	30.9%	-6.8pt	(15,581)
– Debt plan	46,663	21.1%	-4.9pt	(11,084)
– Asset funding plans	543	0.2%	-0.7pt	(1,357)
– Asset management plans	45	–	–	–
<b>Non-standard equity investments</b>	<b>105,710</b>	47.8%	12.4pt	27,229
– Asset management plans	62,699	28.3%	9.3pt	20,644
– Private equity	12,505	5.7%	0.9pt	1,841
– Unlisted equity	16,708	7.6%	-0.3pt	(764)
– Equity investment plans	11,804	5.3%	1.6pt	3,514
– Trust products	1,994	0.9%	0.9pt	1,994
<b>Total</b>	<b>221,113</b>	100.0%		(793)

### (3) Major management institutions

Unit: RMB in millions

Top 10 management institutions of financial products	Paid amount	Proportion
New China Asset Management Co., Ltd.	58,545	26.5%
Zhongrong International Trust Co., Ltd.	14,197	6.4%
Everbright Xinglong Trust Co., Ltd.	10,691	4.8%
CITIC Trust Co., Ltd.	8,794	4.0%
China Insurance Investment Co., Ltd.	8,649	3.9%
Taikang Asset Management Co., Ltd.	8,411	3.8%
Cigna & CMB Asset Management Company Limited	6,596	3.0%
Zhongyuan Trust Co., Ltd.	6,126	2.8%
Bridge Trust Co., Ltd.	6,037	2.7%
China Fortune International Trust Co., Ltd.	5,048	2.3%
<b>Total</b>	<b>133,094</b>	60.2%

### III. ANALYSIS BY COMPONENT

#### i. Solvency

New China Life Insurance Company Ltd. calculated and disclosed core capital, actual capital, minimum capital, core solvency margin ratio and comprehensive solvency margin ratio according to *Solvency Regulatory Rules II for Insurance Companies*. Solvency margin ratios of an insurance company in PRC must meet the prescribed thresholds as required by the CBIRC.

Unit: RMB in millions

	As at 31 December 2022	As at 31 December 2021	Reason(s) for change
Core capital	<b>143,990</b>	278,510	Adjustment of Solvency Regulatory Rules <sup>(2)</sup> , profit earned for the reporting period, changes in fair value of available-for-sale financial assets and growth in insurance business
Actual capital	<b>244,069</b>	288,510	
Minimum capital	<b>102,463</b>	114,448	Adjustment of Solvency Regulatory Rules <sup>(2)</sup> , growth and structural changes in insurance and investment businesses
<b>Core solvency margin ratio<sup>(1)</sup></b>	<b>140.53%</b>	243.35%	
<b>Comprehensive solvency margin ratio<sup>(1)</sup></b>	<b>238.20%</b>	252.09%	

Notes:

- Core solvency margin ratio = core capital/minimum capital; comprehensive solvency margin ratio = actual capital/minimum capital.
- According to regulatory requirements, the Company applied *Solvency Regulatory Rules II for Insurance Companies* since the solvency report for the first quarter of 2022. Solvency margin ratios as at 31 December 2021 were calculated according to *Solvency Regulatory Rules (No. 1-17) for Insurance Companies*.

#### ii. Liquidity

##### 1. Gearing Ratio

	As at 31 December 2022	As at 31 December 2021
Gearing ratio	<b>91.8%</b>	90.4%

Note: Gearing ratio = total liabilities/total assets.

## SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

### 2. Liquidity

Unit: RMB in millions

For the 12 months ended 31 December	2022	2021	Change
Net cash flows from operating activities	<b>89,385</b>	73,853	21.0%
Net cash flows from investing activities	<b>(90,470)</b>	(106,531)	-15.1%
Net cash flows from financing activities	<b>2,839</b>	35,241	-91.9%

The net cash inflow from operating activities increased by 21.0% year on year, mainly due to the increase of policyholder deposits and decrease in commission and brokerage expenses.

The net cash outflow from investing activities decreased by 15.1% year on year, mainly due to the increase of cash received from disinvestment.

The net cash inflow from financing activities decreased by 91.9% year on year, mainly because cash generated from financial assets sold under agreements to repurchase have turned from net inflow last year to net outflow this year.

### 3. Source and use of liquidity

The principal cash inflows of the Company are comprised of insurance premiums, income from investment contracts, proceeds from sales and maturity of investment assets and investment income. The liquidity risks with respect to these cash inflows primarily arise from surrenders of contract holders and policyholders, defaults by debtors, fluctuation of interest rate and other market fluctuations. The Company closely monitors and manages these risks.

The cash and bank deposits of the Company provided liquidity resources to satisfy the requirements of cash outflows. As of the end of the reporting period, cash and cash equivalents amounted to RMB17,586 million. The term deposits amounted to RMB227,547 million. Substantially all of the Company's term deposits were available for utilization subject to interest losses. Moreover, the investment portfolio of the Company also provided liquidity resources to satisfy the requirements of unexpected cash outflows. As of the end of the reporting period, the book value of debt financial assets amounted to RMB601,794 million, and the book value of equity financial assets amounted to RMB279,172 million.

The principal cash outflows of the Company are comprised of liabilities associated with various life insurance, annuity insurance, accident insurance and health insurance products, distribution of dividends and interest payments of insurance policies and annuity contracts, operating expenses, income taxes and dividends declared and payable to shareholders. Cash outflows arising from insurance activities primarily relate to benefit payments of insurance products, as well as payments for policy surrenders and policy loans.

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

**iii. Reinsurance**

The Company's reinsurance business currently includes business ceded through quota share, surplus and catastrophe reinsurance contracts. The current reinsurance contracts cover almost all products with risks and obligations. Reinsurers of the Company mainly include Swiss Reinsurance Company Ltd. Beijing Branch and China Life Reinsurance Company Ltd., etc. The premiums of the Company ceded out are as follows:

1. *Premiums ceded out for reinsurers*

Unit: RMB in millions

For the 12 months ended 31 December	2022	2021
Swiss Reinsurance Company Ltd. Beijing Branch	1,764	1,696
China Life Reinsurance Company Ltd.	640	761
Others <sup>(1)</sup>	205	315
<b>Total</b>	<b>2,609</b>	<b>2,772</b>

Note:

- Others primarily included SCOR SE Beijing Branch, General Reinsurance AG Shanghai Branch, Hannover Rückversicherung AG Shanghai Branch, and Munich Reinsurance Company Beijing Branch, etc.

2. *Premiums ceded out by insurance products*

Unit: RMB in millions

For the 12 months ended 31 December	2022	2021
Life insurance	213	276
Health insurance	2,370	2,464
Accident insurance	26	32
<b>Total</b>	<b>2,609</b>	<b>2,772</b>

## SECTION 4

### MANAGEMENT DISCUSSION AND ANALYSIS

#### IV. FUTURE PROSPECT

##### (1) Trend of Insurance Industry

In 2023, global economic growth still faces uncertainties. The Chinese economy enjoys strong resilience, tremendous potential and great vitality. China will pool various policies to form a joint force to boost high-quality development. The CBIRC also stresses that banking and insurance institutions shall adhere to the general principle of seeking progress while ensuring stability and fully support the overall improvement of economic operation. With the promotion of national strategies such as Healthy China and responding to aging population, regulatory policies has guided life insurance industry on the way to healthy and sustainable development. The industry has entered into new high-quality development period, the transformation direction has become clearer, and the development path has become firmer. The liability business shall be deeply integrated into the construction of multi-level old-age care and healthcare security system. And the asset business shall be deeply integrated into national strategies to highlight the long-term value of insurance funds.

##### (2) Development Strategy of New China Life

New China Life has always maintained its strategic focus. During the “14th Five-Year Plan”, the Company will enhance growth drivers, promote the overall development layout with life insurance as the core, supported by wealth management, old-age care and healthcare, and empowered by science and technology. Through the development of old-age care and healthcare business, as well as asset management business, the Company strives to make life insurance business bigger and stronger and enhance technological empowerment. The Company will offer excellent service, growth and management to achieve healthy, sustainable and high-quality development.



**(3) Business Plan**

In 2023, the Company will actively integrate into the new development pattern and scientifically respond to industry changes. In business development, the Company shall improve business value, stabilize business volume, shift to long-term and diversified business, deepen industrial coordination and consolidate the foundation for development to fully boost high-quality development.

**(4) Possible Risks and Measures to be Taken**

1. *Possible risks*

In 2023, global environment is still complicated and gloomy. The complex internal and external environments have exacerbated the interaction of market, credit and liquidity risks. Financial risks accumulated rapidly. Insurance funds suffer great pressure in safety and income. The rapid development of Internet finance further expedites the circulation of public opinion, which brings new challenges to the prevention and control of reputation risk.

2. *Measures to be taken*

In order to deal with the above possible risks, the Company will, in accordance with the requirements and standards of industry regulatory authorities, optimize comprehensive risk management system and consolidate the foundation for risk management, improve tools, mechanism and system for risk management to make sure risk management more effective operation.

## SECTION 5

# EMBEDDED VALUE

### INDEPENDENT ACTUARY'S REPORT ON REVIEW OF EMBEDDED VALUE INFORMATION

#### To the Directors of New China Life Insurance Company Ltd.,

We have reviewed embedded value results ("EV Results") of New China Life Insurance Company Ltd. ("NCI" or "the company") as of 31 December 2022. Our review about EV results includes: the embedded value and the value of one year's new business as of 31 December 2022, sensitivity analysis, and the analysis of change of the embedded value.

The methodology NCI used to calculate the embedded value and the value of one year's new business complies to "CAA Standards of Actuarial Practice: Appraisal of Embedded Value" ("Appraisal of Embedded Value") issued by the China Association of Actuaries ("CAA") in November 2016. As independent actuaries, it is our responsibility to review the EV results according to the review process as confirmed in the Letter of Engagement and to evaluate whether the methodology and assumptions used for calculating EV results are consistent with the requirement of Appraisal of Embedded Value and market information.

#### Scope of work

Our scope of work covered:

- A review of whether methodology and assumptions used for calculating the embedded value and the value of one year's new business as of 31 December 2022 are consistent with the requirement of Appraisal of Embedded Value and market information.
- A review of the embedded value and the value of one year's new business as of 31 December 2022;
- A review of the sensitivity tests of the value of in-force business and value of one year's new business as of 31 December 2022; and
- A review of the analysis of change of the embedded value from 31 December 2021 to 31 December 2022.

In carrying out our review, we have relied on the accuracy of audited and unaudited data and information provided by NCI.

The calculation of embedded value relies greatly on predictions and assumptions, which include many economic/ noneconomic assumptions and assumptions on financial position that company has no control of. Therefore, the actual experience and results may differ from prediction.

## Opinion

Based on the scope of work and data reliance, we have concluded that:

- Based on our review, the embedded value methodology and assumptions used by NCI are consistent with the requirements of the “Appraisal of Embedded Value” and available market information.
- The embedded value results of all significant aspects are consistent with the methodology and assumptions shown in the Embedded Value section of 2022 annual report.

We confirm that the results shown in the Embedded Value section of 2022 annual report are consistent with those reviewed by us.

This report has been prepared pursuant to an engagement contract between PricewaterhouseCoopers Consulting (Shenzhen) Ltd., Beijing Branch and New China Life Insurance Company Ltd.. This report is solely for the purpose set forth in the first and second paragraphs of this report and is for the use of board of directors of NCI only and is not to be used for any other purpose or to be distributed to any other parties. We expressly disclaim any liability or duty to any other party for the contents of this report and howsoever arising in connection with it.

Our work does not constitute an audit or other assurance engagement in accordance with applicable professional standards. Accordingly, we provide no audit opinion, attestation or other form of assurance with respect to our work or the information upon which our work was based.

**Grace Jiang, FSA**  
**Ben Cheng, FIA**

PricewaterhouseCoopers Consultants (Shenzhen) Ltd., Beijing Branch  
30 March 2023

## SECTION 5 EMBEDDED VALUE

### 1. BACKGROUND

In order to provide investors with an additional tool to understand our economic value and business results, we have prepared the Company's Embedded Value as of 31 December 2022 and have disclosed the relevant information in this section.

Embedded Value (EV) is an actuarially determined estimate of the economic value of the life insurance business of an insurance company based on a series of assumptions about future experience. But it does not incorporate the contribution of economic value from future new business. Value of New Business (VNB) represents an actuarially determined estimate of the economic value arising from new life insurance business issued during a certain period of time. Hence, the embedded value method can provide an alternative measure of the value and profitability of a life insurance company.

The reporting of embedded value and value of new business provides useful information to investors in two respects. First, Value of In-Force business (VIF) represents the total amount of after-tax shareholder distributable profits in present value terms, which can be expected to emerge over time, based on the assumptions used. Second, Value of New Business provides a metric to measure the value created for investors from new business activities and hence the potential growth of the company. However, the information on embedded value and value of new business should not be viewed as a substitute of financial measures under other relevant financial bases. Investors should not make investment decisions based solely on embedded value and value of new business information.

As standards for the disclosure of embedded value continue to develop internationally and in the PRC, the form and content of our presentation of embedded value may change. Hence, differences in definition, methodology, assumptions, accounting basis and disclosures may cause inconsistency when the results of different companies are compared. Also, embedded value calculations involve substantial technical complexity and estimates of value can vary materially as key assumptions are changed.

In November 2016, China Association of Actuaries (CAA) issued CAA [2016] No. 36 "CAA Standards of Actuarial Practice: Appraisal of Embedded Value" (hereafter referred to as "Appraisal of Embedded Value" standard). The embedded value and value of new business in this section are prepared by us in accordance with the "Appraisal of Embedded Value" standard. PricewaterhouseCoopers Consultants(Shenzhen) Ltd. performed a review of our embedded value. The review statement from PricewaterhouseCoopers Consultants(Shenzhen) Ltd is contained in the "Independent Actuary's Report on Review of Embedded Value Information" section.

### 2. DEFINITIONS OF EMBEDDED VALUE

Embedded value is the sum of the adjusted net worth and the value of in-force business allowing for the cost of required capital held by the company.

"Adjusted Net Worth" (ANW) is equal to the sum of:

Net assets, defined as assets less policy liabilities valued under the "Appraisal of Embedded Value" standard; 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 for differences between P.R.C. GAAP reserves and reserves under the “Appraisal of Embedded Value” standard.

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” is the discounted value of the projected stream of future after-tax shareholder distributable profits for existing in-force business at the valuation date. The “value of one year’s new business” is the discounted value of the projected stream of future after-tax shareholder distributable profits for sales in the 12 months immediately preceding the valuation date. Shareholder distributable profits are determined based on policy liabilities, required capital in excess of policy liabilities, and minimum capital requirement quantification standards prescribed by the CBIRC.

The value of in-force business and the value of one year’s new business have been determined using a traditional deterministic discounted cash flow methodology. This methodology is consistent with the “Appraisal of Embedded Value” standard and is also commonly-used in determining EVs of life insurance companies in China at the current time. This methodology makes implicit allowance for all sources of risks, including the cost of investment guarantees and policyholder options, asset/liability mismatch risk, credit risk, the deviation of the actual experience from the projected and the economic cost of capital, through the use of a risk-adjusted discount rate.

### 3. KEY ASSUMPTIONS

In determining the value of in-force business and the value of one year’s new business as of 31 December 2022, we have assumed that the Company continues to operate as a going concern under the current economic and regulatory environment, and the relevant regulations for determining policy liabilities and required capital remain unchanged. The operational assumptions are mainly based on the results of experience analyses of the Company, together with reference to the overall experience of the Chinese life insurance industry, as well as with regard to expected future operating experience. As such, these assumptions represent our best estimates of the future based on information currently available at the valuation date.

#### (1) Risk Discount Rate

The risk discount rate used to calculate the value of in-force business and value of one year’s new business is 11.0% p.a.

## SECTION 5 EMBEDDED VALUE

### (2) Investment Returns

The table below shows investment return assumptions for the main funds to calculate VIF and the Value of One Year's New Business.

	2023	2024	2025	2026+
Non-participating	5.00%	5.00%	5.00%	5.00%
Participating	5.00%	5.00%	5.00%	5.00%
Universal life	5.00%	5.00%	5.00%	5.00%
Unit-linked	6.00%	6.00%	6.00%	6.00%
New Non-participating	5.25%	5.25%	5.25%	5.25%
Specific participating	5.00%	5.00%	5.00%	5.00%
Specific Non-participating	5.25%	5.25%	5.25%	5.25%
Specific participating II	5.00%	5.00%	5.00%	5.00%

Note: Investment return assumptions are applied to calendar year.

### (3) Mortality

Mortality assumptions have been developed based on the Company's past mortality experience, expectations of current and future experience. Mortality assumptions are expressed as a percentage of the standard industry mortality tables: "China Life Tables (2010 to 2013)".

### (4) Morbidity

Morbidity assumptions have been developed based on the Company's past morbidity experience, expectations of current and future experience, and taking into consideration future morbidity deterioration trend. Morbidity assumptions are expressed as a percentage of "China Life Insurance Experienced Critical Illness Table (2020)".

### (5) Invalidation Rate and Surrender Rate

Assumptions have been developed based on the Company's experience of invalidation and lapse, expectations of current and future experience, and overall knowledge of the Chinese life insurance market. Assumptions vary by product type and premium payment mode.

### (6) Expenses

Unit cost assumptions have been developed based on the Company's past actual expense experience, expectations of current and future experience. Future inflation of 2.0% p.a. has been assumed in respect of per policy expenses.

**(7) Commission and Handling Fees**

The assumed level of commission and commission override, as well as handling fees, have been set based on the levels currently being paid.

**(8) Policyholder Bonuses and Dividends**

The assumptions regarding policyholder dividends have been derived in accordance with our current policyholder bonus and dividend policy, whereby 70% of surplus arising from participating business is paid to policyholders.

**(9) Tax**

Tax has been assumed to be payable at 25% p.a. of profits with allowance for the exemption of certain investment income, including Chinese government bonds, and dividend income from equities and equity investment funds. In addition, taxes and surcharges for short-term health and accident business are based on related tax regulation.

**(10) Cost of Required Capital**

It is assumed that the requirements under Solvency II Phase I is applied throughout the course of projection and 100% of the minimum capital requirement prescribed by the CBIRC is to be held by the Company in the calculation of the value of in-force business and the value of one year's new business.

**(11) Other Assumptions**

The current methods for calculating surrender values have been assumed unaltered throughout the course of projection.

Our current reinsurance arrangements have been assumed to remain unaltered.

## SECTION 5 EMBEDDED VALUE

### 4. EMBEDDED VALUE RESULTS

The table below shows our embedded value and value of one year's new business as of 31 December 2022 and their corresponding results as of prior valuation date.

#### Embedded Value

Unit: RMB in millions

Valuation Date	31 December 2022	31 December 2021
<b>Adjusted Net Worth</b>	<b>165,666</b>	163,027
Value of In-Force Business Before Cost of Required Capital Held	<b>116,863</b>	120,279
Cost of Required Capital Held	<b>(26,947)</b>	(24,481)
<b>Value of In-Force Business After Cost of Required Capital Held</b>	<b>89,916</b>	95,797
<b>Embedded Value</b>	<b>255,582</b>	258,824

Notes:

1. Numbers may not be additive due to rounding.
2. The impact of major reinsurance contracts has been reflected in the embedded value.

#### Value of One Year's New Business

Unit: RMB in millions

Valuation Date	31 December 2022	31 December 2021
Value of One Year's New Business Before		
Cost of Required Capital Held	<b>4,565</b>	8,642
Cost of Required Capital Held	<b>(2,142)</b>	(2,662)
<b>Value of One Year's New Business After Cost of Required Capital Held</b>	<b>2,423</b>	5,980

Notes:

1. Numbers may not be additive due to rounding.
2. The first year premiums used to calculate the value of one year's new business as of 31 December 2022 and 31 December 2021 were RMB43,838 million and RMB46,380 million respectively.
3. The impact of major reinsurance contracts has been reflected in the value of one year's new business.



Value of One Year's New Business by Channel

Unit: RMB in millions

Valuation Date	31 December 2022	31 December 2021
Individual insurance channel	2,339	5,780
Bancassurance channel	346	497
Group insurance channel	(262)	(297)
<b>Total</b>	<b>2,423</b>	<b>5,980</b>

Notes:

- Numbers may not be additive due to rounding.
- The first year premiums used to calculate the value of one year's new business as of 31 December 2022 and 31 December 2021 were RMB43,838 million and RMB46,380 million respectively.
- The impact of major reinsurance contracts has been reflected in the value of one year's new business.

## 5. ANALYSIS OF CHANGE

The analysis of change in Embedded Value from 31 December 2021 to 31 December 2022 is shown below.

Unit: RMB in millions

Analysis of Change in EV from 31 December 2021 to 31 December 2022	
<b>1. EV at the beginning of period</b>	<b>258,824</b>
2. Impact of Value of New Business	2,423
3. Expected Return	20,009
4. Operating Experience Variances	2,796
5. Economic Experience Variances	(17,838)
6. Operating Assumption Changes	(2,989)
7. Economic Assumption Changes	(2,137)
8. Capital Injection/Shareholder Dividend Payment	(4,492)
9. Others	341
10. Value Change Other Than Life Insurance Business	(1,355)
<b>11. EV at the end of period</b>	<b>255,582</b>

Note: Numbers may not be additive due to rounding.

## SECTION 5 EMBEDDED VALUE

Items 2 to 10 are explained below:

2. Value of new business as measured at the point of issuing.
3. Expected return on adjusted net worth and value of in-force business during the relevant period.
4. Reflects the difference between the actual operating experience in the period (including mortality, morbidity, discontinuance rates, expenses, taxes, etc.) and the assumed at the beginning of the period.
5. Reflects the difference between actual and expected investment returns and market value adjustment in the period, etc.
6. Reflects the change in operating assumptions between valuation dates.
7. Reflects the change in economic assumptions between valuation dates.
8. Capital injection and other dividend payment to shareholders.
9. Other miscellaneous items.
10. Value change other than those arising from the life insurance business.

## 6. SENSITIVITY TESTS

Sensitivity tests are performed under a range of alternative assumptions. In each of the sensitivity tests, only the assumption referred to is changed, with all other assumptions unchanged. The results are summarized below.

Unit: RMB in millions

VIF and Value of One Year's New Business Sensitivity Results as of 31 December 2022	VIF after Cost of Required Capital Held	the Value of One Year's New Business after Cost of Required Capital Held
<b>Scenarios</b>		
Base Scenario	89,916	2,423
Risk Discount Rate at 11.5%	85,581	2,200
Risk Discount Rate at 10.5%	94,546	2,659
Investment Return 50bps higher	112,053	3,591
Investment Return 50bps lower	67,685	1,247
Expenses 10% higher (110% of Base)	88,081	1,449
Expenses 10% lower (90% of Base)	91,748	3,395
Discontinuance Rates 10% higher (110% of Base)	89,508	2,147
Discontinuance Rates 10% lower (90% of Base)	90,306	2,709
Mortality 10% higher (110% of Base)	89,110	2,379
Mortality 10% lower (90% of Base)	90,725	2,466
Morbidity and Loss Ratio 10% higher (110% of Base)	84,793	1,868
Morbidity and Loss Ratio 10% lower (90% of Base)	95,058	2,978
Profit Sharing between Participating Policyholders and Shareholders is assumed to be 75%/25% instead of 70%/30%	84,945	2,352

## SECTION 6

# DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

## I. CURRENT DIRECTORS, SUPERVISORS AND MEMBERS OF SENIOR MANAGEMENT

As of the publication date of this report, details of current directors, supervisors and members of senior management of the Company are set out below:

Unit: RMB10,000

Name	Position	Gender	Date of birth	Term of office	Total after-tax remuneration received from the Company during the reporting period	Total individual income tax paid during the reporting period	Whether receiving remuneration from related parties during the reporting period
LI Quan <sup>(1)(3)</sup>	Proposed Chairman	Male	August 1963	Pending ratification by regulatory authority	179.08	100.67	No
ZHANG Hong <sup>(2)(3)</sup>	Executive Director	Male	September 1964	Since November 2019	154.27	78.48	No
	Chief Executive Officer			Since August 2019			
	Executive Director			Since June 2021			
	Proposed President			Pending ratification by regulatory authority			
YANG Yi <sup>(3)</sup>	Non-Executive Director	Male	February 1973	Since July 2018	–	–	Yes
HE Xingda <sup>(3)</sup>	Non-Executive Director	Male	September 1979	Since October 2021	–	–	Yes
YANG Xue <sup>(3)</sup>	Non-Executive Director	Female	June 1974	Since October 2021	–	–	Yes
HU Aimin <sup>(4)</sup>	Non-Executive Director	Male	December 1973	Since June 2016	–	–	Yes
LI Qiqiang <sup>(4)</sup>	Non-Executive Director	Male	November 1971	Since August 2019	–	–	Yes
GENG Jianxin <sup>(3)</sup>	Independent Non-Executive Director	Male	March 1954	Since September 2017	26.72	5.28	No
MA Yiu Tim <sup>(3)</sup>	Independent Non-Executive Director	Male	October 1954	Since December 2019	22.68	4.32	No
LAI Guanrong <sup>(3)</sup>	Independent Non-Executive Director	Male	December 1962	Since December 2022	–	–	No
XU Xu <sup>(3)</sup>	Independent Non-Executive Director	Female	September 1978	Since December 2022	–	–	No
GUO Yongqing <sup>(3)</sup>	Independent Non-Executive Director	Male	October 1974	Since December 2022	–	–	No
LIU Debin	Shareholder Representative Supervisor	Male	August 1967	Since June 2021	–	–	Yes
	Chairman of the Board of Supervisors						
YU Jiannan	Shareholder Representative Supervisor	Male	March 1973	Since February 2018	–	–	Yes
LIU Chongsong	Employee Representative Supervisor	Male	October 1965	Since August 2019	188.52	89.02	No
WANG Zhongzhu	Employee Representative Supervisor	Male	October 1967	Since March 2016	122.59	37.46	No
YANG Zheng	Vice President	Male	May 1970	Since December 2016	146.33	73.91	No
	Chief Financial Officer (Financial Principal)			Since February 2017			
GONG Xingfeng	Vice President	Male	October 1970	Since November 2016	124.58	56.16	No
	Chief Actuary			Since September 2010			
	Board Secretary			Since March 2017			
QIN Hongbo	Vice President	Male	August 1975	Since November 2021	126.38	55.50	No
	Chief Risk Officer			Since September 2022			
WANG Lianwen <sup>(5)</sup>	Vice President	Male	April 1968	Since December 2022	108.27	38.33	No

## SECTION 6 DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

### Notes:

1. On 26 September 2022, the 35th meeting of the seventh session of the Board considered and approved the *Proposal on the Election of the Chairman of the Seventh Session of the Board*. Mr. LI Quan was elected as the chairman of the seventh session of the Board. On 29 January 2023, the 1st meeting of the eighth session of the Board considered and approved the *Proposal on the Election of the Chairman of the Eighth Session of the Board*, and Mr. LI Quan was elected as the chairman of the eighth session of the Board. The qualification of Mr. LI Quan as chairman is subject to the ratification by regulatory authority.
2. On 26 September 2022, the 35th meeting of the seventh session of the Board considered and approved the *Proposal on the Appointment of President*, and agreed to appoint Mr. ZHANG Hong as the president of the Company. The qualification of Mr. ZHANG Hong is subject to the ratification by regulatory authority.
3. On 11 November 2022, the First Extraordinary General Meeting of 2022 of the Company considered and approved the re-election of Mr. LI Quan and Mr. ZHANG Hong as executive directors of the eighth session of the Board, the re-election of Mr. YANG Yi, Mr. HE Xingda and Ms. YANG Xue as the non-executive directors, the re-election of Mr. GENG Jianxin and Mr. MA Yiu Tim as independent non-executive directors, and the election of Mr. LAI Guanrong, Ms. XU Xu and Mr. GUO Yongqing as independent non-executive directors of the Company. The qualifications of the three newly-elected independent non-executive directors mentioned above were ratified by regulatory authority in December 2022.
4. On 19 January 2023, the First Extraordinary General Meeting of 2023 of the Company considered and approved the re-election of Mr. HU Aimin and Mr. LI Qiqiang as non-executive directors of the eighth session of the Board.
5. On 8 December 2022, the 37th meeting of the seventh session of the Board agreed the appointment of Mr. WANG Lianwen as vice president of the Company.
6. The remuneration of directors, supervisors and members of senior management of the Company is calculated for their relevant term of office during the reporting period.
7. The performance bonus for the senior management in 2022 is not finalized yet. Relevant details will be separately disclosed later.

## SECTION 6 DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

### II. RESIGNED DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The resigned directors, supervisors and members of senior management of the Company as of the publication date of this report are as follows:

Unit: RMB10,000

Name	Position	Gender	Date of birth	Term of office	Reason of change	Total after-tax remuneration received from the Company during the reporting period	Total individual income tax paid during the reporting period	Whether receiving remuneration from related parties during the reporting period
XU Zhibin	Chairman	Male	April 1976	From November 2021 to September 2022	Due to work related reasons	-	-	Yes
PENG Yulong	Non-Executive Director	Male	October 1978	From July 2017 to September 2022	Due to work related reasons	-	-	Yes
Edouard SCHMID	Non-Executive Director	Male	June 1964	From November 2019 to December 2022	Retirement upon expiry of term of office	-	-	Yes
LI Xianglu <sup>(1)</sup>	Independent Non-Executive Director	Male	November 1949	From March 2016 to December 2022	Resignation after working for six years as an independent non-executive director	26.72	5.28	No
ZHENG Wei <sup>(1)</sup>	Independent Non-Executive Director	Male	March 1974	From March 2016 to December 2022	Resignation after working for six years as an independent non-executive director	26.72	5.28	No
CHENG Lie <sup>(1)</sup>	Independent Non-Executive Director	Male	September 1955	From August 2016 to December 2022	Resignation after working for six years as an independent non-executive director	22.68	4.32	No
SHI Hongyu	Shareholder Representative Supervisor	Male	June 1984	From June 2021 to September 2022	Due to work related reasons	-	-	Yes
LI Yuan	Vice President	Male	August 1962	From November 2016 to July 2022	Due to work related reasons	70.01	27.21	No
YU Zhigang <sup>(2)</sup>	Vice President	Male	December 1964	From November 2016 to January 2023	Due to work adjustment	124.61	56.14	No
YUE Ran <sup>(2)</sup>	Assistant to President	Male	February 1963	From February 2013 to January 2023	Due to work adjustment	121.58	53.66	No
YUAN Chaojun <sup>(2)</sup>	Assistant to President	Male	April 1972	From August 2011 to January 2023	Due to work adjustment	105.07	39.17	No

Notes:

1. Mr. LI Xianglu, Mr. ZHENG Wei and Mr. CHENG Lie worked as independent non-executive directors for the Company for 6 consecutive years and, therefore, resigned from their positions according to regulatory provisions on 18 March 2022 and 9 September 2022, respectively. Since the resignation of the three independent non-executive directors above would result in the number of independent non-executive directors of the Company being less than the requirements of regulations and the *Articles of Association*, Mr. LI Xianglu, Mr. ZHENG Wei and Mr. CHENG Lie continued to perform their duties. In December 2022, the qualifications of three new independent non-executive directors Mr. LAI Guanrong, Ms. XU Xu and Mr. GUO Yongqing were ratified by regulatory authority, and the resignation of Mr. LI Xianglu, Mr. ZHENG Wei and Mr. CHENG Lie as independent non-executive directors took effect.
2. On 29 January 2023, the 1st meeting of the eighth session of the Board considered and approved the *Proposal on Work Adjustment of Certain Members of Senior Management*. Mr. YU Zhigang ceased to be the vice president and member of Executive Committee of the Company. Mr. YUE Ran and Mr. YUAN Chaojun ceased to be assistants to the president and member of Executive Committee of the Company.

### III. BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

#### 1. Biographies of Directors

As of the publication date of this report, the biographies of current directors of the Company are as follows:

**Mr. LI Quan**, Chinese

Mr. LI Quan is the proposed chairman of the Company (subject to the ratification by regulatory authority). Mr. LI Quan has been the executive director of the Company since November 2019, chief executive officer and president since August 2019, and the acting chairman of the seventh session of the Board since 26 September 2022. Mr. Li is also the chairman of the board of directors of Asset Management Company, Asset Management Company (Hong Kong) and New China Pension. Mr. Li served as the temporary responsible person of the Company from June to August 2019. He served as president of Asset Management Company from March 2010 to September 2019 and the vice chairman of the board of directors of Asset Management Company from December 2016 to September 2019. Mr. Li successively served as inspector general, deputy general manager, executive deputy general manager and deputy secretary of Party Committee of Bosera Asset Management Co., Ltd. from May 1998 to March 2010, and he also successively worked as general manager of fund department as well as assistant to general manager in Chia Tai International Finance Company Limited from January 1991 to April 1998. From July 1988 to December 1990, he served as business manager of banking department of China Rural Trust and Investment Corporation. Mr. Li obtained his master's degree in economics from Graduate School of People's Bank of China with a major in monetary banking in 1988.

**Mr. ZHANG Hong**, Chinese

MR. ZHANG Hong is the proposed president of the Company (subject to the ratification by regulatory authority). Mr. ZHANG Hong has been the executive director and vice president (principal level) of the Company since June 2021, and deputy secretary of Party Committee (principal level) since September 2019. Mr. Zhang is also the chairman of the board of directors of New China Health and director of Asset Management Company. Mr. Zhang worked as the executive director, president, chairman of the board of supervisors of China Reinsurance (Group) Corporation (a company listed on the HKSE; stock code: 01508), the chairman of the board of directors of China Life Reinsurance Company Ltd., general manager and chairman of the board of directors of China Property & Casualty Reinsurance Company Ltd., director of China Continent Property & Casualty Insurance Company Ltd. and China Reinsurance Asset Management Co., Ltd., chairman of China Nuclear Insurance Pool. Mr. Zhang once worked in the People's Insurance Company of China and China Insurance (UK) Co., Ltd. Mr. Zhang obtained a bachelor's degree of arts in English from University of International Relations and was accredited as an economist.

## SECTION 6

### DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

#### **Mr. YANG Yi**, Chinese

Mr. YANG Yi has been the non-executive director of the Company since July 2018 and director of Asset Management Company since December 2020. Mr. Yang is currently working as deputy head of office of directly-managing enterprises/equity management department II and managing director in Huijin. Mr. Yang successively served as project manager of insurance department and manager of insurance department/comprehensive department in Sinochem Group Co., Ltd., manager of investment management department, assistant to general manager and manager of investment management department, deputy general manager and member of Party Committee in Sinochem Finance Co., Ltd. from March 2001 to June 2018, during which Mr. Yang also worked as director of Manulife-Sinochem Life Insurance Co., Ltd. and Jiangtai Insurance Brokers Co., Ltd. Mr. Yang is a fellow member of China Association of Actuaries and a fellow member of Life Office Management Association of the United States. Mr. Yang obtained a master's degree in economics from Nankai University in 1998 and a master's degree in economics from Hong Kong University of Science and Technology in 2000.

#### **Mr. HE Xingda**, Chinese

Mr. HE Xingda has been the non-executive director of the Company since October 2021. Mr. He is currently working as managing director in Huijin. Mr. He joined Huijin in July 2005, and successively worked as deputy senior manager of banking department and senior manager of banking management department I of Huijin, senior manager and head of asset management group I of Central Huijin Asset Management Ltd. ("**Huijin Asset Management**"), senior manager and head of asset management division of capital operation department of Huijin/Huijin Asset Management. Mr. He obtained his master's degree in accounting from Tsinghua University in July 2005.

#### **Ms. YANG Xue**, Chinese

Ms. YANG Xue has been the non-executive director of the Company since October 2021. Ms. Yang is currently working as managing director in Huijin. Ms. Yang joined CIC in December 2010, and successively worked as deputy senior manager, senior manager and the head of training and development team of human resources department, senior manager of organization department of Party Committee/human resources department, director of training and development division/Party School Office in CIC. Before that, Ms. Yang worked in Societe Generale (China) Limited, BP (China) Investment Company Limited, etc. Ms. Yang obtained her master's degree in business administration from Fordham University in February 2010. Ms. Yang possesses the human resources management qualification (Level 1).



## SECTION 6 DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

### **Mr. HU Aimin**, Chinese

Mr. HU Aimin has been the non-executive director of the Company since June 2016. Mr. Hu is currently the chairman of the board of directors and secretary of Party Committee of Hwabao Investment Co., Ltd., director of Hwabao Securities Co., Ltd., Chinese Capital Ride Equity Investment and Management Co., Limited, Shanghai and China Bohai Bank Co., Ltd. (the company listed on the HKSE, stock code: 09668), as well as supervisor of Xinjiang Tianshan Iron & Steel Co., Ltd. (新疆天山鋼鐵聯合有限公司). Before that, Mr. Hu once served as the director of Hwabao Trust Co., Ltd. and Baowu Group Zhongnan Iron & Steel Co., Ltd. (寶武集團中南鋼鐵有限公司), the general manager of Industrial Financial Development Center of China Baowu, the secretary of Party Committee of Shanghai Baosteel Packaging Co., Ltd., general manager of investment management department in Industrial Financial Development Center of China Baowu, deputy general manager of capital operation department of Hwabao Investment Co., Ltd. (capital operation department of Baosteel Group), a senior manager of asset management department in Baosteel Group. Mr. Hu obtained his bachelor's degree in economics from Jiangxi University of Finance and Economics in 1995.

### **Mr. LI Qiqiang**, Chinese

Mr. LI Qiqiang has been the non-executive director of the Company since August 2019. Mr. Li is currently the chairman of board of directors and secretary of Party Committee of Hwabao Trust Co., Ltd. Mr. Li is also the director of Siyuanhe Equity Investment Management Co., Ltd. Before that, Mr. Li was the head of financial department of Baoshan Iron & Steel Co., Ltd., chief accountant of Baosteel Group Xinjiang Bayi Iron & Steel Co., Ltd. (寶鋼集團新疆八一鋼鐵有限公司), general manager of financial department of Baosteel Group Corporation, general manager of financial department of China Baowu, general manager of Industrial Financial Development Center and secretary of Party Committee of industrial financial working committee in China Baowu, director and general manager of Hwabao Investment Co., Ltd., assistant to general manager of China Baowu, director of Baosteel Group Finance Co., Ltd., director of China Pacific Insurance (Group) Co., Ltd. (a company listed on the SSE, stock code: 601601; the HKSE, stock code: 02601), director of Hwabao Metallurgical Asset Management Co., Ltd. and chairman of board of directors of Hwabao Duding (Shanghai) Financial Leasing Co., Ltd. Mr. Li obtained his master's degree in professional accounting from Chinese University of Hong Kong in 2005 and holds the title of senior accountant.

### **Mr. GENG Jianxin**, Chinese

Mr. GENG Jianxin has been the independent non-executive director of the Company since September 2017. Mr. Geng enjoys the special allowance from the State Council. Mr. Geng also works as the independent director of Capital Online Data Service Co., Ltd. (a company listed on the SZSE, stock code: 300846), and Norinco International Cooperation Company Limited (a company listed on the SZSE, stock code: 000065) and the independent supervisor of Zhuzhou CRRC Times Electric Co., Ltd. (a company listed on the HKSE, stock code: 03898). Mr. Geng was a level-2 responsible professor at the accounting department of school of business in Renmin University of China, professor, doctoral supervisor, standing deputy director of department, secretary of Party Committee, chairman of the academic committee of school of business in Renmin University of China, vice president of China Audit Society and deputy director of Academic Committee. Mr. Geng once served as the independent director of Jangho Group Company Limited (a company listed on the SSE, stock code: 601886) and Shenzhen Tatfook Technology Co., Ltd. (a company listed on the SZSE, stock code: 300134). Mr. Geng obtained a PhD in management from Renmin University of China in 1993.

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### DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

**Mr. MA Yiu Tim**, Chinese (Hong Kong Permanent Resident)

Mr. MA Yiu Tim has been the independent non-executive director of the Company since December 2019. Mr. Ma is a barrister at Liberty Chambers. Mr. Ma started his legal career as Crown Counsel in 1985. He served as assistant legal adviser of the Legislative Council of Hong Kong. He also served as Counsel to the Legislative of Hong Kong from February 1996 to June 2015. Mr. Ma was admitted to the State Bar of California. He is also a senior fellow of The Hong Kong Institute of Directors, HKMAAL Accredited General Mediator, a senior fellow of Hong Kong Institute of Arbitrators and a senior fellow of the Chartered Institute of Arbitrators, an arbitrator of China International Economic and Trade Arbitration Commission, an arbitrator of Shenzhen Court of International Arbitration and an arbitrator of Hainan International Arbitration Court. Mr. Ma graduated from University of London with a master's degree in law in 1988. He also obtained a PhD in law from Peking University in 2005. Mr. Ma was appointed as Justice of the Peace in 1998 and was awarded the Silver Bauhinia Star by the Chief Executive of Hong Kong Special Administrative Region in 2015.

**Mr. LAI Guanrong**, Chinese

Mr. LAI Guanrong has been the independent non-executive director of the Company since December 2022. Mr. LAI Guanrong is currently a director of China Sciences Group (Holding) Co., LTD., independent director of Chinasoft International Limited (a company listed on the HKSE, stock code: 00354), CSC Financial Co., Ltd. (a company listed on the HKSE and SSE, stock codes: 06066 and 601066, respectively) and Dongxing Securities Co., Ltd. (a company listed on the SSE, stock code: 601198). Mr. Lai had been the chief economist and member of investment committee of Shenzhen CMAF Management Co., Ltd (深圳市遠致富海投資管理有限公司), the chairman of the board of supervisors of Beijing Zhongguancun Science City Construction Holding Co., Ltd., the vice chairman of ABC Life Insurance Co., Ltd., the president of Jiahe Life Insurance Co., Ltd., the general manager of Fujian Minqiao Trust Investment Co., Ltd., the president of Huafu Securities Co., Ltd. and the deputy executive general manager (in charge of work) of Minfa Securities Co., Ltd. (now renamed as Dongxing Securities Co., Ltd.), etc. Mr. Lai obtained his doctor's degree in economics from Xiamen University in 2001 and is a senior economist.

**Ms. XU Xu**, Chinese

Ms. XU Xu has been the independent non-executive director of the Company since December 2022. Ms. XU Xu is currently the head of the department of risk management and insurance and associate professor of Beijing Technology and Business University and the deputy dean of China Insurance Research Institute. She is also the head of academic committee of The Insurance Institute of Beijing, an industry consultant and expert in the government procurement projects for Beijing Government Procurement Center and member of the youth committee of Health Protection Branch of China International Exchange and Promotive Association for Medical and Health Care (中國醫療保健國際交流促進會健康保障分會青年委員會). Ms. Xu obtained her doctor's degree in economics from Renmin University of China in 2006.

## SECTION 6 DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

### **Mr. GUO Yongqing**, Chinese

Mr. GUO Yongqing has been the independent non-executive director of the Company since December 2022. Mr. GUO Yongqing is currently a professor of Shanghai National Accounting Institute. Mr. Guo also serves as an independent director of Shanghai Haohai Biological Technology Co., Ltd. (a company listed on the SSE, stock code: 688366) and Shanghai Electric Power Company Limited (a company listed on the SSE, stock code: 600021), and Anxin Trust (Holdings) Co., Ltd. (a company listed on the SSE, stock code: 600816), etc. Mr. Guo was an independent director of Yango Group Co., Ltd. (a company listed on the SZSE, stock code: 000671), Tianjin Capital Environmental Protection Company Limited (a company listed on the SSE and HKSE, stock codes: 600874 and 01065, respectively) and Chongqing Porton Pharmacy Science & Technology Co., Ltd. (a company listed on the SZSE, stock code: 300363), etc. Mr. Guo holds the certified public accountant (CPA) qualification and obtained his doctor's degree in accounting theory from Shanghai University of Finance and Economics in 2002.

## 2. **Biographies of Supervisors**

As of the publication date of this report, the biographies of current supervisors of the Company are as follows:

### **Mr. LIU Debin**, Chinese

Mr. LIU Debin has been the shareholder representative supervisor and chairman of the board of supervisors of the Company since June 2021. Mr. Liu is currently a member of Party Committee and chief accountant of Sinosteel Group Corporation Limited, a member of standing committee of Party Committee and chief accountant of Sinosteel Corporation Limited (中國中鋼股份有限公司) ("Sinosteel Corporation") and chairman of board of directors of Sinosteel Futures Co., Ltd. Mr. Liu has worked for Sinosteel Group Corporation ("Sinosteel Group") and its subsidiaries since January 1995. He served successively as the deputy general manager of assets and finance department of Sinosteel Group, deputy general manager of assets and finance department of Sinosteel Corporation, general manager of assets and finance department of Sinosteel Group, and deputy chief accountant of Sinosteel Corporation, a member of Party Committee of Sinosteel Group, a member of standing committee of Party Committee and chief accountant of Sinosteel Corporation. He served concurrently as secretary of Party Committee and executive director of Sinosteel Deyuan Holding Company Limited (中鋼德遠控股有限公司), and secretary of Party Committee and executive director of Sinosteel Trade Holding Company Limited (中鋼國貿控股有限公司). Prior to that, Mr. Liu worked for The Third Construction Co., Ltd. of China Construction First Group (中建一局三公司) and China Metallurgical Import & Export Corporation (中國冶金進出口總公司). Mr. Liu received his master's degree in business administration from University of Science and Technology Beijing in January 2008 and holds the title of senior accountant.

### **Mr. YU Jiannan**, Chinese

Mr. YU Jiannan has been the shareholder representative supervisor of the Company since February 2018. Mr. Yu is currently the director of General Affairs and managing director of CIC. Before that, Mr. Yu had been the senior manager, deputy director of human resources department and the deputy director of organization department of Party Committee of CIC. He successively worked as the deputy senior manager and senior manager of human resources department in China Cinda Asset Management Corporation Co., Ltd. from May 2001 to September 2007, and was on secondment as vice head of Ledu County, Qinghai Province from November 2005 to January 2007. From July 1996 to May 2001, he worked at Guangzhou branch and Guangdong branch of China Construction Bank. Mr. Yu obtained his bachelor's degree in economics from Guangdong College of Commerce in July 1996.

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### DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

#### **Mr. LIU Chongsong**, Chinese

Mr. LIU Chongsong has been the employee representative supervisor of the Company since August 2019. Mr. Liu has been the general manager of eastern region of marketing center of individual insurance channel of the Company since December 2019, general manager (director level) of Shandong branch since June 2017, and general manager of Shandong branch of the Company since March 2013. Mr. Liu served as assistant to general manager of Qingdao branch, deputy general manager of Shandong branch, general manager of Qingdao branch, and general manager of Shanxi branch of the Company. Before that, Mr. Liu worked in Dongying sub-branch of Qingdao branch of Ping An Insurance Company of China, Ltd. and Qingdao Chemical College. Mr. Liu obtained his bachelor's degree in physics from Fudan University, Shanghai in 1986 and his EMBA degree from Peking University in 2012.

#### **Mr. WANG Zhongzhu**, Chinese

Mr. WANG Zhongzhu has been the employee representative supervisor of the Company since March 2016. Mr. Wang is currently the deputy secretary of Party Committee, secretary of discipline inspection of New China Pension and a supervisor of Hefei Supporting Operation. Mr. Wang had been the general manager of discipline inspection and supervision office (director of the committee for discipline inspection) of the Company. He had once worked as supervisor of New China Pension, Xinhua Seniors Service and Electronic Commerce. Mr. Wang served as deputy director (in charge of work) of the inspection office of the Company from April 2010 to January 2011. Before that, Mr. Wang worked in Central Disciplinary Inspection of the Communist Party of China. Mr. Wang received his bachelor's degree in investment economic management from Zhongnan University of Economics and Law in 1988.

### **3. Members of Senior Management**

As of the publication date of this report, the biographies of senior management of the Company are as follows:

Mr. LI Quan, please refer to the biographies of current directors in this section.

Mr. ZHANG Hong, please refer to the biographies of current directors in this section.

#### **Mr. YANG Zheng**, Chinese

Mr. YANG Zheng has been the vice president of the Company since December 2016. He has been the chief financial officer (financial principal) of the Company since February 2017 and director of Asset Management Company since December 2016. From January to June 2019, Mr. Yang performed the duties of chief executive officer and chairman of Executive Committee of the Company. Before that, Mr. Yang served as the chief financial officer and vice president of China Life Insurance Company Limited. Mr. Yang is a fellow of American Institute of Certified Public Accountants, British Association of Chartered Certified Accountants. He is currently a member of the eighth council of Accounting Society of China, a member of Auditing Standards Committee of the sixth council of The Chinese Institute of Certified Public Accountants, a member of Second Financial and Accounting Committee of the Insurance Association of China and a member of the Third Statistical Research Committee of the Insurance Association of China. Mr. Yang had been a member of International Financial Reporting Standards (IFRS) Interpretations Committee, a member of National Technical Committee on Accounting Information of Standardization Administration of China, a member of the third session of China Insurance Solvency Regulatory Standard Committee. Mr. Yang obtained his MBA degree from Northeastern University in the United States in 2000.

## SECTION 6 DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

### **Mr. GONG Xingfeng**, Chinese

Mr. GONG Xingfeng has been the vice president of the Company since November 2016, chief actuary of the Company since September 2010, and board secretary of the Company since March 2017. He has been the director of New China Pension since January 2017 and chairman of board of supervisors of Asset Management Company since February 2018. Mr. Gong has successively served as an assistant to general manager of actuarial department, deputy general manager of underwriting and claim settlement department, general manager of customer service department, chief actuary, and an assistant to president since he joined the Company in January 1999. He also worked as the head of investment business of Asset Management Company. Mr. Gong holds a senior economist title and an actuary title. He is a fellow of Chartered Institute of Management Accountants (FCMA) of Chartered Institute of Management Accountants (CIMA) and he is also a fellow of China Association of Actuaries. Mr. Gong received his master's degree in economics from Central University of Finance and Economics in 1996, and obtained his MBA degree from China Europe International Business School in 2011.

### **Mr. QIN Hongbo**, Chinese

Mr. QIN Hongbo joined the Company in September 2021. He has been the vice president of the Company since November 2021 and chief risk officer of the Company since September 2022. Mr. Qin once served as the general manager of development and reform department, employee representative supervisor, director of the board of directors office, general manager of strategy and development department, chief strategy officer and spokesman of China Reinsurance (Group) Corporation. He once worked as the supervisor, director and deputy general manager of China Continent Property & Casualty Insurance Company Ltd., director of China Life Reinsurance Company Ltd. and China Reinsurance (Hong Kong) Company Limited. Mr. Qin obtained a PhD in economics from University of International Business and Economics in 2011 and holds a senior economist title.

### **Mr. WANG Lianwen**, Chinese

Mr. Wang Lianwen has been the vice president of the Company since December 2022. Mr. Wang had been an assistant to president of the Company from February 2017 to December 2022 and the general manager of Zhejiang branch from September 2019 to July 2022. Since joining the Company in May 2010, Mr. Wang had successively served as the legal person business director of the Company, the director and regional general manager of Northwest China and the general manager of Shaanxi branch, an assistant to president of the Company, deputy general manager of New China Pension and temporary responsible person of Zhejiang branch of the Company. Mr. Wang is a professional intermediate accountant and economist. He received a PhD in economics from Fudan University in 2004.

## SECTION 6

### DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

#### (IV) POSITIONS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

As of the publication date of this report, major positions of directors, supervisors and members of senior management of the Company in corporate shareholders and other entities are as follows:

##### 1. Positions in corporate shareholders

Name	Corporate shareholders	Position	Term
YANG Yi	Central Huijin Investment Ltd.	Deputy Head of Office of Directly-managing Enterprises/ Equity Management Department II	Since May 2022
HE Xingda	Central Huijin Investment Ltd.	Managing Director	Since February 2021
YANG Xue	Central Huijin Investment Ltd.	Managing Director	Since August 2021
YU Jiannan	China Investment Corporation	Director of General Affairs	Since March 2022
		Managing Director	Since July 2014

##### 2. Major positions in other entities

Name	Other entities	Position	Term
LI Quan	Huixin Capital International Management Co., Ltd.	Director	Since August 2015
	National Pipe Network Group United Pipeline Co., Ltd. (國家管網集團聯合管道有限責任公司)	Chairman of the Board of Supervisors	Since February 2016
	New China Assets Management Co., Ltd.	Director	Since August 2016
HU Aimin	Hwabao Investment Co., Ltd.	Chairman of the Board of Directors	Since December 2019
	Chinese Capital Ride Equity Investment and Management Co., Limited, Shanghai	Director	Since January 2016
	China Bohai Bank Co., Ltd.	Director	Since September 2018
	Hwabao Securities Co., Ltd.	Director	Since December 2019
	Xinjiang Tianshan Iron & Steel Co., Ltd.	Supervisor	Since March 2020
LI Qiqiang	Hwabao Trust Co., Ltd.	Chairman of the Board of Directors	Since November 2020
	Siyuanhe Equity Investment Management Co., Ltd.	Director	Since September 2018
GENG Jianxin	Capital online Data Service Co., Ltd.	Independent Director	Since September 2018
	Zhuzhou CRRC Times Electric Co., Ltd.	Independent Supervisor	Since August 2019
	Norinco International Cooperation Company Limited	Independent Director	Since August 2021
LAI Guanrong	China Sciences Group (Holding) Co., LTD.	Director	Since April 2015
	Chinasoft International Limited	Independent Director	Since June 2015
	CSC Financial Co., Ltd.	Independent Director	Since May 2021
	Dongxing Securities Co., Ltd.	Independent Director	Since December 2021
GUO Yongqing	Shanghai Electric Power Company Limited	Independent Director	Since June 2021
	Sanxiang Impression Co., Ltd.	Director	Since June 2021
	Shanghai Haohai Biological Technology Co., Ltd.	Independent Director	Since June 2022
	Anxin Trust (Holdings) Co., Ltd.	Independent Director	Since September 2022
LIU Debin	Sinosteel Futures Co., Ltd.	Chairman of the Board of Directors	Since April 2019
	Sinosteel Corporation Limited	Chief Accountant	Since December 2014
	Sinosteel Group Corporation Limited	Chief Accountant	Since August 2019

## **(V) REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT**

In accordance with the principles of marketization and globalization, the remuneration of directors, supervisors and senior management of the Company is determined based on the factors such as the Company's operating results and performance evaluation with reference to the compensation in the market. The remuneration of directors and supervisors is approved by shareholders' general meeting, while the remuneration of senior management is approved by the board of directors meeting.

During the reporting period, the aggregate amount of after-tax remuneration that directors, supervisors and senior management received from the Company was RMB16.9681 million and the total amount of individual income tax paid was RMB7.3019 million. For detailed remuneration of each individual, please refer to relevant part in this section.

The Nomination and Remuneration Committee under the Board is in charge of carrying out performance evaluation of senior management of the Company. The annual performance evaluation plan is determined in accordance with the middle to long term development strategy and annual operation plan of the Company and implemented upon consideration and approval by the Board. The annual performance bonus is linked to operating results of the Company and individual evaluation results of senior management. The Company has established a position-based and performance-oriented remuneration incentive system with reference to the market benchmark. The remuneration of senior management comprises basic remuneration, performance bonus, welfare and allowances. The Company has implemented a deferred payment system of senior management performance bonus with the payment term of three years according to the regulatory requirements.

During the reporting period, the Company had no equity-based incentive plan or any other long-term incentive plans.

## SECTION 6 DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

### (VI) SHAREHOLDING OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

#### 1. Shareholding of the Company's A shares by directors, supervisors and senior management

No directors, supervisors or members of senior management of the Company currently in office or resigned during the reporting period held any of the Company's A shares directly or indirectly.

#### 2. Interests and short positions of directors, supervisors and chief executives in shares under Hong Kong laws and regulations

Please refer to Section 11 "Changes in Share Capital and Shareholders' Profile" of this report.

### (VII) PUNISHMENT BY SECURITY REGULATORY AUTHORITY IN THE PREVIOUS THREE YEARS

Neither the current nor resigned directors, supervisors or members of senior management of the Company during the reporting period were subject to the punishment by security regulatory authority in the previous three years.

### (VIII) EMPLOYEES

As of 31 December 2022, there were a total of 32,564 employees who entered into employment contracts with the Company (life insurance headquarters, 35 branches and major subsidiaries<sup>(1)</sup>).

#### 1. Expertise

Expertise	Number	Proportion
Management	1,871	5.8%
Professional	3,743	11.5%
Marketing and marketing management	18,751	57.6%
Of which: contractual field sales personnel	8,387	25.8%
Other	8,199	25.2%
<b>Total</b>	<b>32,564</b>	<b>100.0%</b>

#### 2. Education background

Education background	Number	Proportion
Master's degree and above	1,957	6.0%
Bachelor's degree	22,584	69.4%
Lower than bachelor's degree	8,023	24.6%
<b>Total</b>	<b>32,564</b>	<b>100.0%</b>

Note:

1. Major subsidiaries refer to subsidiaries whose 50% or more of the shares are being held by the Company.



**3. Gender (including senior management)**

Gender	Number	Proportion
Male	11,516	35.4%
Female	21,048	64.6%
<b>Total</b>	<b>32,564</b>	<b>100.0%</b>

The Company believes it has achieved gender diversity in its workforce during the reporting period. The Company will continue to recruit employees and conduct annual review to maintain gender diversity in its workforce.

**4. Remuneration policy and training plan for employees**

In accordance with business nature and talent competition in the market, the Company provides employees with competitive remuneration and bonus with reference to the level of its counterparts in the industry. Insisting on the remuneration philosophy of paying according to the ability, position and performance, the Company encourages employees to steadily achieve and exceed the ability required by the positions to gain corresponding remuneration. As required by the PRC government, the Company provides employees with various social security and housing provident fund. At the same time, the Company established a variety of benefit plans for its employees, including enterprise annuity fund to meet the diverse needs of employees.

In 2022, around 22 thousand staff completed online development training and 204 thousand participants attended 8 NCI lectures. The average training time per capita exceeded 90 hours. In terms of individual insurance channel, the Company emphasized training results and technological empowerment for sales team. In 2022, 39 thousand training courses were offered for 2.49 million participants and the cumulative learning time per capita reached 44.5 hours. Practical training with the help of artificial intelligence were offered for 3.53 million participants.

In 2023, the Company will further optimize the systematic and standardized training system to push forward core business development and make staff to adapt to the Company's development requirements under the new situation. Through planned and targeted online and offline training, the Company will continue to improve employees' professional skills, management and comprehensive capability, and provide a strong guarantee for the business performance and high-quality development of the Company.

**5. The number of resigned and retired employees with expenses borne by the Company**

There were no resigned and retired employees with expenses borne by the Company.

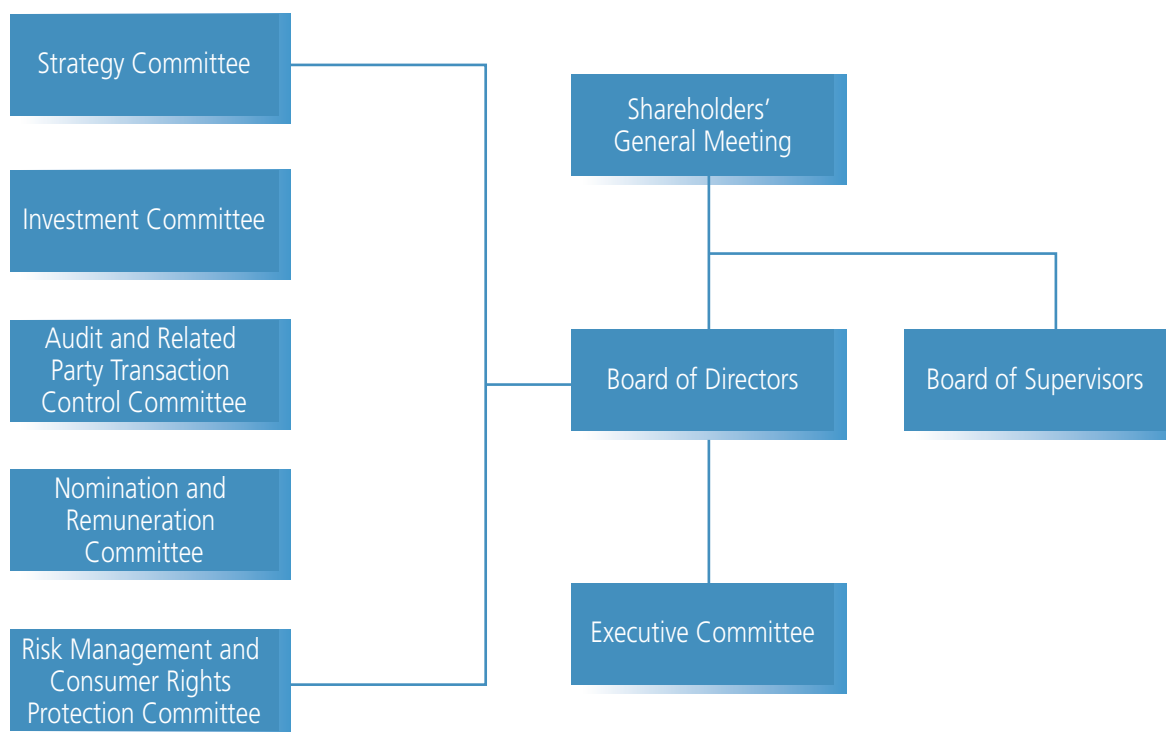
## SECTION 7

# CORPORATE GOVERNANCE

### I CORPORATE GOVERNANCE

In strict compliance with the *Company Law*, *Insurance Law*, *Securities Law*, *Corporate Governance Code* and other applicable laws and administrative regulations as well as requirements of domestic and overseas regulatory authorities, the Company has established and improved the corporate governance system consisting of shareholders' general meeting, the board of directors, board of supervisors and senior management, and formed an operation mechanism under which the corporate authorities, decision-making, supervisory and executive organs supported and coordinated with each other with appropriate checks and balances. During the reporting period, through various system guarantees and measures, the Company improved corporate governance structure and enhanced decision-making process.

**Corporate Governance Structure**



(I) **Shareholders and Shareholders' General Meeting**

*Shareholders' rights*

The Company attaches great importance to the rights of shareholders and stipulates in detail the rights of shareholders and how the rights can be realized in the *Articles of Association*, so as to ensure that the legal rights of shareholders are treated fairly. The Company attaches great importance to communication with shareholders in order to enhance shareholders' understanding of the Company and protect their right to know. The Company also attaches great importance to reasonable investment return and dividend policies for shareholders to protect their right to profit.

According to the *Articles of Association*, the general meeting of shareholders is the supreme authority of the Company and shall exercise the following functions and powers: to decide the business objective, development strategy and investment plan of the Company; to elect and replace directors and supervisors who are representatives of shareholders and to decide the remuneration of directors and supervisors; to consider and approve annual financial budget and final accounts of the Company; to consider and approve the profit distribution plan and loss recovery plan of the Company; to resolve on the increase or decrease in the registered capital of the Company; and to review and amend the *Articles of Association*, etc.

Shareholder(s) shall have the right to propose convening an extraordinary general meeting. Pursuant to the *Articles of Association*, shareholder(s) individually or jointly holding 10% or more of the total voting shares of the Company for at least 90 consecutive days (the "**Proposing Shareholders**") shall have the right to propose to the Board to convene an extraordinary general meeting. When proposing an extraordinary general meeting, Proposing Shareholders shall submit topics and proposals with complete contents in writing to the Board and make sure that the aforesaid proposals do not violate laws, rules, regulations and *Articles of Association*. Shareholders shall comply with the provisions and procedures regarding the convening of extraordinary general meeting as set out in the *Articles of Association*.

Shareholder(s) shall have the right to make extraordinary proposals to the shareholders' general meeting. Pursuant to the *Articles of Association*, shareholder(s) individually or jointly holding 3% or more of the Company's shares shall make extraordinary proposals 10 days prior to the convening of shareholders' general meeting and notify the convener in writing.

Shareholder(s) shall have the right to make enquiries to the Company for relevant information. According to the *Articles of Association*, shareholders may obtain the information such as the list of registered shareholders, profiles of directors, supervisors and senior management, share capital and minutes of general meetings (for reference only). Shareholders shall make requests to the Company in writing and provide evidence of equity interests for inspection of or access to relevant information. The Company shall provide such information as required by shareholders after the shareholders' identities are verified.

For the contact information for making extraordinary proposals or enquiries by shareholders, please refer to Section 1 "Corporate Information" of this annual report.

## SECTION 7 CORPORATE GOVERNANCE

### *Shareholders' general meetings*

During the reporting period, the Company held 2 shareholders' general meetings in total as follows:

Session	Date	Date of disclosure of resolutions	Resolutions
The Annual General Meeting of 2021	2022-6-28	2022-6-28	The Annual General Meeting of 2021 considered and approved the <i>Proposal on the Profit Distribution Plan for the Year 2021</i> , the <i>Proposal on the Appointment of Accounting Firms for the Year 2022</i> and other proposals.
The First Extraordinary General Meeting of 2022	2022-11-11	2022-11-11	The First Extraordinary General Meeting of 2022 considered and approved the proposals including the <i>Proposal on the Election of Directors of the Eighth Session of the Board</i> and the <i>Proposal on the Amendments to the Administrative Measures on Related Party Transactions</i> .

The announcements on the resolutions of shareholders' general meetings are published on the website of Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)), and the website of Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)), China Securities Journal, and Shanghai Securities News.

During the reporting period, the procedures of giving meeting notices, convening the meeting and voting at the meeting were all in compliance with the *Company Law*, *Articles of Association* and relevant regulations. The general meeting of shareholders improved the communication channels with shareholders, gathered comments and suggestions from shareholders, ensured that the shareholders had the rights to know, participate in and vote on material matters of the Company, and created a sound environment for shareholders to fully participate in decision-making and to equally exercise rights. Shareholders were also familiar with the procedures for conducting a poll in detail.

The Company strictly abides by the relevant regulations and requirements of regulatory authorities on corporate governance and the protection of minority investors. While continuously improving corporate governance and optimizing communication with investors, the Company builds separate vote counting and public disclosure mechanisms for minority investors through the adoption of online voting during the process of convening general meetings to realize the protection of the interests of minority investors.

*Directors' attendance of shareholders' general meetings*

During the reporting period, all directors fulfilled their duties diligently, attended the shareholders' general meetings, and earnestly listened to opinions from shareholders. All directors emphasized on communication and interaction with shareholders, made informed decisions and safeguarded the interests of the Company and all shareholders. During the reporting period, attendance of the shareholders' general meetings of each director was as follows:

Name	Number of scheduled attendance	Number of actual attendance	Attendance rate
<b>Executive Directors</b>			
LI Quan <sup>(1)</sup>	2	1	50%
ZHANG Hong	2	2	100%
<b>Non-executive Directors</b>			
YANG Yi	2	2	100%
HE Xingda	2	2	100%
YANG Xue	2	2	100%
HU Aimin	2	2	100%
LI Qiqiang	2	2	100%
<b>Independent Non-executive Directors</b>			
GENG Jianxin	2	2	100%
MA Yiu Tim	2	2	100%
LAI Guanrong <sup>(2)</sup>	N/A		
XU Xu <sup>(2)</sup>	N/A		
GUO Yongqing <sup>(2)</sup>	N/A		
<b>Resigned Non-executive Directors</b>			
XU Zhibin	1	1	100%
PENG Yulong	1	1	100%
Edouard SCHMID <sup>(3)</sup>	2	1	50%
<b>Resigned Independent Non-executive Directors</b>			
LI Xianglu	2	2	100%
ZHENG Wei	2	2	100%
CHENG Lie	2	2	100%

## SECTION 7

### CORPORATE GOVERNANCE

Notes:

1. Director LI Quan failed to attend the First Extraordinary General Meeting of 2022 due to other business;
2. The independent non-executive directors LAI Guanrong, XU Xu and GUO Yongqing attended the First Extraordinary General Meeting of 2022 and their qualifications were ratified in December 2022;
3. Director Edouard SCHMID failed to attend the Annual General Meeting of 2021 due to other business;
4. During the reporting period, for the details of the Company's new appointment and resignation of directors, please refer to Section 6 "Directors, Supervisors, Senior Management and Employees" of this report.

#### (II) Directors and Board of Directors

As of the publication date of this report, the Board of the Company consisted of 12 directors, including 2 executive directors, 5 non-executive directors and 5 independent non-executive directors. Directors serve a term of three years and are eligible for re-election, but the cumulative term of independent non-executive directors shall not exceed 6 years. The number of directors and composition of the Board are in compliance with applicable laws and regulatory requirements and *Articles of Association*.

To the knowledge of the Company, members of the Board, directors, supervisors and senior management do not have any financial, business, family or other material relations with other directors, supervisors or senior management.

##### 1. *Corporate governance function*

The Board of the Company is responsible for exercising corporate governance function and has fulfilled its duties and responsibilities as provided by the *Corporate Governance Code*. During the reporting period, details of corporate governance function of the Board are as follows: to formulate and review the Company's policies and practices on corporate governance; to review and monitor the training and continuous professional development of directors and members of senior management; to review and monitor the Company's policies and practices in compliance with laws and regulatory requirements; to formulate the Company's overall strategy, objectives and approaches, business plans and investment proposals, etc.

##### 2. *Duties of the Board*

In accordance with the *Articles of Association*, the Board shall exercise the following functions and powers: to convene the shareholders' general meeting and report its work to the shareholders' general meeting; to implement the resolutions passed at the shareholders' general meeting; to determine the operation plan and investment scheme, to control and monitor financial conditions and utilization of funds of the Company; to formulate the development strategy of the Company; to formulate the annual financial budget and final accounts of the Company; to formulate the profit distribution plan and loss recovery plan of the Company; to appoint or remove senior management, and to decide and implement the annual performance evaluation, annual remuneration, reward and punishment scheme of senior management of the Company, etc.

3. *Board meetings*

During the reporting period, the Board held 4 regular Board meetings and 8 ad hoc Board meetings. The details were as follows:

Session	Date	Proposals
The 27th meeting of the seventh session of the Board	2022-1-25	The meeting considered and approved 5 proposals including the <i>Proposal on Annual Operation Plan of 2022</i> .
The 28th meeting of the seventh session of the Board	2022-2-25	The meeting considered and approved 4 proposals including the <i>Proposal on Product Retrospective Report of 2021</i> .
The 29th meeting of the seventh session of the Board	2022-3-29	The meeting considered and approved 17 proposals including the <i>Proposal on Special Explanation on Changes in Accounting Estimates for the Year 2021</i> .
The 30th meeting of the seventh session of the Board	2022-4-28	The meeting considered and approved 12 proposals including the <i>Proposal on Comprehensive Evaluation Report on Development Plan of 2021</i> .
The 31st meeting of the seventh session of the Board	2022-5-27	The meeting considered and approved 8 proposals including the <i>Proposal on Annual Report on Insurance Asset Liability Management of 2021</i> .
The 32nd meeting of the seventh session of the Board	2022-7-11	The meeting considered and approved the <i>Proposal on the Resignation of Vice President LI Yuan</i> .
The 33rd meeting of the seventh session of the Board	2022-7-25	The meeting considered and approved 2 proposals including the <i>Proposal on Solvency Report for the Second Quarter of 2022</i> .
The 34th meeting of the seventh session of the Board	2022-8-30	The meeting considered and approved 11 proposals including the <i>Proposal on Special Explanation on Changes in Accounting Estimates for the First Half of 2022</i> .
The 35th meeting of the seventh session of the Board	2022-9-26	The meeting considered and approved 6 proposals including the <i>Proposal on the Nomination of Candidates for Directors of the Eighth Session of the Board</i> .
The 36th meeting of the seventh session of the Board	2022-10-28	The meeting considered and approved 7 proposals including the <i>Proposal on the Third Quarter Report of 2022</i> .
The 37th meeting of the seventh session of the Board	2022-12-8	The meeting considered and approved 2 proposals including the <i>Proposal on the Appointment of Vice President</i> .
The 38th meeting of the seventh session of the Board	2022-12-23	The meeting considered and approved 4 proposals including the <i>Proposal on the Amendments to the Accounting Systems of New China Life Insurance Company Ltd.</i>

## SECTION 7 CORPORATE GOVERNANCE

### 4. Attendance of meetings of the Board and Board committees

During the reporting period, all directors fulfilled their duties, actively participated in the meetings of the Board and Board committees, and made prudent decisions on the basis of in-depth understanding of situations. The directors' attendance at each meeting is as follows:

Name	Attendance in person/Number of scheduled attendance						
	Board meetings	Attendance by Proxy at Board meetings	Strategy Committee	Investment Committee	Audit and Related Party Transaction Control Committee	Nomination and Remuneration Committee	Risk Management and Consumer Rights Protection Committee
<b>Executive Directors</b>							
LI Quan	12/12		4/4	9/9	-	-	9/9
ZHANG Hong	11/12	Failed to attend the 36th meeting of the seventh session of the Board due to other business. Authorized director LI Quan to attend and vote on his behalf	4/4	9/9	-	-	-
<b>Non-executive Directors</b>							
YANG Yi	12/12		4/4	9/9	10/10	-	-
HE Xingda	11/12	Failed to attend the 36th meeting of the seventh session of the Board due to other business. Authorized director YANG Xue to attend and vote on his behalf	-	9/9	-	-	9/9
YANG Xue	12/12		-	-	-	8/8	9/9
HU Aimin	12/12		4/4	9/9	-	-	-
LI Qiqiang	12/12		-	-	10/10	8/8	9/9
<b>Independent Non-executive Directors</b>							
GENG Jianxin	12/12		-	-	10/10	8/8	-
MA Yiu Tim	12/12		-	-	-	8/8	9/9
LAI Guanrong <sup>(2)</sup>	N/A		-	-	-	-	-
XU Xu <sup>(2)</sup>	N/A		-	-	-	-	-
GUO Yongqing <sup>(2)</sup>	N/A		-	-	-	-	-



Name	Attendance in person/Number of scheduled attendance						
	Board meetings	Attendance by Proxy at Board meetings	Strategy Committee	Investment Committee	Audit and Related Party Transaction Control Committee	Nomination and Remuneration Committee	Risk Management and Consumer Rights Protection Committee
<b>Resigned</b>							
<b>Non-executive Directors</b>							
XU Zhibin	8/8		4/4	-	-	-	-
PENG Yulong	9/9		-	7/7	7/7	-	-
Edouard SCHMID	10/12	Failed to attend the 29th meeting and the 33rd meeting of the seventh session of the Board due to other business. Authorized chairman XU Zhibin to attend and vote on his behalf	3/4	-	-	5/8	-
<b>Resigned</b>							
<b>Independent Non-executive Directors</b>							
LI Xianglu	12/12		-	-	8/10	7/8	7/9
ZHENG Wei	12/12		-	-	10/10	8/8	8/9
CHENG Lie	12/12		4/4	9/9	10/10	-	-

Notes:

1. “-” means such director is not a member of the Board committee;
2. The qualifications of the three new independent non-executive directors, LAI Guanrong, XU Xu and GUO Yongqing, were ratified in late December 2022, and they were not required to attend the meetings of the Board and Board committees in 2022;
3. Details of new appointments and resignations of directors of the Company during the reporting period are set out in Section 6 “Directors, Supervisors, Senior Management and Employees” in this report.

During the reporting period, directors of the Company articulated constructive advices and suggestions on major issues, including but not limited to corporate governance, reform and development, business operation, risk management, internal control and consumer rights protection, etc. All advice and recommendations are accepted by the Company. None of the directors raised any objection to the proposals of the Board.

## SECTION 7 CORPORATE GOVERNANCE

### (III) Committees under the Board

The Board establishes 5 committees which are Strategy Committee, Investment Committee, Audit and Related Party Transaction Control Committee, Nomination and Remuneration Committee and Risk Management and Consumer Rights Protection Committee. The Board committees are accountable to the Board and perform their duties by giving professional opinions to the Board. All important advice and recommendations put forward by members of Board committees have been adopted by the Company.

#### ***Strategy Committee***

As of publication date of this report, Strategy Committee consisted of 5 directors, including 2 executive directors LI Quan and ZHANG Hong, 2 non-executive directors YANG Yi and HU Aimin and 1 independent non-executive director LAI Guanrong, and LI Quan served as the chairman (LI Quan's appointment as the chairman of Strategy Committee is subject to the ratification of his appointment as chairman of the Board by regulatory authority).

#### 1. Duties of Strategy Committee

The Strategy Committee performs the following duties and responsibilities: to review the Company's development strategy and annual operation plan, increase or decrease in the registered capital, the profit distribution and loss recovery plan; amendment to the *Articles of Association*, etc., and make recommendations to the Board.

#### 2. Meetings

During the reporting period, Strategy Committee held 4 meetings. The attendance of each member of Strategy Committee is set out in "Attendance of meetings of the Board and Board committees" of this section. The meeting details were as follows:

Date	Content of meeting
2022-1-24	To consider the <i>Proposal on Annual Operation Plan of 2022</i>
2022-3-28	To consider 2 proposals including the <i>Proposal on Proposed Profit Distribution Plan for the Year 2021</i>
2022-4-27	To consider the <i>Proposal on Comprehensive Evaluation Report on Development Plan of 2021</i>
2022-8-29	To consider 2 proposals including the <i>Proposal on the Recovery Plan (2022)</i>

### **Investment Committee**

As of the publication date of this report, Investment Committee consisted of 6 directors, including 2 executive directors LI Quan and ZHANG Hong, 3 non-executive directors YANG Yi, HE Xingda and HU Aimin, and 1 independent non-executive director LAI Guanrong, and YANG Yi served as the chairman.

1. Duties of Investment Committee

The Investment Committee performs the following duties and responsibilities: to consider the overall objective and strategy of asset liability management of the Company, the rules and policies of asset liability management and asset allocation, the rules and guidelines of utilization of insurance funds and asset management, management of insurance funds, etc., and make recommendations to the Board.

2. Meetings

During the reporting period, Investment Committee held 9 meetings. The attendance of each member of Investment Committee is set out in "Attendance of meetings of the Board and Board committees" of this section. The meeting details were as follows:

Date	Content of meeting
2022-1-24	To consider 2 proposals including the <i>Proposal on the Profit Distribution Plan of Participating Business of 2021</i>
2022-2-24	To consider the <i>Proposal on Product Retrospective Report of 2021</i>
2022-3-28	To consider the <i>Proposal on the Special Audit Report on Internal Control of Insurance Fund Deployment of 2021</i>
2022-4-27	To consider the <i>Proposal on Report of Non-insurance Subsidiaries of 2021</i>
2022-5-26	To consider 2 proposals including the <i>Proposal on Annual Report on Insurance Asset Liability Management of 2021</i>
2022-8-29	To listen to <i>Independent Evaluation Report on Asset Liability Management of 2021</i>
2022-9-26	To consider the <i>Proposal on the Transfer of Equity Interests of National Pipe Network Group United Pipeline Co., Ltd.</i>
2022-10-27	To consider the <i>Proposal on Related Party Transactions with Hwabao WP Fund Management Co., Ltd.</i>
2022-12-22	To listen to <i>Risk Investigation Report of Investment Assets (Phase II) of 2022</i>

## SECTION 7 CORPORATE GOVERNANCE

### ***Audit and Related Party Transaction Control Committee***

As of the publication date of this report, Audit and Related Party Transaction Control Committee consisted of 6 directors, including 2 non-executive directors YANG Yi and LI Qiqiang, 4 independent non-executive directors GENG Jianxin, LAI Guanrong, XU Xu and Guo Yongqing, and GENG Jianxin served as the chairman.

#### 1. Duties of Audit and Related Party Transaction Control Committee

The Audit and Related Party Transaction Control Committee performs the following duties and responsibilities: to assess the effectiveness of risk management and internal control, to guide internal auditing, review the financial information and disclosure of financial information, to manage, review, approve and control risks of related party transactions, to manage the identification and maintenance of related parties, the information disclosure of related party transactions, etc., and make recommendations to the Board.

#### 2. Meetings

During the reporting period, Audit and Related Party Transaction Control Committee held 9 meetings and 1 working meeting in total. The attendance of each member of Audit and Related Party Transaction Control Committee is set out in "Attendance of meetings of the Board and Board committees" of this section. The meeting details were as follows:

Date	Content of meeting
2022-1-24	To consider 2 proposals including the <i>Proposal on Annual Operation Plan of 2022</i>
2022-2-24	To consider 2 proposals including the <i>Proposal on the Appointment of Accounting Firms for the Year 2022</i>
2022-3-28	To consider 10 proposals including the <i>Proposal on the Special Audit Report on Internal Control of Insurance Fund Deployment of 2021</i>
2022-4-27	To consider 6 proposals including the <i>Proposal on the Compliance Report of 2021</i>
2022-5-26	To consider 6 proposals including the <i>Proposal on Consolidated Statement Management Report of 2021</i>
2022-7-25	To consider the <i>Proposal on Solvency Report for the Second Quarter of 2022</i>
2022-8-29	To consider 7 proposals including the <i>Proposal on Special Explanation on Changes in Accounting Estimates for the First Half of 2022</i>
2022-10-27	To consider 4 proposals including the <i>Proposal on the Engagement of External Auditors for Auditing during Tenure, after Resignation of Senior Management</i>
2022-10-27 (Working meeting)	To listen to the <i>Report on the Selection and Appointment of Accounting Firms</i>
2022-12-22	To consider the <i>Proposal on the Amendments to the Accounting Systems of New China Life Insurance Company Ltd.</i>

3. Performance of duties of Audit and Related Party Transaction Control Committee

The Audit and Related Party Transaction Control Committee, in accordance with the requirements for the preparation of annual report and relevant rules of procedures, kept sufficient and timely communication with external auditors; reviewed the financial statements; offered professional opinions on the Annual Report 2021 and agreed to the submission to the Board for its consideration. The Audit and Related Party Transaction Control Committee held work meetings to research the selection and appointment of accounting firms.

Pursuant to relevant requirements of the *Administrative Measures for the Selection and Engagement of Accounting Firms by State-owned Financial Enterprises* (《國有金融企業選聘會計師事務所管理辦法》) (Cai Jin [2020] No. 6) issued by the Ministry of Finance of the People's Republic of China, Ernst & Young Hua Ming LLP and Ernst & Young have been engaged by the Company for 8 consecutive years, being the maximum consecutive tenure of service, after the conclusion of auditing for the year 2021. The Company is required to change its auditors. The Audit and Related Party Transaction Control Committee has fully understood and reviewed Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu, and is of the view that the two auditors have qualifications and competence to offer auditing service for the Company. They have investor protection ability, integrity and independence. The reason for the change of auditors is reasonable. And Audit and Related Party Transaction Control Committee agreed the proposal was submitted to the Board for consideration.

The Audit and Related Party Transaction Control Committee paid special attention to internal control of the Company. Relevant departments of the Company reported work to Audit and Related Party Transaction Control Committee regularly or irregularly, so that Audit and Related Party Transaction Control Committee promptly understood problems in the internal control of the Company.

During the reporting period, after Mr. LI Xianglu, Mr. ZHENG Wei and Mr. CHENG Lie resigned from their respective positions as independent non-executive directors and members of Board committees on 30 December 2022, the Audit and Related Party Transaction Control Committee had only two members, only one of whom was independent non-executive director, which failed to comply with the requirements under Rule 3.21 of the *Hong Kong Listing Rules* that the audit committee must comprise a minimum of three members and the majority of the audit committee members must be independent non-executive directors. On 29 January 2023, after the composition of Board committees for the eighth session of the Board was resolved and approved, the Audit and Related Party Transaction Control Committee has a total of 6 members, of which 4 are independent non-executive directors. Such composition has complied with the requirements of Rule 3.21 of the *Hong Kong Listing Rules*. For details, please refer to the announcements published by the Company dated 30 December 2022 and 29 January 2023.

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### CORPORATE GOVERNANCE

#### ***Nomination and Remuneration Committee***

As of the publication date of this report, Nomination and Remuneration Committee consisted of 6 directors, including 2 non-executive directors YANG Xue and LI Qiqiang, and 4 independent non-executive directors GENG Jianxin, MA Yiu Tim, XU Xu and GUO Yongqing, and XU Xu served as the chairman.

#### 1. Duties of Nomination and Remuneration Committee

The Nomination and Remuneration Committee performs the following duties and responsibilities: to formulate the criteria and plan for selecting directors and members of senior management, to conduct preliminary review of the candidates for directors and senior management, and the chairman of board of directors, the chairman of board of supervisors and president of important subsidiaries (as decided by the Board via regular or irregular consideration), to formulate evaluation plans and remuneration schemes for directors and members of senior management, to review the overall human resources and remuneration strategies and basic policies (including those regarding senior management), etc., and make recommendations to the Board.

#### 2. Election of Directors

Shareholders individually or jointly holding 5% or more of the total voting shares of the Company, or Nomination and Remuneration Committee under the Board, shall have the right to nominate candidates for directors. The number of candidates for directors that a nominator proposes to nominate shall not exceed the number of directors proposed to be appointed. Shareholders individually or jointly holding 3% or more of the shares of the Company, Nomination and Remuneration Committee under the Board and the board of supervisors may nominate independent non-executive directors. Shareholders holding more than one third of shares of the Company and their related shareholders and persons acting in concert shall not nominate independent non-executive directors. The Nomination and Remuneration Committee under the Board and the board of supervisors shall nominate independent non-executive directors by meeting resolutions. The Nomination and Remuneration Committee under the Board shall review the candidates for directors pursuant to laws, rules, regulations and *Articles of Association*, and submit its opinions to the Board. Directors are elected by the shareholders' general meeting with a term of office for 3 years. Each director shall be reelected upon expiration of his or her term of office. But the cumulative term of independent non-executive directors shall not exceed 6 years.

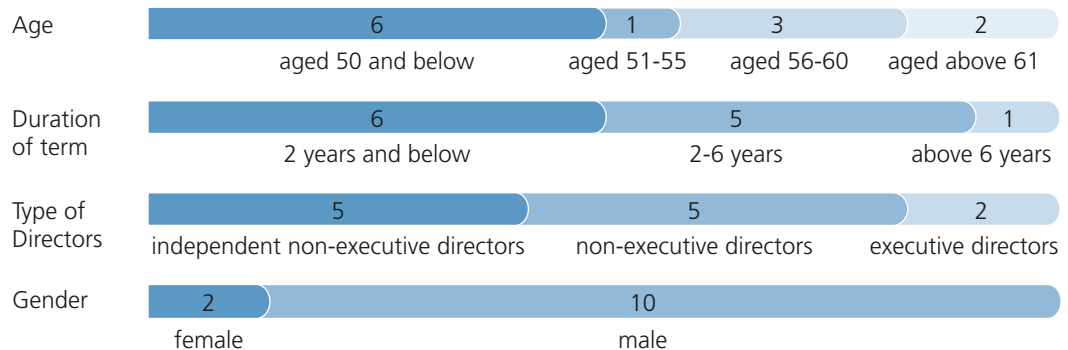
In 2022, the Nomination and Remuneration Committee of the seventh session of the Board nominated certain candidates for directors of the eighth session of the Board, and reviewed the qualifications of the candidates for directors of the eighth session of the Board. The Nomination and Remuneration Committee of the Board considered that the relevant conditions of the candidates for directors of the eighth session of the Board met relevant laws, regulations, regulatory requirements and *Articles of Association* on the qualifications of directors, and agreed to submit relevant proposal to the Board for consideration.

3. Board Diversity Policy

The Company also pays attention to the diversity of directors. The Company believes that the diversification of directors has brought broad vision and rich and high-level experience to the Company, which is conducive to promoting scientific decision-making and corporate governance. The Board of the Company has formulated and has been complying with the Board Diversity Policy.

When examining qualifications of candidates for directors, Nomination and Remuneration Committee seeks to achieve board diversity through consideration of a number of factors, including but not limited to gender, age, cultural and educational background, race, professional experience, skills, knowledge and the term of service. Meanwhile, it will also take into consideration the business model and specific needs of the Company to ensure an appropriate balance in diversity of skills, experience and opinions of the Board members, to make the Board operate more effective and help the Company better serve customers and shareholders. The Board has reviewed the implementation of the Board Diversity Policy of the Company and confirmed its effectiveness. The Board is in the view that the policy can ensure there are potential successors to achieve gender diversity of the Board. Currently, the members of the Board have maintained a good and diversified structure in terms of gender, region, and professional background.

As of the publication date of this report, the composition of the Board was as follows:



Professional background: economics, finance, treasury, insurance, actuarial, accounting, law, etc.

## SECTION 7 CORPORATE GOVERNANCE

### 4. Meetings

During the reporting period, Nomination and Remuneration Committee held 8 meetings in total. The attendance of each member of Nomination and Remuneration Committee is set out in "Attendance of meetings of the Board and Board committees" of this section.

The meetings were as follows:

Date	Content of meeting
2022-2-24	To consider the <i>Proposal on the Evaluation Results of Directors' Performance for the Year 2021</i>
2022-3-28	To consider 2 proposals including the <i>Proposal on the Directors' Performance Report for the Year 2021</i>
2022-4-27	To consider 3 proposals including the <i>Proposal on the Corporate Governance Report for the Year 2021</i>
2022-8-29	To consider 2 proposals including the <i>Proposal on the Appointment of Chief Risk Officer</i>
2022-9-26	To consider 4 proposals including the <i>Proposal on the Election of the Chairman of the Seventh Session of the Board</i>
2022-10-27	To consider the <i>Proposal on the Purchase of Liability Insurance for Directors, Supervisors and Senior Management</i>
2022-12-8	To consider 2 proposals including the <i>Proposal on the Appointment of Vice President</i>
2022-12-22	To consider 2 proposals including the <i>Proposal on the Nomination of the Candidates for Directors of the Eighth Session of the Board</i>



***Risk Management and Consumer Rights Protection Committee***

As of the publication date of this report, Risk Management and Consumer Rights Protection Committee consisted of 7 directors, including 1 executive director LI Quan, 3 non-executive directors HE Xingda, YANG Xue, LI Qiqiang and 3 independent non-executive directors MA Yiu Tim, XU Xu and GUO Yongqing, and GUO Yongqing served as the chairman.

1. Duties of Risk Management and Consumer Rights Protection Committee

The Risk Management and Consumer Rights Protection Committee performs the following duties and responsibilities: to review the overall objective, fundamental policy and work system of risk management and internal control, to review risk preference and tolerance, the structure and duties of risk management organization, to assess the effectiveness of solvency risk management system, to review risk assessment of major decisions and solutions of major risks of the Company, and make recommendations to the Board.

2. Meetings

During the reporting period, Risk Management and Consumer Rights Protection Committee held 9 meetings in total. The attendance of each member of Risk Management and Consumer Rights Protection Committee is set out in "Attendance of meetings of the Board and Board committees" of this section. The meetings were as follows:

Date	Content of meeting
2022-1-24	To consider 4 proposals including the <i>Proposal on Annual Operation Plan of 2022</i>
2022-3-28	To consider the <i>Proposal on Anti-money Laundering and Counter-terrorist Financing Report for the Year 2021</i>
2022-4-27	To consider 5 proposals including the <i>Proposal on the Report of Non-insurance Subsidiaries of 2021</i>
2022-5-26	To consider 7 proposals including the <i>Proposal on the Annual Report on Insurance Asset Liability Management of 2021</i>
2022-7-25	To consider 2 proposals including the <i>Proposal on Solvency Report for the Second Quarter of 2022</i>
2022-8-29	To consider 2 proposals including the <i>Proposal on the Recovery Plan (2022)</i>
2022-9-26	To consider the <i>Proposal on the Transfer of Equity Interests of National Pipe Network Group United Pipeline Co., Ltd.</i>
2022-10-27	To consider 3 proposals including the <i>Proposal on the Evaluation Results of Consumers' Rights Protection by Regulator and Rectification Arrangements of 2021</i>
2022-12-22	To listen to 2 reports including the <i>Risk Investigation Report of Investment Assets (Phase II) of 2022</i>

## SECTION 7 CORPORATE GOVERNANCE

### (IV) Performance of Independent Non-Executive Directors

As of the end of the reporting period, the Board of the Company comprised 5 independent non-executive directors who were professionals in economics, accounting, laws, insurance, etc. The number of independent non-executive directors was in compliance with regulatory requirements and *Articles of Association*.

The independent non-executive directors of the Company have professional knowledge and experience, they can perform duties in strict accordance with relevant laws and regulations, and *Articles of Association*, and have provided comments and suggestions towards the Company's corporate governance, business operation, risk management and internal control, etc. Independent non-executive directors participate in the decision-making on major matters with independent and objective stances, and have paid special attention to legitimate rights and interests of minority shareholders during decision-making process.

#### 1. *Independent non-executive directors' attendance of meetings*

The details of independent non-executive directors' attendance in shareholders' general meetings and Board meetings during the reporting period were set out in this section.

#### 2. *Objections from independent non-executive directors to major issues*

During the reporting period, independent non-executive directors had no objections to major issues of the Company.

#### 3. *Confirmation of independence of independent non-executive directors*

The Company has obtained written confirmation of each independent non-executive director on his/her independence from the Company. The Company confirmed that all independent non-executive directors were independent from the Company during the year ended 31 December 2022.

Pursuant to the *Articles of Association*, independent non-executive directors may, if needed, independently engage an external auditor and consultancy institution to obtain professional opinions at the expenses of the Company. Based on the above mechanism and the performance of independent non-executive directors, the Board effectively obtained independent views and opinions during the reporting period, and optimized the Company's operation management and corporate governance.

**(V) Training and Research of Directors**

During the reporting period, each director received reports and materials on the latest regulatory rules and updates, industry information as well as operation and management of the Company prepared on a regular basis to enable them to develop and update their knowledge and skills to work better, and to ensure that they have access to comprehensive and appropriate information in need to contribute to the Board.

In addition, the Company has arranged directors to participate in trainings on insurance policies, laws and regulations, and professional knowledge, to study the latest laws and regulations issued by regulatory authorities. During the reporting period, independent non-executive directors LI Xianglu, ZHENG Wei, CHENG Lie and MA Yiu Tim participated in the follow-up training for independent directors of listed companies held by the SSE. Directors ZHANG Hong and YANG Xue participated in the training for new directors, supervisors and senior management of listed companies held by the SSE. Directors ZHANG Hong, YANG Yi, HE Xingda and YANG Xue participated in the special training for directors and supervisors held by The Listed Companies Association of Beijing. Directors LI Quan and ZHANG Hong participated in the special training on corporate governance of listed companies held by China Association of Listed Companies. Directors XU Zhibin, LI Quan, ZHANG Hong, YANG Yi, HE Xingda, YANG Xue and ZHANG Wei participated in the online training for senior management of financial institutions on anti-money laundering and counter-terrorism held by Zhengzhou Training Institute of the People's Bank of China. Director ZHENG Wei participated in a special series of training on the regulations of C-ROSS phase 2 held by the Association of Actuaries. All directors participated in the ESG training organized by the Company. The new independent non-executive directors, LAI Guanrong, XU Xu and GUO Yongqing attended the compliance training for new directors in accordance with the regulations of the Hong Kong Stock Exchange.

All directors of the Company are provided with comprehensive and necessary information when they are firstly appointed to ensure that they understand the Company's business and operation, and fully understand their responsibilities and obligations under the listing rules and regulatory requirements.

In 2022, focusing on the transformation and upgrading of insurance products and services in the new era, all directors participated in surveys of peer companies, external agencies and branches, and put forward valuable opinions and recommendations on the Company's current position and future development. They took into account important issues in the Company's operation and management and researched risk transmission in asset management business.

## SECTION 7 CORPORATE GOVERNANCE

### (VI) Supervisors and the Board of Supervisors

#### 1. Supervisors and the Board of Supervisors

As of the end of the reporting period, the board of supervisors of the Company was comprised of 4 supervisors, including 2 shareholder representative supervisors and 2 employee representative supervisors.

The board of supervisors performs the following duties and responsibilities: to examine the Company's financial activities; to supervise directors and senior management in their performance of duties, and propose the removal of directors and senior management who have contravened any laws, regulations, regulatory documents, *Articles of Association* or resolutions of shareholders' general meetings; to nominate independent non-executive directors; to supervise the formulation, implementation and assessment of the development plan of the Company.

During the reporting period, the board of supervisors held 4 regular meetings and 5 ad hoc meetings. The attendance was as follows:

Name	Attendance in person/number of scheduled attendance	
	Shareholders' general meeting	Board of supervisors meeting
<b>Chairman of the Board of Supervisors and Shareholder Representative Supervisor</b>		
LIU Debin	2/2	9/9
<b>Shareholder Representative Supervisors</b>		
YU Jiannan <sup>(1)</sup>	1/2	8/9
<b>Employee Representative Supervisors</b>		
LIU Chongsong <sup>(2)</sup>	2/2	8/9
WANG Zhongzhu	2/2	9/9
<b>Resigned Shareholder Representative Supervisor</b>		
SHI Hongyu	1/1	7/7

Notes:

- Supervisor YU Jiannan failed to attend the First Extraordinary General Meeting of 2022 due to other business and failed to attend the 27th meeting of the seventh session of the board of supervisors due to other business and authorized chairman LIU Debin to attend and vote on his behalf.
- Supervisor LIU Chongsong failed to attend the 28th meeting of the seventh session of the board of supervisors due to other business and authorized chairman LIU Debin to attend and vote on his behalf.
- Details of the resignation of supervisors of the Company during the reporting period are set out in Section 6 "Directors, Supervisors, Senior Management and Employees" in this report.

The board of supervisors found no material risk to the Company and had no objection on matters under supervision during the reporting period. The announcements in relation to the meeting and the resolutions of the board of supervisors are published on the website of Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)), the website of the SSE ([www.sse.com.cn](http://www.sse.com.cn)), China Securities Journal, and Shanghai Securities News.

2. *Training and Research*

During the reporting period, the chairman of the board of supervisors LIU Debin attended training for new directors, supervisors and senior management of listed companies organized by the SSE, special training for directors and supervisors organized by The Listed Companies Association of Beijing and a special series of training on the regulations of C-ROSS phase 2 held by the Association of Actuaries. All supervisors attended the ESG trainings organized by the Company.

3. *Independent Opinions Expressed by the Board of Supervisors on Relevant Matters*

(1) Legal Operation of the Company

During the reporting period, the Company insisted on management and operation in accordance with *Company Law* and *Articles of Association*. No violation of law or damage to the interests of shareholders in the process of business operation and management were found.

(2) Truthfulness of Financial Statements

The Company's financial statements 2022 were true, objective and accurate reflection of the Company's financial situation and operating results.

(3) Related Party Transaction

During the reporting period, the board of supervisors reviewed the related party transactions and special audit report on related party transactions. The board of supervisors believed that related party transactions of the Company were fair and reasonable and found no damage to the interests of shareholders and the Company.

(4) Internal Control Report Review

During the reporting period, the board of supervisors reviewed the internal control evaluation report and internal control appraisal report and believed that the Company established a relatively complete, reasonable and effective internal control system, which greatly improved the internal control of the Company.

(5) Reputation Risk Management

During the reporting period, the board of supervisors reviewed the annual reputation risk management report, and members of the board of supervisors attended the meetings of the Board, Risk Management and Consumer Rights Protection Committee, so as to supervise performance of the board of directors and senior management on reputation risk management.

## SECTION 7

### CORPORATE GOVERNANCE

#### (6) Implementation of Resolutions of Shareholders' General Meeting

During the reporting period, members of the board of supervisors attended the annual general meeting, extraordinary general meeting. The board of supervisors supervised the implementation of resolutions of shareholders' general meeting and believed that the Board could earnestly implement resolutions of shareholders' general meeting of the Company.

#### (7) Information Disclosure Supervision

During the reporting period, the board of supervisors supervised the information disclosure of the Company, reviewed the regular reports and gave written opinions, and no illegal or non-compliance issues on information disclosure of the Company were found throughout the year 2022.

In 2023, the board of supervisors will continue to fulfill its duties and improve its performance. In accordance with regulatory requirements and internal policies of the Company, the board of supervisors will continue to perform the supervision function in an honest and diligent manner to better prevent risks in operation and management of the Company, to protect the interests of the Company and shareholders and promote compliance management and sound development of the Company.

### (VII) Chairman and CEO

In 2022, Mr. XU Zhibin served as the chairman of the Company and Mr. LI Quan served as the chief executive officer of the Company. The chairman is responsible for presiding over shareholders' general meeting, convening and presiding over the meetings of the Board and exercising other powers granted by the Board. The chief executive officer is held accountable to the Board and takes charge of operation and management of the Company. The division of responsibilities of chairman and chief executive officer is clearly defined in the *Articles of Association*.

Mr. XU Zhibin resigned as chairman of the Company on 26 September 2022. Mr. LI Quan was elected as the chairman of the seventh session of the Board on the same day and Mr. LI Quan acted as the chairman of the Board from the date of the Board resolution to the date of receiving the qualification approval by regulatory authority. Mr. LI Quan was elected as chairman of the eighth session of the Board at the first meeting of the eighth session of the Board on 29 January 2023. At present, the qualification of Mr. LI Quan as chairman has yet to be approved by regulatory authority.

### (VIII) Executive Committee

According to *Articles of Association*, the Company establishes Executive Committee as the decision-making body for the ordinary operation and management of the Company under the leadership of the board of directors. The Executive Committee is comprised of members of senior management, and its major duties include: to implement the specific tasks and measures of the resolutions of the Board; to implement plans in connection with material mergers and acquisitions, equity and real estate investments and financings, and assets disposals, subject to the authorization by the Board or in accordance with resolutions of the Board; to study on the material operation decisions; to monitor the material operations and activities of the Company; to organize and implement solvency risk management; and to review and evaluate the corporate governance structure of the Company. There are six functional committees under the Executive Committee, including Asset Liability and Investment Management Committee, Finance and Budget Management Committee, and Business Development and Management Committee, etc.

**(IX) Company Secretary**

The Company appointed, externally, Ms. NG Sau Mei to work as joint company secretary of the Company. The main contact person of Ms. NG Sau Mei in the Company is Mr. GONG Xingfeng, the board secretary and joint company secretary of the Company. The contact information of Mr. GONG Xingfeng is set out in Section 1 “Corporate Information” of this report.

During the reporting period, both Mr. GONG Xingfeng and Ms. NG Sau Mei attended professional trainings for no less than 15 hours.

**(X) Amendments to the Articles of Association and Other Corporate Governance Systems**

The Company did not amend *Articles of Association* and other corporate governance systems during the reporting period.

The second meeting of the eighth session of the Board considered and approved the proposal on amendments to *Terms of Reference of the Nomination and Remuneration Committee* on 17 February 2023. There added review and/or approve matters relating to share schemes under Chapter 17 of *Hong Kong Listing Rules* to responsibilities and powers of Nomination and Remuneration Committee.

**(XI) Information Disclosure and Investor Relations**

During the reporting period, the Company strictly observed various regulatory rules of the listing places regarding information disclosure to ensure effective implementation. Meanwhile, the Company strengthened internal communication and training to enhance the compliance awareness of information disclosure, to ensure the standardization of information disclosure. The Company focused on investors’ needs, treated all kinds of investors fairly, fully and effectively presented the Company’s business development to investors and other stakeholders with clear and concise expressions, and made the Company’s information disclosure more targeted and effective. As of 2022, the Company has won the Class A rating in information disclosure of listed companies on the SSE for seven consecutive years.

During the reporting period, the Company enriched and innovated the content and form of investor relations. The Company convened the results announcement and held annual and interim non-deal roadshow through live-streaming, phone call, question and answer, providing investors with diversified communication channels. Meanwhile, the Company proactively protected the interests of minority investors. The senior management answered in detail the concerned questions from minority investors at results announcement and established a channel for minority investors to propose questions and in turn answer those questions. Through daily reception of investors and analysts visits, participation in investment summits and other activities, the Company maintained smooth communication with capital market, provided sufficient information on its operation and development timely. The Company had active daily interaction with minority investors by answering hotlines and replying to messages on its investor relations emails and the E-interactive platform of the SSE. The Company has reviewed the implementation and effectiveness of shareholder communication policy during the reporting period. The Company confirms its shareholder communication policy can effectively protect shareholders’ rights and interests and guarantee the smooth communication between shareholders and the Company.

## SECTION 7 CORPORATE GOVERNANCE

### II. THE CONTROLLING SHAREHOLDER GUARANTEED THE COMPANY'S INDEPENDENCE IN ASSETS, PERSONNEL, FINANCE, INSTITUTIONS AND BUSINESS

On the basis of abiding by national laws and regulations and not interfering in the ordinary operation and management of the Company, Huijin, the controlling shareholder of the Company, exercised shareholders' rights through corporate governance channel to ensure the Company's independence in assets, personnel, finance, institutions and business. The Company runs independent and complete business and is capable of independent business operation. The Company is an independent legal person responsible for its own profits and losses. The business of the Company is independent from Huijin and other enterprises controlled by Huijin and the Company has no horizontal competition with the controlling shareholder or any unfair related party transaction with Huijin and other enterprises controlled by Huijin.

### III. DIVIDEND DISTRIBUTION

#### (I) Dividend distribution policies

According to Article 289 of *Articles of Association*, the major dividend distribution policies of the Company are set out below:

- i. The Company may distribute dividends in the form of cash, shares or a combination of cash and shares. The Company may distribute interim dividend.
- ii. If the profit for the year and the accumulated undistributed profit of the Company are positive, the annual profit distribution plan will be formulated by the Board based on the Company's solvency margin ratio, business development and operation results, subject to the laws and regulations and requirements promulgated by relevant regulatory authorities on solvency margin ratio.
- iii. The Company shall give priority to dividend distribution in cash. Where the Company's operation is in a sound condition, and the Board considers that the share price of the Company fails to reflect its share capital scale and that the distribution of dividend in shares will be favorable to all shareholders of the Company as a whole, the Company may propose dividend distribution in shares, provided that the above conditions of cash dividend are fully met.
- iv. The Board shall thoroughly discuss the rationality of profit distribution plan and produce a special resolution to the shareholders' general meeting for consideration. The independent directors of the Company shall also express their independent opinions on profit distribution plan. In considering the profit distribution plan at the shareholders' general meeting, the Company shall maintain active communications and exchanges with shareholders, particularly minority shareholders through various channels, carefully listen to the feedbacks and requests of minority shareholders, and give timely response to minority shareholders on the relevant matters. After a resolution approving such profit distribution plan is passed at the shareholders' general meeting, the Board of the Company shall distribute the dividends within two months from the convention of such shareholders' general meeting.

During the reporting period, the decision-making process and mechanism of the Company's profit distribution plan are complete, the dividend standard and proportion are clear, which are in line with *Articles of Association* and relevant review procedures, fully protect the legitimate rights and interests of minority investors, and have been approved by all independent directors of the Company.



**(II) Distributable reserve for shareholders**

Net profit attributable to shareholders of the Company as contained in the 2022 Consolidated Financial Statements of the Company reached RMB9,822 million and net profit attributable to the parent company as contained in the financial statements totaled RMB11,139 million. As of 31 December 2022, the accumulative profit for the parent company from previous years reached RMB43,185 million. And there is no deficit to be covered. According to the *Articles of Association*, the distributable net profit for 2022 of the Company totaled RMB11,139 million.

**(III) Profit distribution plan of 2022**

According to the proposed profit distribution plan of 2022 considered and approved by the 4th meeting of the eighth session of the Board on 30 March 2023, the Company planned to distribute an annual cash dividend of RMB1.08 (including tax) per share to all shareholders of the Company of 2022, totaling approximately RMB3,369 million, representing approximately 34.3% of the net profit attributable to shareholders of the Company as contained in the 2022 financial statements of the Company. The remaining retained profits shall be carried forward to 2023 and distributed in future.

The Company did not implement transfer of capital reserve to share capital in 2022.

The aforementioned proposed profit distribution plan has yet to be approved by the shareholders' general meeting. The Company expects that 2022 annual dividend will be distributed on Thursday, 10 August 2023 to all shareholders.

To the best knowledge of directors of the Company, none of the shareholders has waived or agreed to waive any dividend arrangement.

**(IV) Dividend distribution in recent three years**

Year of distribution	Amount of dividend per share (RMB) (including tax)	Total amount of cash dividend (RMB million) (including tax)	Net profit attributable to Shareholders of the Company achieved within the year as contained in the financial statements (RMB million)	Percentage of the total amount of cash dividend in net profit attributable to Shareholders of the Company achieved within the year as contained in the financial statements
2022	1.08	3,369	9,822	34.3%
2021	1.44	4,492	14,947	30.1%
2020	1.39	4,336	14,294	30.3%

## SECTION 7 CORPORATE GOVERNANCE

### (V) Withholding and payment of dividend income tax for individual foreign shareholders and non-resident enterprise shareholders

Pursuant to the *Enterprise Income Tax Law of the People's Republic of China* and its implementation regulations, *Individual Income Tax Law of the People's Republic of China* and its implementation regulations, the *Announcement of the State Administration of Taxation in relation to the Administrative Measures on Preferential Treatment Entitled by Non-residents taxpayers under Tax Treaties* (Guo Shui Fa [2019] No. 35) (《國家稅務總局關於發佈〈非居民納稅人享受協議待遇管理辦法〉的公告》(國稅發[2019]35號)), the *Notice of the State Administration of Taxation on the Issues Concerning the Levy and Administration of Individual Income Tax After the Repeal of Guo Shui Fa [1993] No. 045* (Guo Shui Han [2011] No. 348) (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348號)) and other relevant laws and regulations and regulatory requirements, the Company shall, as a withholding agent, withhold and pay dividend income tax for H shareholders in respect of the dividend, including individual income tax for individual foreign shareholders and enterprise income tax for non-resident enterprise shareholders. For details regarding withholding and payment of dividend income tax for H shareholders and materials that H shareholders need for tax deduction, please refer to announcements to be published by the Company in due course.

## IV. COMPLIANCE WITH MODEL CODE

The Company has formulated the *Administrative Measures for the Shares of the Company held by Directors, Supervisors and Senior Management and their Changes of New China Life Insurance Company Ltd.* (《新華人壽保險股份有限公司董事、監事和高級管理人員所持公司股份及其變動管理辦法》) to regulate the securities transactions of directors, supervisors and senior management of the Company, the standards of which are not lower than that required in *Model Code*. After making specific enquiries with all directors and supervisors, the Company confirmed that each director and supervisor has observed the code of conduct set out in *Model Code* and the *Administrative Measures for the Shares of the Company held by Directors, Supervisors and Senior Management and their Changes of New China Life Insurance Company Ltd.* during the reporting period.

## V. RESPONSIBILITIES OF DIRECTORS TOWARDS FINANCIAL STATEMENTS

Directors confirmed that they were obliged to prepare financial statements and to truly and fairly report the Company's situation. The statement made by the Company's auditor about its responsibility for reporting the accounts is set out in *Audited Financial Statements 2022* of this report. To the knowledge of the directors, there were no issues or conditions occurred in the reporting period that might have significant adverse effects on the Company's sustainable operation. After making appropriate enquiries, directors considered that the Company had enough resources for sustainable operation in the future, therefore the financial statements should be prepared on a going concern basis.

## VI. MANAGEMENT OF SUBSIDIARIES

In order to strengthen the management over subsidiaries and ensure that there are laws and regulations to follow in the management of subsidiaries, the Company has formulated internal management measures such as *Administrative Measures for Insurance Subsidiaries of New China Life Insurance Company Ltd. (Trial Implementation)* (《新華人壽保險股份有限公司保險類子公司管理辦法(暫行)》) and *Administrative Measures for Non-Insurance Controlled Shareholding Companies of New China Life Insurance Company Ltd.* (新華人壽保險股份有限公司非保險控參股公司管理辦法). Such measures have made it clear that the Company has managed key issues with proper authorization to its subsidiaries. Subsidiaries shall operate and manage independently in accordance with the *Company Law* and regulations as well as the articles of association. And major matters of subsidiaries shall be submitted to the Company for examination and approval, and daily operation and management matters shall be independently decided by the subsidiaries in accordance with the authorization of the Company. The Company has also strengthened the penetrating management of subsidiaries. The Company strengthened the penetrating management in major issues, risks and personnel of subsidiaries, and further improved management efficiency.

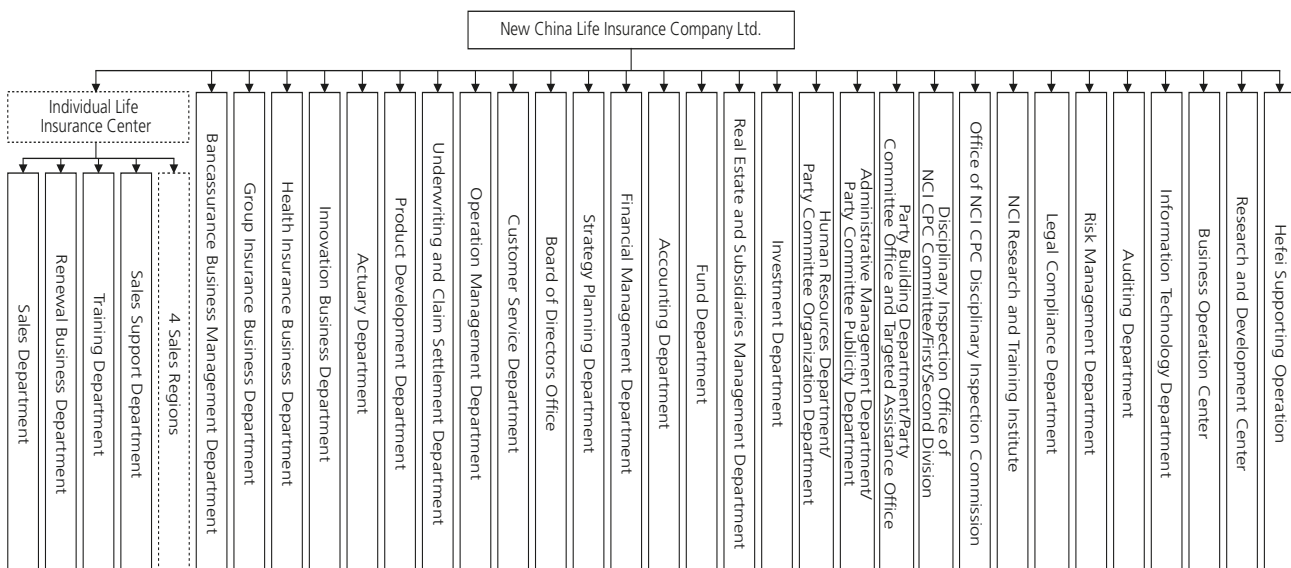
In terms of risk management, the Company has issued risk management systems such as *Comprehensive Risk Management Policy*, *Internal Auditing Policy*, *Administrative Measures for Related Party Transaction* and *Internal Control Management Policy*, all of which include subsidiaries for unified management.

In addition, the Company formulated a number of administrative measures specifically for subsidiaries to carry out standardized management in various areas such as operation and management, finance and capital, and personnel performance of subsidiaries.

## VII. DEPARTMENT AND BRANCH OFFICES OF THE COMPANY

### a. Department of the Company

The headquarters has 30 departments, 3 directly-subordinate secondary units and 4 sales regions.



## SECTION 7

### CORPORATE GOVERNANCE

#### b. Branch offices

As of 31 December 2022, there are 1,773 branches and offices of the Company, including 35 branches, 273 sub-branches, 769 outlets, 661 marketing service offices and 35 business offices.

## VIII. THE OVERALL EVALUATION OF CORPORATE GOVERNANCE

The Company attaches great importance to corporate governance. The Company has a relatively sound corporate governance mechanism, good shareholder governance and effective operation of the shareholders' general meeting, the board of directors meeting and board of supervisors meeting. The internal control system is relatively complete. The shareholders' general meeting, the board of directors, the special committees under the board of directors, the board of supervisors and senior management all perform their duties and coordinated with each other. The corporate governance structure maintains effective checks and balances.

## IX. THE COMPANY'S COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board of the Company is responsible for fulfilling corporate governance responsibilities as set out in the terms of reference of Article A.2.1 of *Corporate Governance Code*. During the reporting period, the Board of the Company held a meeting to review the Company's compliance with *Corporate Governance Code* and the disclosures in the corporate governance report. Save as disclosed in this report, directors of the Company were not aware of any information that would reasonably indicate that the Company had not complied with the applicable code provisions as set out in *Corporate Governance Code* at any time during the period from 1 January 2022 to 31 December 2022.

## X. INTERNAL CONTROL

The Company has been committed to improving its internal control system to promote the sustainable development of the Company. The internal control system aims at providing reasonable assurance that the Company's operation and management are in compliance with relevant laws and regulations; the Company's assets are properly safeguarded; financial statements and related information are true and complete; the operation efficiency and results are improved; and development strategies are implemented, to guarantee that the Company operates legally, robustly and efficiently.

The Board is responsible for establishing, improving and implementing internal control system, as well as evaluating its effectiveness. The Audit and Related Party Transaction Control Committee under the Board is responsible for supervising the implementation and self-assessment of internal control, appointing and coordinating with external auditors. The board of supervisors is responsible for overseeing the establishment and implementation of internal control by the Board. The Risk Management Committee under Executive Committee is responsible for organizing the daily operation of internal control. The risk management department is responsible for organizing and promoting the internal control of the Company. Each of the functional departments and business units observed the provisions and requirements of internal control. The audit department is in charge of overseeing the internal control.

Based on the internal control requirements such as the *Basic Standard for Enterprise Internal Control* (《企業內部控制基本規範》) (Cai Kuai [2008] No.7) and *Circular on Printing and Distributing the Implementary Guidelines for Enterprises Internal Control* (《關於印發企業內部控制配套指引的通知》) (Cai Kuai [2010] No.11), *Basic Standards for Internal Control of Insurance Companies* (《保險公司內部控制基本準則》) (Bao Jian Fa [2010] No.69), and *Internal Control Guidelines for Insurance Funds Deployment* (《保險資金運用內部控制指引》) (Bao Jian Fa [2015] No.114), the Company has observed the basic principles of comprehensiveness, significance, balancing, adaptation, and cost-effectiveness, and established a top-down internal control system covering such areas as marketing, operation, finance, funds utilization, information technology management and compliance.

The Company has established and enhanced internal control system composing of five elements, including internal environment, risk assessment, control activities, information and communication, and internal supervision. The functional departments and business units, the internal control management department and the audit and supervision department act as the three defence lines of the Company. Through the work division and coordination among these three defence lines, the Company has met the requirements of internal control and risk management and established the internal control system of “complete coverage, clear highlights and effective control”.

The Company adopted a combination of qualitative and quantitative methods to identify risks in the fields of business, finance, and funds utilization, determine key risk areas, comprehensively sort out internal control defects and loopholes, improve the defect rectification management mechanism, strengthen the effectiveness of rectification, and coordinate the management and control mechanism of pre-prevention, in-process control and follow-up supervision to ensure the efficiency and effectiveness of all business activities. In 2022, the Company sorted out its existing problems through inspections and investigations such as the supervision and evaluation of solvency risk management by the CBIRC, the anti-money laundering and law enforcement inspections by People’s Bank of China, the special risk investigation in illegal fund-raising and capital cases, and comprehensive risk investigations. The Company carried out rectification in a timely manner, continued to improve management measures and effectively improved risk management.

## SECTION 7

### CORPORATE GOVERNANCE

The Company, focusing on high-quality development, strengthened the “internalization of external regulations”, consolidated the foundation for internal control management and steadily pushed forward internal control in various business areas. In respect of marketing control, the Company improved the marketing management structure, improved systems to manage business and sales agents, continued to manage intermediary channels and improve systems to manage sales agents, training and quality, and strictly regulated promotion and marketing activities, continued to improve business quality, strengthen marketing risk monitoring, managed business quality and implemented accountability, to prevent the risk of misleading marketing. In respect of operation control, the Company continued to optimize operation management system, and optimized the business management processes, the management and control measures in the key links and the construction of systems of new policies, underwriting, updating information, claim settlement, customer service, reinsurance and others, and continued to improve customer information management mechanism, strengthened the protection of consumers’ rights and interests and continued to defuse risks in operation. In respect of accounting and financial control, the Company established a comprehensive and standardized accounting and financial management structure and system, enhanced various systems in budget management, accounting calculation, tax management, funds payment and receivable management, expense management, etc. Besides, the Company also optimized information system, identified, managed and controlled financial and accounting risks effectively, improved efficiency of finance and information quality to ensure the truthfulness, completeness, accuracy and timeliness of financial statements and relevant information. In respect of funds utilization, the Company formulated a standardized funds management system, defined the process of funds allocation, tightened the authorization and approval system to ensure the safety of the Company’s funds; formulated administrative measures on entrusted investment, administrative measures on real estate investment, administrative measures on the risk classification of investment assets and other measures, prepared guidelines on the utilization of insurance funds annually, strictly complied with the regulatory requirements of the CBIRC and the relevant regulatory authorities on the utilization of funds, controlled risks and standardized utilization of insurance funds to effectively prevent risks. In respect of information technology, the Company set up information security management system, strengthened overall planning and basic management of information system through the formulation of the system, preparation of process, implementation of specific operation and safety publicity training, strengthened the design, development, operation, maintenance, security management, confidentiality management, disaster relief management, outsourcing service management, and continued to improve information technology and security management and control.

The Company has established a clear and effective internal and external information communication system, which imposes strict requirements on the timeliness of information transfer so as to implement the information disclosure management system and intensify the registration and filing of inside information. The Company has also formulated the system of accountability for material errors of information disclosure in the annual report. The criteria for identifying material errors and the accountability mechanism have been established and strictly implemented.

The Company has established an independent internal auditing system with centralized management. The audit department is in charge of internal auditing and exercising the supervision function in internal control. The internal audit of the Company is guided by the Audit and Related Party Transaction Control Committee under the Board. The Company has continued to improve the standardized guidelines for auditing, strengthen the supervision of regular auditing, audit during tenure, audit after resignation, economic responsibility auditing and specific auditing, diversified its auditing methods, enhanced information application and auditing quality. By expanding the scope and coverage of auditing, the Company also strengthened the auditing supervision ability, and enhanced the value of internal auditing.

The Company has established a series of administrative measures for accountability, including accountability for non-compliances, specifying the scope, ways, criteria and procedures of accountability as well as the information reporting mechanism. Non-compliance to laws and regulations and provisions of the Company will be handled by relevant departments according to applicable criteria for accountability, giving full play to the role of punishment and deterrence.

The Board of the Company is responsible for risk management and internal control and supervising their effectiveness. Meanwhile, the specialized department for risk management and internal control of the Company is designated to manage rather than eliminate the risks of failing to achieve objectives. The Company provides reasonable but not absolute assurance for non-existence of material false statements or loss. On the basis of the *Basic Standard for Enterprise Internal Control* (《企業內部控制基本規範》) (Cai Kuai [2008] No.7), the *Circular on Printing and Distributing the Implementary Guidelines for Enterprises Internal Control* (《關於印發企業內部控制配套指引的通知》) (Cai Kuai [2010] No.11) and other regulatory requirements, taking into account the internal control system and assessment methods, the Board of the Company conducted annual assessment on internal control and risk management in a comprehensive way, the scope of which covered marketing, operation, finance, funds utilization, information technology management and other aspects of headquarters, branches and subsidiaries. The time interval of 2022 assessment is from 1 January 2022 to 31 December 2022. After the assessment, the Board is of the view that the Company's internal control and risk management system construction and operation are effective and adequate as a whole and the auditor has issued a standard and unqualified internal control audit report.

For details of the Company's internal control assessment, please refer to the *Internal Control Assessment Report 2022* separately disclosed by the Company and the internal control audit report issued by the auditor.

## SECTION 8

# RISK MANAGEMENT

### I. RISK MANAGEMENT SYSTEM – OVERALL STRATEGIES

The Company has established a risk management system spanning all major business areas which the Board is ultimately held accountable for, and which is under the direct leadership of Executive Committee, coordinated by risk management department, closely assisted by relevant functional departments and branches, and independently audited by audit department.

Based on value-oriented and internal control, the Company enhanced the comprehensive risk management system via both quantitative and qualitative analysis to realize the professional operation of risk management and meet requirements of solvency risk management and asset liability management required by the CBIRC, making risk management the important basis for the decision-making of the Board and Executive Committee. Considering the operation objective and expectations of all stakeholders, the Company formulated risk strategy aiming at striking a balance among capital, value, profit and liquidity, observing the laws and regulations and regulatory requirements, controlling operation risks effectively, and safeguarding the reputation and brand image so as to achieve sustainable and sound development of the Company.

The Company made steady progress in risk management system and procedure, continued to improve risk management system and optimize the management process. In 2022, the Company carried out evaluation and inspection on annual risk preference system, updated *Statement of Risk Preference of 2022* (《2022年度風險偏好陳述書》); promoted the establishment of comprehensive risk management system, amended *Comprehensive Risk Management Policy* (《全面風險管理政策》), optimized special risk management systems, amended *Market Risk Management System* (《市場風險管理制度》), *Credit Risk Management System* (《信用風險管理制度》), *Strategic Risk Management System* (《戰略風險管理制度》), *Liquidity Risk Management System* (《流動性風險管理制度》), *Operational Risk Management System* (《操作風險管理制度》) and other special risk management systems. In 2022, the Company further built risk management procedures, improved the internal control management measures and systems, formulated *List of Incompatible Positions (2022)* (《不相容崗位清單(2022版)》), amended *Administrative Measures for the Rectification of Internal Control Deficiencies* (《內控缺陷整改管理辦法》); optimized money laundering risk management system, complied with the requirements of laws and regulations of anti-money laundering, actively built anti-money laundering management culture, fulfilled the legal obligations of anti-money laundering to enhance the quality and effectiveness of anti-money laundering.

The Company improved its own risk management in consideration of the requirements of C-ROSS phase 2. Through self-assessment of solvency risk management and comprehensive benchmarking analysis, the Company identified problems and made specific rectification to effectively enhance risk management.

In 2022, the Company constantly optimized its risk monitoring and reporting mechanism, set up early warning intervals for monthly monitoring and analysis of the key indicators for seven major risks under the comprehensive risk management system, including market risk, credit risk, insurance risk, operational risk, strategic risk, reputation risk and liquidity risk. Meanwhile, the Company focused on the progress of asset allocation and its risk control to provide the headquarters and branches with risk warning and reminder of related risks.



In 2022, the Company constantly optimized its risk control and compliance management system. The risk management subsystem was able to collect and process data, monitor key risk indicators and give early warning, and manage risk statement, to timely identify risks and give warnings by monitoring data and indicators through modern information technology. The internal control subsystem covered the whole internal control management modules including internal control evaluation, defect rectification, operation risk event management and risk investigation, which advanced the basic risk control management. The compliance management system was able to monitor and give early warning for marketing misleading indicators, monitor key compliance assessment indicators, report important compliance information, achieved the efficient application of information technology in compliance management and enhanced the overall efficiency of compliance monitoring and compliance management. Anti-money laundering and the related system realize various functions such as customer due diligence, transaction monitoring and analysis, monitoring list maintenance and filtering to provide strong support for the risk management in money laundering.

## II. RISK IDENTIFICATION AND CONTROL

The major risks of the Company in the course of operation and management include market risk, credit risk, insurance risk, operational risk, reputation risk, strategic risk, liquidity risk, etc.

### (I) Market risk

Market risks refer to the risks that expose the Company to unexpected losses due to adverse movements in interest rates, equity prices, real estate prices, exchange rates, etc.

The Company continued to monitor the proportion of high-risk assets, value at risk (VAR), asset duration and other key indicators. Benchmark threshold values were set up for risk warning. In addition, in case of extreme circumstances, the Company adopted sensitivity analysis and stress test to measure the potential loss to the Company under stress with focus on the impacts brought by market volatility and interest rate movements on fair value of investment assets and solvency of the Company. The proportion of each category of investment assets was in line with the requirements of CBIRC and the internal requirements of the Company.

In order to handle market risks, the Company primarily adopted the following measures in 2022: 1. placing emphasis on macroeconomic studies and prudently projecting domestic and international market trends; 2. analyzing historical risks and returns of major assets on a regular basis; 3. proactively managing the positions of equity assets and conducting regular stress tests to measure their impacts on investment return and solvency margin ratio to keep risk exposures under control; 4. making prudent investment and insisting on asset liability matching management; 5. sticking to value-oriented investment, selecting assets with potential value appreciation, and pursuing middle to long term investment earnings; 6. centering on both value and the overall liquidity of assets and gradually adjusting investment portfolio by adding new assets, so as to match the risk and return of investment portfolio with the value and risk management requirements of the Company; and 7. enhancing risk monitoring and early warning to strengthen emergency management.

## SECTION 8 RISK MANAGEMENT

### (II) Credit risk

Credit risks refer to the risks that expose the Company to unexpected losses due to non-performance or delay in the performance of contractual obligations by counterparties, or adverse movements in their credit. The credit risks that the Company is exposed to mainly related to investment deposits, bonds, non-standard financial products and reinsurance arrangements, etc.

#### 1. *Credit risk of investment business*

The Company primarily monitored the credit rating and concentration of investment targets and counterparties to ensure the overall credit risk exposure within control by limiting the proportion of investments with low credit rating. More than 95% of investment deposits and bonds held by the Company have a credit rating of AAA and credit ratings of major counterparties are AAA with low credit default risk. The non-standard financial products held by the Company have good credit enhancement arrangements.

To address the credit risks of investment business, the Company primarily adopted the following measures in 2022: 1. implementing a strict internal credit and credit rating system for counterparties and stringently checking on the categories of credit investment products; 2. implementing subject credit to non-standard financial products to prevent credit risks; 3. reinforcing credit enhancement arrangements with respect to non-standard financial products; 4. monitoring the credit risk of investment portfolios, analyzing and assessing the possibility and impact of credit default events; 5. establishing a "Negative List" management mechanism in key funds utilization, and updating dynamic assessment based on market changes; and 6. optimizing the risk asset classification management system and strengthening the penetrating risk management.

#### 2. *Reinsurance credit risk*

The Company assessed the credit ratings of reinsurance counterparties to mitigate reinsurance credit risk.

As of the end of 2022, there were 8 reinsurance companies under contractual arrangements with the Company, and all of their credit ratings were above A. Four of them obtained Standard & Poor's rating: one company had AA+, one company AA-, one company A+, one company A. The other four companies obtained A.M. Best's ratings: two companies A+, one company A and one A-. The Company had good credit distribution within the ceding business.

### (III) Insurance risk

Insurance risks refer to the risks arising from the unfavorable deviation of the actual situation from the projections in terms of assumptions on mortality rate, morbidity rate, compensation rate, surrender rate and expense rate, etc.

The Company assessed and monitored insurance risks through regular review of experience and data, sensitivity analysis of main assumptions and other techniques, with focus on the impact of surrender rate, mortality rate and morbidity rate on the Company's operating results.

The Company managed insurance risks in product development, underwriting tactics and reinsurance arrangements via the following mechanisms and measures: 1. implementing effective product development and management system, designing proper insurance liabilities and setting the product price on the basis of market research, predicting the product profitability based on the Company's empirical analysis, so as to maintain a rational expense ratio and profitability of product; 2. making customized underwriting through prudent underwriting tactics and processes to ensure the risk within control; 3. arranging appropriate reinsurance based on the risk characteristics of the insured, and ensuring that reinsurance contract basically covered products with risk liabilities to effectively transfer insurance risk; 4. reviewing the Company's operating data on a regular basis to conduct empirical analysis and trend research, which served as the basis for adjusting pricing assumptions and assessing assumptions; and 5. reflecting problems identified in empirical analysis and relevant information timely to product development, underwriting approval and claims settlement to optimize business procedures and risk management.

### (IV) Operational risk

Operational risks refer to the risks that expose the Company to direct or indirect losses due to inappropriate internal operation processes, personnel, internal or external events, including legal and compliance risks. The major operational risks include misleading sales, litigations within the insurance industry as well as illegal sales of non-insurance financial products.

#### 1. Risk of misleading sales

Risks of misleading sales refer to various misleading acts such as deceit and fraudulent inducement in marketing caused by agents and insurance agencies, which results in customer complaints, negative media coverage, regulatory penalties and collective complaint events, and thus may bring economic loss, reputation damage or other adverse impacts to the Company. Comprehensive rectification of misleading sales based on regulatory requirements and the Company's strategy is a major task for the Company.

To effectively address the risk of misleading sales, the Company mainly adopted the following measures in 2022: 1. further improving compliance assessment indicators, focusing on the rectification results of misleading sales, and urging institution to improve rectification results through regular tracking; 2. strengthening daily risk monitoring and early warning, providing risk reminders to institutions with high risk on misleading sales according to daily monitoring results, urging them to take measures to prevent and defuse potential risks; 3. strengthening review on product promotional materials, paying close attention to regulations and enhancing the marketing management; and 4. strengthening compliance training, summarizing misleading sales problems, and carrying out trainings and education about risk prevention within the Company.

## SECTION 8 RISK MANAGEMENT

### 2. *Risk of criminal cases and illegal sales of non-insurance financial products*

Risks of criminal cases and illegally selling non-insurance financial products refer to risks arising from infringement, misappropriation, fraud, professional embezzlement, illegal fund-raising and illegally selling non-insurance financial products of the insurer that result in economic losses, reputation damage or other adverse impacts for the Company. In 2022, the Company had 3 criminal cases, with the number of criminal cases decreased by one compared with last year.

To effectively address risks of criminal cases and curb illegal sales of non-insurance financial products, the Company mainly adopted the following measures in 2022: 1. improving the prevention and control system, formulating and issuing *Administrative Measures for Prevention of Financial Offences by Practitioners* (《預防從業人員金融違法犯罪工作管理辦法》), combining the criminal cases occurring and putting forward requirements. It was made clear that the Company strictly prevented making illegal profits from financial and insurance industries, urging each institution to prevent practitioners' violations of laws and timely detection of potential risks; 2. carrying out risk monitoring, including regular indicator monitoring, complaint monitoring, urging and guiding branches to conduct risk investigation to timely identify and deal with risks, exploring and establishing the list of high-risk personnel; 3. carrying out risk investigation of criminal cases, and two investigations being carried out by the Company throughout the year, conducting investigations on agents using insurance business or the Company's credits for illegal fund-raising, illegal sale of non-insurance financial products, fraud and embezzlement of funds of customers and the Company, private loans, embezzlement of customer funds and other hidden risks; 4. carrying out publicity and education, and conducting regular warning education and training internally to ensure compliance; carrying out publicity activities to prevent risks of illegal fund-raising externally, raising the public's rational concepts of insurance, investment and wealth management, and enhancing customers' awareness of risk prevention; 5. strengthening disposal and reporting of criminal cases. Once any insurance criminal case occurred, the Company timely conducted investigation and reported to regulatory authorities as required; 6. strengthening the supervision of case prevention of institutions, carrying out a special supervision of case prevention through off-site meetings for 16 branches with more prominent case risks and greater pressure on case prevention in recent years; and 7. carrying out in-depth analysis of historic cases, gathering relevant departments to discuss measures to learn from past cases and promote case review and rectification.

In addition to above measures, the Company also mitigated daily operational risks by optimizing management processes, strengthening internal control and compliance management, conducting risk investigation and strengthening internal auditing supervision.

**(V) Reputation risk**

Reputation risks refer to the risk that expose the Company to losses due to negative comments because of operation and management of the Company or external events. Generally speaking, the coverage of the Company by external media in 2022 was primarily positive and objective.

The reputation risk management follows the principle of prevention and establishes a routine, long-term and effective management mechanism with focus on advance assessment and daily precaution. The Company manages daily public opinion through 7 x 24 monitoring. The Company has established a comprehensive reputation risk management system that covers all channels and institutions in terms of organizational structure, system, daily monitoring and risk disposal with excellent linkage mechanism. In response to untrue or negative public opinion, the Company communicates with the media in a timely manner, carries out positive publicity at the earliest time, properly handles public opinion, clarifies untrue negative reports, and reduces the impact of public opinion on the Company's reputation and image.

**(VI) Strategic risk**

Strategic risks refer to the risk of mismatch between strategies, market conditions and capabilities of the Company arising from ineffective formulation or implementation of strategies or changing environment.

In 2022, both liabilities and assets of the industry were under pressures. The Company adhered to the general principle of "seeking progress while ensuring stability", deepened its business transformation and development, and enriched the supply of products and services, so that its overall operation remained stable.

To address strategic risks, the Company mainly adopted the following measures: 1. analyzing the industry situation, analyzing and studying development trends and hotspots of the industry, thereby identifying opportunities for the development of life insurance business, and clarifying the growth path and enhancing and adjusting the strategic layout in view of the actual operation of the Company; 2. pursuing high-quality development under the *Outline of the "14th Five-Year Plan"*, deepening the "returning to the essence of insurance", promoting the transformation and development of various business; 3. capturing the operating philosophy of "strategic guidance, high-quality development, benchmark surpassing and improving weakness", implementing practical measures, strengthening business drivers; 4. implementing the operation measures, making strategies guiding management for the completion of operation plans, thus ensuring that strategic plans could be thoroughly implemented at all levels; 5. tracking the assessment, establishing strategies tracking and assessment system by making assessment indicators and regularly tracking their implementation; and 6. strengthening communication and coordination, strengthening the communication between strategy management department and related function departments to form a coordination and feedback system on strategy planning and adjusting the strategic objectives in a timely manner based on changing internal and external circumstances.

## SECTION 8 RISK MANAGEMENT

### **(VII) Liquidity risk**

The liquidity risks refer to the risk that the Company fails to have access to sufficient funds in time or at reasonable costs to pay its debts as they become due or fulfill other payment obligations.

The Company constantly monitored future cash flow and carried out stress tests with attention to the indicators such as the liquidity coverage ratio, and formulated solutions in advance by putting daily risk monitoring in place and paying attention to unusual changes of indicators.

To address liquidity risks, the Company primarily adopted the following measures: 1. strictly controlling illegal sales in marketing to enhance business quality and prevent the large scale payments induced by unusual concentrated surrenders; 2. establishing settlement reserve system for contingency payments in case of short-notice request for large amount payments; 3. planning and managing long-term liquidity, and adjusting middle to long term asset allocation by considering the overall liquidity of assets and liabilities with reference to investment guidelines; and 4. strengthening emergency management and formulating emergency plans to defuse liquidity risks.

## I. ENVIRONMENT INFORMATION

The Company strictly abides by the *Environmental Protection Law of the People's Republic of China* (《中華人民共和國環境保護法》), *Energy Conservation Law of the People's Republic of China* (《中華人民共和國節約能源法》) and other laws and regulations, adheres to a low-carbon and environmental-friendly operation mode to actively respond to climate change and pursue eco-environmental progress. The Company, through technology empowerment, carries out various measures to save energy and reduce emission to build the image of a responsible green company under “carbon neutrality”, and create value for shareholders, customers, employees, communities and environment, and partners.

The Company integrates its key areas with energy conservation and emission reduction and specifies the Company's nature as a life insurance company. By identifying the risk of the Company's operation on climate change and the risk of climate change on the Company's operation, the Company takes NCI Tower as the target for energy conservation and emission reduction. Through the estimation of carbon footprint of NCI Tower, the Company has developed a targeted plan for energy conservation and emission reduction, so as to drive its sustainable development.

During the reporting period, the Company received no administrative penalty because of environmental issue.

For environmental information, please refer to the *Corporate Social Responsibility Report 2022* disclosed on the website of Hong Kong Stock Exchange.

## II. SOCIAL RESPONSIBILITY

### (I) Serve the Real Economy

The Company supports and serves the real economy. In terms of investment in national key areas, the Company laid out in areas such as technology, green, region, and serving micro, small and medium-sized enterprises. By the end of 2022, the Company invested more than RMB700 billion to serve the real economy.

### (II) Rural Revitalization

In 2022, the Company put over RMB10.4 million in aggregate in Shibing county of Guizhou province and Chayouzhong banner, Wulanchabu City in Inner Mongolia Autonomous Region to support twelve projects, including: featured events, building dormitory for middle school, building new nursery school, and offering anti-poverty insurance and supporting “Genius Moms Dream Workshop” (天才媽媽夢想工坊), “Mother's Entrepreneurship Fund” (母親創業循環金) and other projects, which made contributions to rural revitalization. Besides, agricultural and sideline products of RMB5.28 million were directly purchased from those areas to maximize the local farmer's income.

## SECTION 9 ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

### (III) Help Employees Grow

The Company has always put people first, strictly abided by various laws and regulations, including *Labor Contract Law of the People's Republic of China* (《中華人民共和國勞動合同法》), and *Labor Law of the People's Republic of China* (《中華人民共和國勞動法》). The Company always believes that the enhancement of comprehensive quality of employees is one of the most important targets. By creating a tolerant, equal, mutual trust and collaborative environment for employees, the Company makes efforts to guarantee the rights and interests of employees, promote their mental and physical health and build platforms for improvement to unify the Company's values and employees' values.

### (IV) Guarantee Customer Service

The Company has always been "customer-oriented". The Company focused on customers' demands to innovate and upgrade products in product offerings. In terms of customer service, the Company served both customers and sales team and enhanced technology empowerment to build an interoperable "Smart+" intelligent ecosystem. More than 1,600 offline counter centers across the country interconnected with media platforms such as telephone, SMS/MMS, website, WeChat, and APP. By doing this, the Company gradually realized both professional manual services and intelligent AI services to offer convenient, efficient and quality services for customers. Meanwhile, to implement Healthy China strategy, the Company introduced value-added services for health management and organized a series of customer service activities to give back to customers.

### (V) Consumer Rights Protection

#### 1. Important information on consumer rights protection

The Company attaches great importance to the protection of consumer rights and interests, integrates consumer rights protection into all aspects of corporate governance, and has established a complete system and mechanism for consumer rights protection.

In 2022, the Company strictly implemented and observed relevant laws and regulations, regulatory requirements and internal administrative measures for consumer rights protection. The Company formulated and revised more than 10 documents related to consumer rights protection, such as *Administrative Measures on Information Security for Intermediaries of New China Life Insurance Company Ltd.* (《新華人壽保險股份有限公司中介機構信息安全管理制度》), *Administrative Measures for Sales Agent Quality in Bancassurance Channel of New China Life Insurance Company Ltd. (Version 2022)* (《新華人壽保險股份有限公司銀行代理渠道銷售人員品質管理辦法(2022版)》) and *Administrative Measures for Sales Agent Quality in Group Insurance of New China Life Insurance Company Ltd. (Version 2022)* (《新華人壽保險股份有限公司團體業務銷售人員品質管理辦法(2022版)》) to ensure the effective operation of various working mechanism and promote the comprehensive improvement of quality and efficiency of consumer rights protection. Meanwhile, the Company continued to strengthen the management over product and service marketing and publicity, marketing behavior, cooperation partners and service quality, carried out consumer education and publicity on a regular basis, and properly resolved various consumer complaints and disputes to effectively protect legitimate rights and interests of consumers. According to Evaluation Results on the Consumer Rights Protection of New China Life Insurance Company Ltd. 2021 (《關於新華人壽保險股份有限公司2021年度消保監管評價情況的通報》) by the CBIRC, the Company won Grade 2C in consumer rights protection in 2021, ranking the front among the industry.



2. *Consumer complaints and handling*

NCI has strengthened and improved the construction of consumer complaints and feedback channels, unblocked multiple complaint channels such as counters, telephones, Internet, emails and letters, and publicized the complaint process and instructions at prominent positions in all institutions. Consumers will be contacted as soon as possible and all consumer demands will be responded after consumer complaints occurred.

According to the report on insurance consumer complaints issued by CBIRC, the Company received a total of 4,890 complaints from CBIRC and its local offices in 2022, and the rate of complaint settlement within 15 days was 99.9%. In terms of the main complaint categories, marketing disputes accounted for 49%, and surrender disputes accounted for 28%. In terms of complaint distribution areas, the main areas were Shaanxi, Jilin, Hebei, Hubei, Beijing and other regions. The distribution of complaints is as follows:

**The number and proportion of complaints of each branch in 2022**

Branch	Number of complaints	Proportion	Branch	Number of complaints	Proportion
Shaanxi	408	8.34%	Chongqing	108	2.21%
Jilin	390	7.98%	Anhui	95	1.94%
Hebei	385	7.87%	Fujian	75	1.53%
Hubei	305	6.24%	Guangxi	70	1.43%
Beijing	239	4.89%	Ningxia	70	1.43%
Tianjin	236	4.83%	Sichuan	64	1.31%
Zhejiang	236	4.83%	Qingdao	58	1.19%
Henan	230	4.70%	Shanghai	58	1.19%
Inner Mongolia	194	3.97%	Yunnan	57	1.17%
Liaoning	193	3.95%	Qinghai	46	0.94%
Shandong	186	3.80%	Gansu	44	0.90%
Jiangsu	179	3.66%	Guizhou	32	0.65%
Hunan	163	3.33%	Dalian	24	0.49%
Heilongjiang	159	3.25%	Shenzhen	21	0.43%
Xinjiang	141	2.88%	Xiamen	11	0.22%
Jiangxi	124	2.54%	Ningbo	7	0.14%
Guangdong	123	2.52%	Hainan	6	0.12%
Shanxi	117	2.39%			

## SECTION 9

### ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

#### (VI) Public Welfare Actions and Charitable Donations

The Company continues to respond to the call of the CPC Central Committee. It leverages on the advantages of insurance industry to gradually form a unique public welfare model of “insurance products + public welfare platforms + volunteer services”, being a distinctive path for undertaking social responsibility. In 2022, the donation for public welfare exceeded RMB18.01 million, and the donated supplies amounted to approximately RMB1.06 million.

- (I) In 2022, the Company continued to carry out the public welfare activity of “NCI Accompanies You in Building Beautiful Cities – Donating Insurance to Sanitation Workers Nationwide” through Foundation. More than 920,000 sanitation workers in 170 cities across the country were provided accidental injury insurance of RMB100,000 per person. Since the launch of the project in 2017 until the end of 2022, the Company has donated total sum assured over RMB411.2 billion, and settled 327 claims, with a compensation amount of RMB29.34 million.
- (II) As of the end of 2022, the Company has set up 35 volunteer teams across the country, recruiting 46,308 volunteers. The voluntary service team carried out a total of 3,649 activities with various themes nationwide such as achieving carbon peak and carbon neutrality, respecting and helping the elderly, and caring for environmental sanitation, with 25,879 volunteers participating and service hours of 131,563.

For details of fulfilling social responsibilities of the Company, please refer to the *Corporate Social Responsibility Report 2022* disclosed on the website of the Hong Kong Stock Exchange.

## THE BOARD OF DIRECTORS REPORT AND SIGNIFICANT EVENTS

**I. MAIN BUSINESSES**

As approved by regulatory authorities and company registration authorities, the business scope of the Company includes: providing life insurance in RMB and foreign currencies (including various life insurance, health insurance, and accident and casualty insurance); acting as an agent for domestic and foreign insurance institutions for insurance, verification and claim settlement; insurance consulting; and engaging in capital utilization in accordance with relevant regulations. There was no material change in major business scope of the Company during the reporting period.

**II. BUSINESS REVIEW****(I) Annual business and business results analysis**

Analysis on the business results of the Company during the reporting period is set out in Section 4 “Management Discussion and Analysis” of this report.

**(II) Major risks and uncertain factors**

Please refer to Section 8 “Risk Management” of this report for details of major risks and uncertain factors of the Company.

**(III) Environment policy**

The Company is not a key pollutant discharge unit according to the environmental protection department. For details of environmental protection, please refer to the *Corporate Social Responsibility Report 2022* disclosed on the website of Hong Kong Stock Exchange.

**(IV) Principal employees and customers**

Details of senior management and employees of the Company are set out in Section 6 “Directors, Supervisors, Senior Management and Employees” of this report.

During the reporting period, the premium income contributed by any single customer was less than 30% of the Company’s annual premium income. The total premium income from the top five customers was also less than 30% of the Company’s annual premium income.

**(V) Compliance of relevant laws and regulations**

During the reporting period, the Company strictly abided by the laws and regulations which significantly affected the Company’s operation.

**(VI) Company’s relations with employees and customers**

Details of the Company’s relations with employees and customers are set out in Section 9 “Environmental and Social Responsibility” of this report.

## SECTION 10

### THE BOARD OF DIRECTORS REPORT AND SIGNIFICANT EVENTS

#### (VII) Prospects

Please refer to Section 4 “Management Discussion and Analysis” of this report for details of the prospects on future business of the Company.

#### (VIII) Post-balance sheet events

Please refer to Note 41 to “Consolidated Financial Statements” of this report for any material event that occurs after the reporting period and has significant impact on the Company.

### III. USE OF PROCEEDS

The Company’s proceeds raised were all used for replenishing the capital base to support sustainable business growth, consistent with the commitments in the IPO Prospectus.

### IV. PROPERTY, PLANT AND EQUIPMENT

Please refer to Note 6 to “Consolidated Financial Statements” of this report for details of property, plant and equipment of the Company during the reporting period.

### V. INVESTMENT PROPERTY

No.	Address	Utilization	Term	Equity of the Company
1	New China Insurance Tower, A12 Jianguomenwai Avenue, Chaoyang District, Beijing, China	Office building	Middle-term lease	100%
2	No.7 Office Building of Shanghai Port International Passenger Transport Center, 558 Dongda Ming Road, Hongkou District, Shanghai, China	Office building	Middle-term lease	100%
3	Binhai International Center, Exhibition North Road, Siming District, Xiamen, Fujian Province, China	Office building	Middle-term lease	100%

The directors of the Company are of the view that the listing of all investment properties would result in an excessively lengthy list of information and therefore only listed significant properties.

### VI. SHARE CAPITAL

Please refer to Section 11 “Changes in Share Capital and Shareholders’ Profile” of this report for details of changes in share capital of the Company during the reporting period.

## VII. ISSUE OF BONDS

To supplement the Company's capital and improve the solvency, the Company issued the capital supplementary bonds in the national inter-bank bond market with the amount of RMB10,000 million on 11 May 2020 and completed the issuance on 13 May 2020. For more details, please refer to *Completion of Issuance of the Capital Supplementary Bonds* published on the website of Hong Kong Stock Exchange on 13 May 2020 by the Company. During the reporting period, the existing issued capital supplementary bonds totalled RMB10,000 million.

## VIII. MAJOR ACQUISITION AND DISPOSAL

To optimize the Company's asset structure and focus on principal business, after consideration and approval by the Board on 26 September 2022, the Company proposed to enter into the Equity Transfer Agreement with China Oil & Gas Pipeline Network Corporation (the "**PipeChina**"), pursuant to which the Company proposed to dispose and PipeChina proposed to acquire all approximately 3.46% equity interests in National Pipe Network Group United Pipeline Co., Ltd. held by the Company (the "**Equity Transfer**"). The consideration for the Equity Transfer is expected to be approximately RMB9,070 million. The transaction shall perform the examination and approval procedures according to national laws and regulations and the final consideration shall be determined based on the appraisal value approved or filed in accordance with national laws and regulations. As of the end of reporting period, the Equity Transfer is going through relevant procedures according to national laws and regulations

As the highest applicable percentage ratio (as defined in Chapter 14 of the *Hong Kong Listing Rules*) in respect of the Equity Transfer exceeds 5% but is less than 25%, the Equity Transfer constitutes a discloseable transaction under Chapter 14 of the *Hong Kong Listing Rules*, and is subject to the announcement and reporting requirements but exempted from shareholders' approval requirement.

Please refer to announcement on the website of Hong Kong Stock Exchange published by the Company for more details.

## IX. MAJOR INVESTMENT

During the reporting period, the Company had no major investment.

## X. BANK LOANS

During the reporting period, the Company had no bank loans other than the issued capital supplementary bonds and assets sold under agreements to repurchase involved in the investment business of the Company.

## XI. PLEDGE OF ASSETS

During the reporting period, the Company had no pledge of assets.

## XII. SEIZURE, DISTRAINTMENT OR FREEZE OF MAJOR ASSETS

During the reporting period, the Company had no event of seizure, distraintment or freeze of major assets that was required to be disclosed.

## SECTION 10

### THE BOARD OF DIRECTORS REPORT AND SIGNIFICANT EVENTS

#### XIII. EXCHANGE RATE RISK AND HEDGING

Please refer to Note 4 to “Consolidated Financial Statements” of this report for the details of exchange rate risk of the Company during the reporting period.

#### XIV. MANAGEMENT CONTRACTS

During the reporting period, the Company did not enter into any management contract or administrative contract in relation to its entire or primary businesses.

#### XV. PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

During the reporting period, the Company and its subsidiaries did not purchase, sell or redeem any listed securities of the Company.

#### XVI. PRE-EMPTIVE RIGHT

Pursuant to P.R.C. laws and regulations and *Articles of Association*, shareholders of the Company had no pre-emptive right and the Company did not have any share option plan.

#### XVII. PROFILE OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Please refer to Section 6 “Directors, Supervisors, Senior Management and Employees” of this report for profiles of directors, supervisors and senior management.

#### XVIII. INTERESTS OF DIRECTORS AND SUPERVISORS IN COMPETITIVE BUSINESSES

During his term within the reporting period, Mr. PENG Yulong, the director of the Company, also served as chairman of board of supervisors of Pramerica Fosun Life Insurance Co., Ltd (the “**Pramerica Fosun**”). Pramerica Fosun is a comprehensive life insurance company, thus constitutes one of the Company’s major competitors in the life insurance market of China. Strictly complying with relevant P.R.C. laws and regulations and *Articles of Association* in performing his duties as a director, Mr. Peng attended to his fiduciary duties and managed to avoid actual and potential conflicts in interest and post.

Mr. PENG Yulong resigned from position as director of the Company on 30 September 2022. There has been no interests of directors and supervisors in competitive business thereafter.

#### XIX. SERVICE CONTRACT AND REMUNERATION OF DIRECTORS AND SUPERVISORS

During the reporting period, no director or supervisor of the Company entered into with the Company or its subsidiaries any service contract which was not terminable by the Company within one year without payment of compensation, other than statutory compensation.

For details of remunerations of the directors and supervisors, please refer to Section 6 “Directors, Supervisors, Senior Management and Employees” of this report.

## XX. INTERESTS OF DIRECTORS AND SUPERVISORS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

During the reporting period, directors and supervisors had no material interests in the contracts of significance entered into by the Company and its subsidiaries with any third parties.

## XXI. RIGHTS OF DIRECTORS AND SUPERVISORS TO ACQUIRE SHARES

During the reporting period, the Company did not grant its directors, supervisors or their respective spouses or children aged under 18 the right to purchase shares or bonds of the Company and its subsidiaries.

## XXII. STATEMENT OF THE BOARD ON INTERNAL CONTROL RESPONSIBILITY

According to the assessment of effectiveness of internal control performed as of 31 December 2022 by the Board in compliance with the *Basic Standard for Enterprise Internal Control* (Cai Kuai [2008] No. 7) and *Circular on Printing and Distributing the Implementary Guidelines for Enterprises Internal Control* (Cai Kuai [2010] No. 11) and other internal control regulatory requirements, the Board was of the view that the operation of internal control system was effective as a whole.

## XXIII. PERMITTED INDEMNITY PROVISION

For the year ended 31 December 2022, there were no and had been no permitted indemnity provision benefiting the directors of the Company or the affiliates of the Company. The Company has purchased proper liability insurance for directors to indemnify the legal responsibility incurred by directors' fulfilling their duties. The governing law of such policy is P.R.C. law.

## XXIV. SUFFICIENT PUBLIC FLOAT

According to the data obtained from public resources by the Company and according to the knowledge of the directors as of the latest practicable date before the publication of this report, no less than 25% of the issued share capital and no less than 15% of the H shares of the Company have been held by the public, in compliance with the requirement of the public float in accordance with the *Hong Kong Listing Rules*.

## SECTION 10 THE BOARD OF DIRECTORS REPORT AND SIGNIFICANT EVENTS

### XXV.EQUITY-LINKED AGREEMENTS

For the year ended 31 December 2022, the Company had not entered into any equity-linked agreement.

### XXVI. AUDIT AND RELATED PARTY TRANSACTION CONTROL COMMITTEE

The Audit and Related Party Transaction Control Committee has reviewed the audited financial statements for this year. Please refer to Section 7 “Corporate Governance” of this report for the composition, role as well as the work summary of Audit and Related Party Transaction Control Committee for this year.

### XXVII.FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Company and its subsidiaries did not have any other future plans for material investments or capital assets as at 31 December 2022. However, the Company will closely follow industry opportunities to broaden its revenue base and profit potential and maximise shareholder’ value in the long term.

### XXVIII.CONNECTED TRANSACTION

To realise investment and reallocate its resources to other existing business, the Company considered and approved the *Proposal on Related Party Transactions with Hwabao WP Fund Management Co., Ltd.* at the 36th meeting of the seventh session of the Board held on 28 October 2022. The Company intended to redeem all the subscribed shares of Hwabao New Beginning Flexible Allocation Hybrid Securities Investment Fund (華寶新起點靈活配置混合型證券投資基金) and Hwabao New Vitality Flexible Allocation Hybrid Securities Investment Fund (華寶新活力靈活配置混合型證券投資基金) issued by Hwabao WP Fund Management Co., Ltd. (the “Redemption of the Funds”). The redemption amount is expected to be no more than RMB250 million, and the management fee and redemption fee are expected to be no more than RMB10 million. On 25 November 2022, the Company has completed the redemption of the fund with the final redemption amount of RMB185,642,746.27, management fee of RMB3,706,054.23, calculated on a daily basis with reference to the annual management fee rate and the net value per unit of the funds of the previous trading day, and redemption fee of RMB0.

During the reporting period, China Baowu, holding more than 10% of the total number of issued shares of the Company, is a substantial shareholder and a connected person of the Company. Hwabao WP Fund Management Co., Ltd., indirectly held by China Baowu by 51% of its equity interests, constitutes an associate of China Baowu and is therefore a connected person of the Company. Accordingly, the Redemption of the Funds constitutes a connected transaction of the Company under Chapter 14A of the *Hong Kong Listing Rules*. As the highest applicable percentage ratio in respect of the Redemption of the Funds is higher than 0.1% but less than 5%, the Redemption of the Funds is subject to the announcement and annual reporting requirements, but is exempt from the independent shareholders’ approval requirement under Chapter 14A of the *Hong Kong Listing Rules*. Please refer to information on the website of Hong Kong Stock Exchange disclosed by the Company on 28 October 2022 and 25 November 2022 for more details.

Details of related party transactions are set out in Note 36 to “Consolidated Financial Statements” of this report. Saved as disclosed above, none of the related party transactions constitutes connected transactions or continuing connected transactions under the Hong Kong Listing Rules.



## **XXIX. SIGNIFICANT CONTRACTS AND THEIR PERFORMANCE**

- (I) During the reporting period, there were no such events as managing, contracting and leasing assets of other companies by the Company or managing, contracting and leasing the Company's assets by other companies that brought the Company more than 10% (inclusive) of the Company's total profit, nor there were loans or financial assistance to be disclosed.
- (II) During the reporting period, there was no external guarantee of the Company and its subsidiaries, and the Company and its subsidiaries did not provide any guarantee for its subsidiaries.
- (III) The utilization of insurance funds of the Company is carried out mainly through entrusted management and the diversified entrusted investment management system in which the internal investment managers are main players and single asset management plan are the supplemental has taken shape. The internal investment managers include Asset Management Company and Asset Management Company (Hong Kong) and external investment managers comprise fund companies, asset management division of securities firms and other professional investment management institutions. The Company selects different investment management institutions according to the requirements of asset allocation, risk-return characteristics of different types of assets and the merits of each institution, so as to build diversified investment portfolios and improve the efficiency of insurance funds utilization. The Company enters into the entrusted investment management agreement with internal investment managers, manages the investment through measures including investment guidance, asset custody, dynamic tracking and communication, assessment and evaluation, and takes targeted risk control measures according to the characteristics of different managers and investment targets.

In 2022, the Company made provisions for asset depreciation for such entrusted assets and recognized asset impairment losses of RMB4,954 million.

- (IV) Unless otherwise disclosed in this report, the Company had no other material contract during the reporting period.

## **XXX. CONTINGENT LIABILITIES**

So far as known to the directors of the Company, as at 31 December 2022, there had been no litigation, arbitration or claim of material importance in which the Company or its respective subsidiaries was engaged or pending or which as threatened against the Company or its respective subsidiaries.

## **XXXI. MAJOR EQUITY INVESTMENT, NON-EQUITY INVESTMENT**

During the reporting period, the Company had no major equity investment event or non-equity investment event.

## **XXXII. MAJOR ASSET AND EQUITY SALES**

During the reporting period, the Company had no major asset and equity sales.

## SECTION 10 THE BOARD OF DIRECTORS REPORT AND SIGNIFICANT EVENTS

### XXXIII.CHANGES IN ACCOUNTING ESTIMATES

The Company determined actuarial assumptions, including assumptions on discount rates, mortality rates, morbidity rates, expense, surrender rates, and policyholder dividend, etc., based on information available as at the date of the balance sheet. These assumptions were used to calculate the liabilities of insurance contracts as at the date of the balance sheet.

The Company determined the above assumptions on 31 December 2022 according to the information available. Movements in liabilities for various insurance contracts arising from changes in the above assumptions were included in the income statement. The aforementioned change in assumptions resulted in an increase of RMB1,998 million in the life insurance liabilities, an increase of RMB9,292 million in the long term health insurance liabilities as at 31 December 2022, and a decrease of RMB11,290 million in profit before income tax for the year 2022.

### XXXIV.APPOINTMENT AND DISMISSAL OF ACCOUNTING FIRMS

The Annual General Meeting of 2021 of the Company held on 28 June 2022 considered and approved the *Proposal on the Appointment of Accounting Firms for the Year 2022*, and resolved to appoint Deloitte Touche Tohmatsu Certified Public Accountants LLP as domestic auditor to conduct the 2022 annual audit, semi-annual review and agreed procedures for the third quarter; and to appoint Deloitte Touche Tohmatsu as international auditor of the Company for the year 2022 to conduct the 2022 annual audit and semi-annual review. For details, please refer to the *Announcement on the Voting Results of the Annual General Meeting of 2021* published by the Company on 28 June 2022. The Audit and Related Party Transaction Control Committee of the Company has no dissenting opinion regarding appointment of accounting firm. Pursuant to relevant requirements of the *Administrative Measures for the Selection and Engagement of Accounting Firms by State-owned Financial Enterprises* (《國有金融企業選聘會計師事務所管理辦法》) (Cai Jin [2020] No. 6) issued by the Ministry of Finance of the People's Republic of China, Ernst & Young Hua Ming LLP and Ernst & Young have been engaged by the Company for 8 consecutive years, being the maximum consecutive tenure of service, after the conclusion of auditing for the year 2021. The Company is required to change its auditors. Therefore, the Company changed its auditors in 2022. Please refer to the *Proposed Appointment of Auditors* published by the Company on 25 February 2022 for details.

Save as disclosed above, the Company did not change its auditors in the previous three years.

During the reporting period, the expense paid to auditors was as follows:

Unit: RMB10,000

Items	2022	2021
Auditing service fees for financial statements– auditing, reviewing and executing agreed-upon procedures	1,462.0 <sup>(1)</sup>	1,682.5
Internal control and auditing services	170.0	160.0
Other attestation services	–	20.0
<b>Total</b>	<b>1,632.0</b>	<b>1,862.5</b>

Note:

1. The auditing service fees for financial statements includes executing agreed upon procedures payment to Ernst&Young Hua Ming LLP for the first quarter of 2022.

### **XXXV. COMMITMENTS OF THE COMPANY OR SHAREHOLDERS WITH OVER 5% SHARES DURING THE REPORTING PERIOD OR UNTIL THE REPORTING PERIOD**

For details of the commitment made by Huijin, the controlling shareholder of the Company, to avoid horizontal competition, please refer to the *Announcement on the Conditions of Unfulfilled Commitments of the Company's Shareholders, Related Parties and the Company* published on 13 February 2014 by the Company on the website of the Hong Kong Stock Exchange.

During the reporting period, the commitment relating to avoidance of horizontal competition was still being fulfilled continuously and normally.

### **XXXVI. NON-OPERATING USAGE OF FUNDS BY THE CONTROLLING SHAREHOLDER AND ITS RELATED PARTIES**

There is no non-operating usage of funds by the controlling shareholder and other related parties for the Company.

### **XXXVII. CREDIT OF THE COMPANY AND ITS CONTROLLING SHAREHOLDER**

During the reporting period, the Company and its controlling shareholder were not subject to large amount enforceable judgements of the court or outstanding due and payable debts.

### **XXXVIII. SUSPECTED VIOLATIONS OF LAWS OR REGULATIONS AND PENALTY OF THE COMPANY AND ITS DIRECTORS, SUPERVISORS, MEMBERS OF SENIOR MANAGEMENT AND CONTROLLING SHAREHOLDER**

During the reporting period, the Company was not subject to any investigations for suspected crime. Neither the Company's controlling shareholder nor its directors, supervisors or members of senior management were subject to compulsory measures for suspected crimes. Neither the Company nor its controlling shareholders, directors, supervisors or members of senior management were subject to criminal penalties, or received investigations or administrative penalty for suspected violations of laws or regulations by the CSRC, or received major administrative penalty by other authority. Neither the Company's controlling shareholder nor its directors, supervisors or members of senior management were subject to serious violations of discipline and law or duty crimes which led to detention by discipline inspection and supervision departments and affected their performance of duties. The Company's directors, supervisors and members of senior management were not subject to compulsory measures that affect the performance of their duties for suspected violations of laws and regulations by other competent authorities.

During the reporting period, neither the Company nor its controlling shareholder, directors, supervisors or members of senior management were subject to any administrative supervision by the CSRC and disciplinary action by the stock exchange.

## SECTION 10

### THE BOARD OF DIRECTORS REPORT AND SIGNIFICANT EVENTS

#### XXXIX. SIGNIFICANT LITIGATION, ARBITRATION EVENTS

During the reporting period, the Company had no significant litigation or arbitration events.

#### XL. CONTRIBUTION SCHEME

Employees of the Company participate in the workforce social-security system established and managed by the government, including endowment insurance, medical care insurance, housing provident fund and other social security schemes. The Company contributes social insurance premiums and welfare for employees based on a certain percentage of their salary and within the upper limit prescribed by the government and pays them to the human resources and social security agency. Such expenditure is included in current costs or expenses. The abovementioned social-security system is a defined contribution plan. Contributions to basic social endowment insurance system cannot be forfeited for that all contributions are fully vesting in employees at the time of payment. In addition to the above basic social endowment insurance, the Company established enterprise annuity fund in 2014, and the enterprise annuity fund has been reported to the Ministry of Human Resources and Social Security for the record. The Company paid monthly to the enterprise annuity fund according to the agreed payment base and percentage. During the accounting period when the employees participating in the enterprise annuity plan provide services, the amount calculated and paid by the Company according to the enterprise annuity plan is recognized as liabilities and included in income statement or related asset costs. The enterprise annuity fund is a defined contribution scheme. Contribution not attributed to the resigned employee in the enterprise annuity fund shall not offset the existing contribution, instead it will be transferred into a public account of the enterprise annuity fund and distributed to other members of enterprise annuity fund after performing the stipulated approval procedures.

**LI Quan**

*Proposed Chairman, Executive Director*

30 March 2023

# CHANGES IN SHARE CAPITAL AND SHAREHOLDERS' PROFILE

## I. CHANGES IN SHARE CAPITAL

The share capital of the Company as of 31 December 2022 remained unchanged.

Unit: share

	31 December 2021		Increase or decrease during the reporting period (+, -)					31 December 2022	
	Number	Percentage	New shares issued	Bonus shares	Transfer from reserve	Others	Sub-total	Number	Percentage
<b>1. Shares with selling restrictions</b>	-	-	-	-	-	-	-	-	-
<b>2. Shares without selling restrictions</b>									
(1) Ordinary Shares									
denominated in RMB	2,085,439,340	66.85%	-	-	-	-	-	2,085,439,340	66.85%
(2) Domestically listed foreign shares	-	-	-	-	-	-	-	-	-
(3) Overseas listed foreign shares (H Share)	1,034,107,260	33.15%	-	-	-	-	-	1,034,107,260	33.15%
(4) Others	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>3,119,546,600</b>	<b>100.00%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,119,546,600</b>	<b>100.00%</b>
<b>3. Total number of shares</b>	<b>3,119,546,600</b>	<b>100.00%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,119,546,600</b>	<b>100.00%</b>

## II. ISSUE AND LISTING OF SECURITIES

During the reporting period, the Company had no issue of listed securities.

As of the end of the reporting period, there was no share issued by the Company to its employees.

## III. SHAREHOLDERS

### (I) Number of shareholders and their shareholdings

As of the end of the reporting period, there were 100,893 shareholders of the Company, including 100,605 A shareholders and 288 H shareholders.

As of 28 February 2023, there were 99,468 shareholders of the Company, including 99,182 A shareholders and 286 H shareholders.

## SECTION 11 CHANGES IN SHARE CAPITAL AND SHAREHOLDERS' PROFILE

As of the end of the reporting period, details of the shares held by top ten shareholders were set out below:

Unit: share

Name	Total number of shares held at the end of reporting period		Increase or decrease of shareholding during the reporting period (+,-)	Number of shares held with selling restrictions <sup>(1)</sup>	Shares pledged or frozen			Types of shares
	Percentage of the shareholding (%)				Status	Number of shares	Character of the shareholders	
HKSCC Nominees Limited <sup>(2)</sup>	1,003,696,697	32.17	-29,558,134	-	Unknown	Unknown	Overseas legal person shares	H
Central Huijin Investment Ltd.	977,530,534	31.34	-	-	-	-	State-owned shares	A
China Baowu Steel Group Corporation Limited	377,162,581	12.09	-	-	-	-	State-owned legal person shares	A
China Securities Finance Corporation Limited	93,339,003	2.99	-	-	-	-	State-owned legal person shares	A
HKSCC <sup>(3)</sup>	44,105,689	1.41	+8,161,798	-	-	-	Overseas legal person shares	A
Hwabao Investment Co., Ltd. <sup>(4)</sup>	29,544,100	0.95	+29,544,100	-	-	-	State-owned legal person shares	H
Central Huijin Asset Management Ltd.	28,249,200	0.91	-	-	-	-	State-owned legal person shares	A
Kehua Tianyuan (Tianjin) Business Operation Management Company Limited	13,450,000	0.43	-2,050,000	-	-	-	Domestic legal person shares	A
Guosen Securities Co., Ltd. – Founder Fubon CSI Insurance Theme Index Security Investment Fund	10,448,394	0.33	-790,583	-	-	-	Others	A
Dacheng Fund-ABC-Dacheng China Securities Financial Asset Management Plan	8,713,289	0.28	-	-	-	-	Others	A
Description of related relations or concerted action among the aforesaid shareholders	Central Huijin Asset Management Ltd. is a wholly-owned subsidiary of Central Huijin Investment Ltd. Hwabao Investment Co., Ltd. is a wholly-owned subsidiary of China Baowu Steel Group Corporation Limited. Save for the above, the Company is not aware of any related-party relationship among the shareholders or whether they are parties acting in concert.							

## SECTION 11

### CHANGES IN SHARE CAPITAL AND SHAREHOLDERS' PROFILE

Notes:

1. As of the end of the reporting period, none of the Company's A shares and H shares were subject to selling restrictions.
2. HKSCC Nominees Limited is a company that holds shares on behalf of the clients of Hong Kong stock brokers and other participants of CCASS system. The relevant regulations of the HKSE do not require such persons to declare whether their shareholdings are pledged or frozen. Therefore, HKSCC Nominees Limited is unable to calculate or provide the number of shares pledged or frozen.
3. Hong Kong Securities Clearing Company (HKSCC) is a nominal holder of stock in the Shanghai-Hongkong Stock Connect.
4. As of 31 December 2022, Hwabao Investment, the wholly-owned subsidiary of China Baowu, held 29,544,100 H shares of the Company, which are registered under the name of HKSCC Nominees Limited. To avoid repeat calculation, the number of shares held by HKSCC Nominees Limited subtracted the number of shares held by Hwabao Investment. As of 16 January 2023, Hwabao Investment held 60,503,300 H shares of the Company, which are registered under the name of HKSCC Nominees Limited.

#### (II) Controlling shareholder and the actual controller

The controlling shareholder of the Company is Huijin. Huijin is a wholly state-owned company established in Beijing on 16 December 2003. The registered capital of Huijin is RMB828,209 million. The legal representative of Huijin is Mr. PENG Chun. Huijin, in accordance with authorization by the State Council, makes equity investments in major state-owned financial enterprises, and shall to the extent of its capital contribution, exercise the rights and perform the obligations as an investor on behalf of the State in accordance with applicable laws, to achieve the goal of preserving and enhancing the value of state-owned financial assets. Huijin does not conduct any other business or commercial activity, nor does it intervene in the daily operations of the major state-owned financial enterprises which it controls.

As of the end of the reporting period, the information of the listed companies that Huijin controlled or participated in equity investment was listed below:

No.	Company Name	Percentage of Huijin's equity participation
1	Industrial and Commercial Bank of China Limited★☆	34.71%
2	Agricultural Bank of China Limited★☆	40.03%
3	Bank of China Limited★☆	64.02%
4	China Construction Bank Corporation★☆	57.11%
5	Shenwan Hongyuan Group Co., Ltd.★☆	20.05%
6	China Reinsurance (Group) Corporation☆	71.56%
7	New China Life Insurance Company Limited★☆	31.34%
8	China International Capital Corporation Limited★☆	40.11%
9	CSC Financial Co., Ltd.★☆	30.76%

Note: ★: a company listed on SSE; ☆: a company listed on HKSE.

The Company does not have such entity who is not the shareholder of the Company but can actually control the Company through investment relations, agreements or other arrangements. Therefore, the Company does not have any actual controller.

## SECTION 11 CHANGES IN SHARE CAPITAL AND SHAREHOLDERS' PROFILE

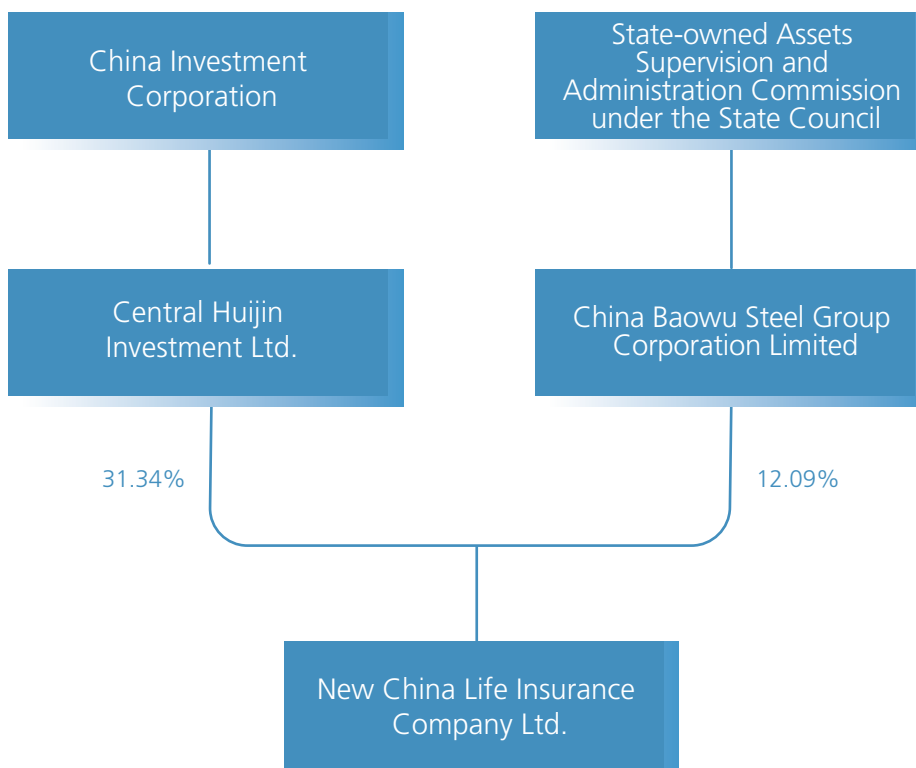
### (III) Other corporate shareholders holding 10% or more of the shares in the Company

#### *China Baowu*

China Baowu was jointly reorganized by the former Baosteel Group Corporation and Wuhan Iron and Steel (Group) Corporation. China Baowu, established on 1 December 2016 in accordance with law, is a wholly state-owned corporation for which the State-owned Assets Supervision and Administration Commission of the State Council performs the duties of investor on behalf of the State Council. The registered capital of China Baowu is RMB52,790 million. The legal representative of China Baowu is Mr. CHEN Derong. The business scope of China Baowu includes operation of state-owned assets to the extent of authorization by the State Council and relevant investment, operation businesses. (Projects that need to be approved according to law can only be run with the approval of relevant departments.)

Saved as disclosed above, as at 31 December 2022, there were no other corporate shareholders holding 10% or more of the shares in the Company (excluding HKSCC Nominees Limited).

The following chart sets forth the connections between the Company and the ultimate controllers of the corporate shareholders holding 10% or more of shares in the Company as at 31 December 2022:





## SECTION 11

### CHANGES IN SHARE CAPITAL AND SHAREHOLDERS' PROFILE

#### (IV) Interests and short positions of substantial shareholders and other persons in the shares and underlying shares

So far as the directors of the Company are reasonably aware of, as at 31 December 2022, China Baowu held 377,162,581 A shares of the Company, representing 12.09% of the total issued shares of the Company and 18.09% of the total issued A shares of the Company.

In addition to the above, so far as the directors of the Company are reasonably aware of, as at 31 December 2022, the following persons (other than the directors, supervisors or chief executive of the Company) had an interest or short position in the shares or underlying shares of the Company which shall be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, and have been entered into the register maintained by the Company pursuant to Section 336 of the SFO:

Unit: share

1.	Name of substantial shareholder	Types of shares	Capacity	Number of shares	Approximate	Approximate	Percentage of the total number of H shares issued (%)	Long Position/ Short Position/ Interest in a lending pool
					percentage of the total number of shares issued (%)	percentage of the total number of A shares issued (%)		
	Central Huijin Investment Ltd.	A	Beneficial owner	977,530,534	31.34	46.87	–	Long Position
			Interests of Controlled Corporation	28,249,200	0.91	1.35	–	Long Position
2.	Fosun International Limited	H	Interests of Controlled Corporation	151,034,900 <sup>(3)</sup>	4.84	–	14.61	Long Position
			Beneficial owner	4,942,400	0.16	–	0.48	Long Position
3.	Fosun International Holdings Ltd.	H	Interests of Controlled Corporation	155,977,300 <sup>(3)</sup>	5.00	–	15.08	Long Position
4.			GUO Guangchang	H	Interests of Controlled Corporation	155,977,300 <sup>(3)</sup>	5.00	–
5.	Shanghai Fosun High Technology (Group) Co., Ltd.	H	Interests of Controlled Corporation	12,487,200 <sup>(3)</sup>	0.40	–	1.21	Long Position
			Beneficial owner	62,391,900	2.00	–	6.03	Long Position
6.	BlackRock, Inc.	H	Interests of Controlled Corporation	62,972,282	2.02	–	6.09	Long Position
			Interests of Controlled Corporation	24,800 <sup>(4)</sup>	0.00	–	0.00	Short Position
7.			Taikang Insurance Group, Inc.	H	Holding Security Interests in Shares	62,391,900 <sup>(5)</sup>	2.00	–
8.	Fidelidade – Companhia de Seguros, S.A.	H	Beneficial owner	62,391,800 <sup>(3)</sup>	2.00	–	6.03	Long Position
9.	China Baowu Steel Group Corporation Limited	H	Interests of Controlled Corporation	29,544,100 <sup>(6)</sup>	0.95	–	2.86	Long Position

## SECTION 11

### CHANGES IN SHARE CAPITAL AND SHAREHOLDERS' PROFILE

Notes:

1. Data disclosed in the table above are mainly based on the information provided on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)).
2. Pursuant to Section 336 of the SFO, the shareholders of the Company are required to file a disclosure of interests form when certain criteria are fulfilled. When a shareholding in the Company changes, it is not necessary for the shareholder to notify the Company and the Hong Kong Stock Exchange unless several criteria have been fulfilled. Therefore a shareholder's latest shareholding in the Company may be different from the shareholding filed with the Hong Kong Stock Exchange.
3. Mr. GUO Guangchang holds equity interests in the shares of the Company through Fosun International Limited, Fosun International Holdings Ltd., Fosun Holdings Limited, Shanghai Fosun High Technology (Group) Co., Ltd., Fidelidade – Companhia de Seguros, S.A. and other companies controlled or indirectly controlled by them.
4. BlackRock, Inc. holds shares in the Company through its interest in companies it controls or indirectly controls.
5. Taikang Insurance Group, Inc. holds security interests in 62,391,900 shares of the Company by way of share pledge.
6. According to the above disclosure, as of 31 December 2022, China Baowu held 377,162,581 A shares of the Company and 29,544,100 H shares of the Company through Hwabao Investment, representing 18.09% of the total number of issued A shares of the Company and 2.86% of the total number of issued H shares of the Company respectively, accounting for 13.04% of the total number of issued shares of the Company.

Saved as disclosed above, as of 31 December 2022, the Company was not aware of anyone (other than the directors, supervisors and chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which have been entered into the register maintained by the Company pursuant to Section 336 of the SFO.

#### IV. THE INTEREST AND SHORT POSITION OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES UNDER HONG KONG LAWS AND REGULATIONS

As of 31 December 2022, according to the information available to the Company and the information our directors are aware of, there were no interests and short positions (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) held by our directors, supervisors and chief executives in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which will be required to be entered into the register maintained by the Company pursuant to Section 352 of the SFO or which shall be notified to the Company and the HKSE pursuant to the *Model Code*.

## INDEPENDENT AUDITOR'S REPORT

To the members of New China Life Insurance Company Limited  
(Incorporated in the People's Republic of China with limited liability)

### OPINION

We have audited the consolidated financial statements of New China Life Insurance Company Limited (the "Company") and its subsidiaries (the "Group") set out on pages 120 to 308, which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") 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") issued by the International Auditing and Assurance Standards Board. 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 are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### OTHER MATTER

The Group's consolidated financial statements for the year ended 31 December 2021 were audited by another auditor who expressed an unmodified opinion on those statements on 29 March 2022.

### 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

## INDEPENDENT AUDITOR'S REPORT (Continued)

### KEY AUDIT MATTERS (Continued)

Key audit matter	How our audit addressed the key audit matter
<b>Valuation of long-term insurance contract liabilities</b>	
<p>At 31 December 2022, the amount of long-term insurance contract liabilities is RMB966,812 million and is of importance to the financial statements.</p> <p>As disclosed in Note 3 Estimation Uncertainty (1), the Group uses the complex actuarial model to estimate long-term insurance contract liabilities, which includes significant actuarial assumptions, such as discount rates, surrender rates, morbidity, mortality, acquisition and maintenance expense rates, as well as risk margins to account for the uncertainties of these assumptions. The assumptions involve management's use of significant accounting estimates and judgments, which could make a significant impact on the long-term insurance contract liabilities.</p> <p>Based on the analysis above, we have identified the valuation of long-term insurance contract liabilities as a key audit matter.</p> <p>Refer to Note 2 (12), Note 3 Estimation Uncertainty (1), (9), Note 4 (1)(c) and Note 15 to the consolidated financial statements.</p>	<p>We performed the following audit procedures:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the Group's internal controls for determining long-term insurance contract liabilities, evaluated and tested the design and operating effectiveness of key internal controls.</li> <li>• Tested the underlying data and relevant supporting evidence used in the actuarial model.</li> <li>• Assisted by our actuarial specialists to: <ul style="list-style-type: none"> <li>✓ Assess the appropriateness of the actuarial model, methodology and key assumptions used, including the discount rate, surrender rate, morbidity, mortality, and acquisition and maintenance expense rates.</li> <li>✓ Assess the reasonableness of key actuarial assumptions and judgments, by comparing them to historical experience and industry data.</li> <li>✓ Assess the reasonableness of assumptions and model changes applied to the actuarial models.</li> <li>✓ Review sensitivity analysis of the key assumptions to evaluate the impact on long-term insurance contract liabilities from the assumptions changes individually or as a whole.</li> <li>✓ Perform an independent actuarial modelling to verify the calculation accuracy of the actuarial model on a sample basis.</li> </ul> </li> </ul>

## INDEPENDENT AUDITOR'S REPORT (Continued)

### KEY AUDIT MATTERS (Continued)

Key audit matter	How our audit addressed the key audit matter
<b>Impairment of available-for-sale financial assets measured at fair value</b>	
<p>As at 31 December 2022, the Group held available-for-sale financial assets measured at fair value of RMB356,090 million and the related accumulated impairment was RMB7,266 million.</p> <p>As disclosed in Note 2 (10)(h), the Group involves significant accounting judgment in assessing whether there are signs of impairment in available-for-sale financial assets. For equity financial assets measured at fair value, the Group evaluated whether there's a significant or prolonged decline in the fair value of an investment below its cost. For debt financial assets measured at fair value, the Group assessed whether there was any objective impairment indicators such as significant adverse financial condition of the issuer or debtor, default in repayment or a breach of debt covenants, etc. Significant accounting estimates are involved in determining the present values of expected future cash flows, or the fair values measured by using significant unobservable inputs.</p> <p>Based on the analysis above, we have identified the impairment of available-for-sale financial assets measured at fair value as a key audit matter.</p> <p>Refer to Note 2 (10)(h), Note 3 Estimation Uncertainty (3) and Note 26 to the consolidated financial statements.</p>	<p>We performed the following audit procedures:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the Group's internal controls for the impairment assessment of available-for-sale financial assets measured at fair value, evaluated and tested the design and operating effectiveness of key internal controls.</li> <li>• For debt financial assets measured at fair value, assessed whether there is any other objective impairment indicator, including whether there's a significant adverse financial condition of the issuer, default in repayment or delay in repaying principals or interests.</li> <li>• For equity financial assets measured at fair value, assessed whether the judgement of a significant or prolonged decline in the fair value below cost determination was properly and consistently applied according to the accounting standards.</li> <li>• For available-for-sale financial assets with signs of impairment on a sample basis: <ul style="list-style-type: none"> <li>✓ Tested the underlying data and supporting evidence for impairment assessment.</li> <li>✓ Evaluated the appropriateness of impairment models and assumptions used, which include comparable transaction analysis, price multiples, expected future cash flows of underlying assets and discount rate, etc.</li> <li>✓ Checked mathematical calculation of the impairment assessment to verify the accuracy of the impairment amounts provided by the Group.</li> </ul> </li> </ul>

## INDEPENDENT AUDITOR'S REPORT (Continued)

### KEY AUDIT MATTERS (Continued)

Key audit matter	How our audit addressed the key audit matter
<b><i>Fair value of level 3 financial assets</i></b>	
<p>As at 31 December 2022, the Group held financial assets measured at fair value, with a carrying value of RMB435,558 million, of which, RMB92,489 million was level 3 financial assets. The fair value of level 3 financial assets are measured based on significant unobservable inputs.</p> <p>As disclosed in Note 3 Estimation Uncertainty (2), the Group evaluated the fair value of financial assets with active market quotation and valuation techniques. These level 3 financial assets primarily include trust plans, equity investment plans, unlisted equity investments, etc. It involves significant accounting judgment and estimation to determine the valuation techniques and significant unobservable inputs in assessing the level 3 financial assets.</p> <p>We have identified the fair value of the Group's level 3 financial assets as a key audit matter due to the significant uncertainty from the accounting judgment and estimate.</p> <p>Refer to Note 3 Estimation Uncertainty (2) and Note 4 (3) to the consolidated financial statements.</p>	<p>We performed the following audit procedures:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the Group's internal controls for the assessment of fair value of level 3 financial assets, evaluated and tested the design and operating effectiveness of key internal controls.</li> <li>• Assisted by our internal valuation experts when necessary, on a sample basis, performed the following procedures: <ul style="list-style-type: none"> <li>✓ Reviewed and evaluated the reasonableness of the Group's valuation methodology.</li> <li>✓ Tested the underlying data for fair value measurement.</li> <li>✓ Reviewed the appropriateness of assumptions used to measure the fair value of financial assets.</li> <li>✓ Reviewed and evaluated the accuracy of valuation results of the financial assets provided by the Group.</li> </ul> </li> </ul>

## INDEPENDENT AUDITOR'S REPORT (Continued)

### OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include 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 IFRSs issued by the IASB 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 of the Company 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.

## **INDEPENDENT AUDITOR'S REPORT (Continued)**

### **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 solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, 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 judgement and maintain professional skepticism 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.
- 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.



## INDEPENDENT AUDITOR'S REPORT (Continued)

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

- 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 the 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 Tong, Mei Yin.

**Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong

30 March 2023

**SECTION 12**  
Financial Statements

# Consolidated Statement of Financial Position

As at 31 December 2022 (All amounts in RMB millions unless otherwise stated)

	Notes	As at 31 December	
		2022	2021
<b>ASSETS</b>			
Property, plant and equipment	6	17,750	17,971
Investment properties	7	9,553	9,427
Right-of-use assets	8	986	1,200
Intangible assets	9	4,002	3,792
Investments in associates and joint ventures	10	5,820	5,452
Debt financial assets		601,794	577,214
– Held-to-maturity	11 (1)	378,391	301,102
– Available-for-sale	11 (2)	152,354	181,346
– At fair value through profit or loss	11 (3)	23,593	34,871
– Loans and receivables	11 (4)	47,456	59,895
Equity financial assets		279,172	257,436
– Available-for-sale	11 (2)	223,300	222,081
– At fair value through profit or loss	11 (3)	55,872	35,355
Term deposits	11 (5)	227,547	168,540
Statutory deposits	11 (6)	1,715	1,715
Policy loans		43,626	40,806
Financial assets purchased under agreements to resell		8,847	4,112
Derivative financial instruments		3	4
Accrued investment income	11 (7)	16,898	12,065
Premiums receivable	12	3,088	2,867
Deferred tax assets	22	6,253	196
Reinsurance assets	13	3,933	3,981
Other assets	14	6,471	5,484
Cash and cash equivalents		17,586	15,459
<b>Total assets</b>		<b>1,255,044</b>	<b>1,127,721</b>

## Consolidated Statement of Financial Position (Continued)

As at 31 December 2022 (All amounts in RMB millions unless otherwise stated)

	Notes	As at 31 December	
		2022	2021
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Insurance contracts			
Long-term insurance contract liabilities	15	966,812	859,926
Short-term insurance contract liabilities			
– Outstanding claims liabilities	15	2,194	2,184
– Unearned premiums liabilities	15	1,150	1,585
Investment contracts	16	69,653	57,915
Policyholder dividends payable		22	9
Borrowings	17	10,000	10,000
Lease liabilities	8	855	1,040
Financial liabilities at fair value through profit or loss	18	25,877	2,612
Financial assets sold under agreements to repurchase	19	43,617	55,415
Benefits, claims and surrenders payable		5,960	5,971
Premiums received in advance		3,760	5,095
Reinsurance liabilities	20	100	504
Other liabilities	21	22,061	15,770
Current income tax liabilities		21	63
Deferred tax liabilities	22	57	1,118
<b>Total liabilities</b>		<b>1,152,139</b>	1,019,207
<b>Shareholders' equity</b>			
Share capital	23	3,120	3,120
Reserves	24	45,771	53,046
Retained earnings	24	53,993	52,331
<b>Equity attributable to owners of the Company</b>		<b>102,884</b>	108,497
<b>Non-controlling interests</b>		<b>21</b>	17
<b>Total equity</b>		<b>102,905</b>	108,514
<b>Total liabilities and equity</b>		<b>1,255,044</b>	1,127,721

The notes attached form an integral part of these consolidated financial statements.

SECTION 12  
Financial Statements

# Consolidated Statement of Comprehensive Income

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

	Notes	For the year ended 31 December	
		2022	2021
<b>REVENUES</b>			
Gross written premiums and policy fees	25	163,215	163,535
Less: premiums ceded out		(2,609)	(2,772)
Net written premiums and policy fees		160,606	160,763
Net change in unearned premiums liabilities		414	616
Net premiums earned and policy fees		161,020	161,379
Investment income	26	46,810	57,243
Other income	27	1,651	1,405
<b>Total revenues</b>		<b>209,481</b>	<b>220,027</b>
<b>BENEFITS, CLAIMS AND EXPENSES</b>			
Insurance benefits and claims			
Claims and net change in outstanding claims liabilities	28	(2,826)	(3,446)
Life insurance death and other benefits	28	(53,375)	(56,481)
Increase in long-term insurance contract liabilities	28	(119,064)	(112,330)
Policyholder dividends resulting from participating in profits		(1,654)	(1,207)
Investment contracts benefits		(2,524)	(2,288)
Commission and brokerage expenses		(10,168)	(14,593)
Administrative expenses	29	(11,218)	(12,472)
Other expenses	30	(956)	(1,085)
<b>Total benefits, claims and expenses</b>		<b>(201,785)</b>	<b>(203,902)</b>
Share of profits and losses of associates and joint ventures		(18)	378
Finance costs	31	(1,171)	(833)
<b>Profit before income tax</b>		<b>6,507</b>	<b>15,670</b>
Income tax expense	22	3,319	(719)
<b>Net profit for the year</b>		<b>9,826</b>	<b>14,951</b>
<b>Net profit for the year attributable to:</b>			
– Owners of the Company	32	9,822	14,947
– Non-controlling interests		4	4

## Consolidated Statement of Comprehensive Income (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

	Notes	For the year ended 31 December	
		2022	2021
<b>Net profit for the year</b>		<b>9,826</b>	14,951
<b>Other comprehensive income that may be reclassified to profit or loss in subsequent periods</b>		<b>(11,043)</b>	(3,785)
Available-for-sale financial assets			
Changes in fair value		<b>(26,212)</b>	7,542
Gains transferred to profit or loss from other comprehensive income		<b>(3,320)</b>	(16,865)
Impairment transferred to profit or loss from other comprehensive income		<b>3,687</b>	1,012
Changes in liabilities for insurance and investment contracts arising from net unrealized gains		<b>11,552</b>	3,159
Currency translation differences		<b>21</b>	(14)
Share of other comprehensive income of associates and joint ventures under the equity method and the effect on liabilities for insurance and investment contracts		<b>(462)</b>	123
Income tax relating to components of other comprehensive income		<b>3,691</b>	1,258
<b>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods</b>		<b>-</b>	-
<b>Total other comprehensive income for the year, net of tax</b>		<b>(11,043)</b>	(3,785)
<b>Total comprehensive income for the year</b>		<b>(1,217)</b>	11,166
<b>Total comprehensive income for the year attributable to:</b>			
– Owners of the Company		<b>(1,221)</b>	11,162
– Non-controlling interests		<b>4</b>	4
<b>Earnings per share (RMB)</b>			
Basic	33	<b>3.15</b>	4.79
Diluted	33	<b>3.15</b>	4.79

The notes attached form an integral part of these consolidated financial statements.

SECTION 12  
Financial Statements

# Consolidated Statement of Changes In Equity

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

	Attributable to owners of the Company				Non-controlling interests	Total equity
	Share capital	Reserves (Note 24)	Retained earnings (Note 24)	Total		
<b>For the year ended 31 December 2021</b>						
<b>As at 1 January 2021</b>	3,120	52,604	45,943	101,667	13	101,680
Net profit for the year	–	–	14,947	14,947	4	14,951
Other comprehensive income	–	(3,785)	–	(3,785)	–	(3,785)
<b>Total comprehensive income</b>	–	(3,785)	14,947	11,162	4	11,166
<b>Others</b>	–	4	–	4	–	4
Dividends paid (Note 34)	–	–	(4,336)	(4,336)	–	(4,336)
Appropriation to reserves	–	4,223	(4,223)	–	–	–
<b>Total transactions with owners</b>	–	4,223	(8,559)	(4,336)	–	(4,336)
<b>As at 31 December 2021</b>	3,120	53,046	52,331	108,497	17	108,514
<b>For the year ended 31 December 2022</b>						
<b>As at 1 January 2022</b>	3,120	53,046	52,331	108,497	17	108,514
Net profit for the year	–	–	9,822	9,822	4	9,826
Other comprehensive income	–	(11,043)	–	(11,043)	–	(11,043)
<b>Total comprehensive income</b>	–	(11,043)	9,822	(1,221)	4	(1,217)
<b>Others</b>	–	100	–	100	–	100
Dividends paid (Note 34)	–	–	(4,492)	(4,492)	–	(4,492)
Appropriation to reserves	–	3,668	(3,668)	–	–	–
<b>Total transactions with owners</b>	–	3,668	(8,160)	(4,492)	–	(4,492)
<b>As at 31 December 2022</b>	3,120	45,771	53,993	102,884	21	102,905

The notes attached form an integral part of these consolidated financial statements.

# Consolidated Statement of Cash Flows

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

	For the year ended 31 December	
	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	6,507	15,670
Adjustments for:		
Investment income	(46,810)	(57,243)
Finance costs	1,171	833
Net change in outstanding claims liabilities	48	391
Net change in unearned premiums liabilities	(414)	(616)
Increase in long-term insurance contract liabilities	119,064	112,330
Investment contract benefits	2,524	2,288
Policy fees	(116)	(65)
Depreciation and amortization	1,910	1,746
Impairment losses on other receivables	4	4
Losses on disposal of property, plant and equipment, intangible assets and other assets	2	5
Changes in operational assets and liabilities:		
Receivables and payables	(4,197)	(3,862)
Investment contracts	9,400	4,040
Income tax received/(paid)	292	(1,668)
<b>Net cash flows from operating activities</b>	<b>89,385</b>	<b>73,853</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sales and maturities of financial asset investments		
Proceeds from sales of debt financial assets	84,717	30,317
Proceeds from maturities of debt financial assets	55,376	88,714
Proceeds from sales of equity financial assets	248,523	252,920
Purchases of financial assets investments		
Purchase of debt financial assets	(119,063)	(127,525)
Purchase of equity financial assets	(344,693)	(294,339)
Proceeds from disposal of property, plant and equipment, intangible assets and other assets	2	7
Purchase of property, plant and equipment, intangible assets and other assets	(1,789)	(3,258)
Interests received	31,429	31,692
Dividends received	11,840	5,787
Financial assets purchased under agreements to resell, net	(6,515)	(2,990)
Policy loans, net	(2,820)	(3,074)
Changes from subsidiaries and structured entities	7,911	5,166
Term deposits, net and others	(55,388)	(89,948)
<b>Net cash flows from investing activities</b>	<b>(90,470)</b>	<b>(106,531)</b>

SECTION 12  
Financial Statements

## Consolidated Statement of Cash Flows (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

	For the year ended 31 December	
	2022	2021
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of lease liabilities	(528)	(585)
Interests and dividends paid	(5,065)	(4,886)
Capital injected into controlled structured entities by third party investors	34,776	41,159
Financial assets sold under agreements to repurchase, net	(13,221)	13,611
Asset-backed securities, net	6,440	2,770
Repayment of investments in controlled structured entities to third party investors	(19,563)	(16,828)
<b>Net cash flows from financing activities</b>	<b>2,839</b>	<b>35,241</b>
<b>Effect of foreign exchange rate changes</b>	<b>373</b>	<b>(97)</b>
<b>Net increase in cash and cash equivalents</b>	<b>2,127</b>	<b>2,466</b>
<b>Cash and cash equivalents</b>		
Beginning of the year	15,459	12,993
End of the year	17,586	15,459
<b>Analysis of balances of cash and cash equivalents</b>		
Cash at banks and in hand	17,586	15,459
<b>Total of cash and cash equivalents</b>	<b>17,586</b>	<b>15,459</b>

The notes attached form an integral part of these consolidated financial statements.



# Notes to Consolidated Financial Statements

*For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)*

## 1. BACKGROUND AND PRINCIPAL ACTIVITIES

New China Life Insurance Company Ltd. (the “Company”) was established as a joint stock limited company in September 1996 in Beijing, the People’s Republic of China (the “PRC”) with the authorization of the State Council of the PRC and the approval by the People’s Bank of China. The Company’s initial registered capital on the date of incorporation was Renminbi (“RMB”) 500 million. The registered capital was increased to RMB1,200 million in December 2000 and further increased to RMB2,600 million in March 2011, with the approval of the former China Insurance Regulatory Commission (the “former CIRC”). In December 2011, the Company completed its initial public offering of 158,540,000 shares of A share in the Shanghai Stock Exchange, and issued 358,420,000 shares of H share on the Hong Kong Stock Exchange. In January 2012, the Company exercised the right of H share over allotment in overseas markets, and issued 2,586,600 shares of H shares of the over allotment shares. Upon the approval of the former CIRC, the Company’s registered capital was increased to RMB3,120 million. The address of the Company’s registered office is No.16 East Hunan Road (Zhongguancun Yanqing Park), Yanqing District, Beijing, the PRC. The Company is headquartered in Beijing.

The business scope of the Company is: life insurance in RMB and foreign currencies (including various life insurance, health insurance, and accident and casualty insurance); acting as an agent for domestic and foreign insurance institutions for insurance, verification and claim settlement; insurance consulting; and engaging in capital operations in accordance with relevant regulations. There has not been any major change of business scope of the Company during the reporting period.

As at 31 December 2022, the Company has equity interests in subsidiaries and consolidated structured entities as set out in Note 39 (5). The Company, its subsidiaries and its consolidated structured entities are hereinafter collectively referred to as the “Group”.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented.

### (1) Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”), amendments to IFRSs and interpretations issued by the International Accounting Standards Board (the “IASB”). The 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 disclosure requirements of the Hong Kong Companies Ordinance.

# Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (1) Basis of preparation (Continued)

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

The consolidated financial statements have been prepared on the historical basis, except for certain financial instruments and insurance contract liabilities.

The preparation of the consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise professional judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

All IFRSs that remain in effect which are relevant to the Group have been applied except for new accounting standards and amendments that are effective but temporary exemption is applied by the Group.

#### (a) **Amendments adopted by the Group for the first time for the financial year beginning on 1 January 2022**

<b>Standards/Amendments</b>	<b>Content</b>
Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRSs	Annual Improvements to IFRSs 2018 – 2020

The application of the amendments to IFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

# Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (1) Basis of preparation (Continued)

#### (b) Accounting standards and amendments that are effective but temporary exemption is applied by the Group

Standards/Amendments	Content
IFRS 9	Financial Instruments
IFRS 9 Amendments	Prepayment Features with Negative Compensation

#### IFRS 9 – Financial Instruments

In July 2014, the IASB issued the final version of International Financial Reporting Standard 9 (“IFRS 9”) “Financial Instruments”, bringing together all phases of the financial instruments project to replace International Accounting Standard 39 (“IAS 39”) “Financial Instruments: Recognition and Measurement” and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. According to the assessment performed by the Group, the Group reached the conclusion that its activities are predominantly connected with insurance. The Group has applied the temporary exemption from IFRS 9 and, therefore, continues to apply IAS 39 to its financial assets and liabilities in its reporting period from 1 January 2018 to 31 December 2022.

#### Classification and measurement

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

# Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (1) Basis of preparation (Continued)

#### (b) *Accounting standards and amendments that are effective but temporary exemption is applied by the Group (Continued)*

*IFRS 9 – Financial Instruments (Continued)*

Classification and measurement (Continued)

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. This will result in unrealized gains and losses on equity instruments currently classified as available-for-sale financial assets being recorded in income going forward. Currently, these unrealized gains and losses are recognised in other comprehensive income (“OCI”). Should the Group elect to record equity investments at FVOCI, gains and losses would never be recognised in income except for the received dividends not representing a recovery of part of the investment cost.

Impairment

IFRS 9 requires an impairment on debt instruments recorded at amortized cost or at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts that are not accounted for at fair value through profit or loss under IFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The Group is in the process of developing and testing the key models required under IFRS 9 and analyzing the impacts.

Hedge accounting

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

The additional disclosures about the temporary exemption from IFRS 9

Amendments to IFRS 4, address issues arising from the different effective dates of IFRS 9 and IFRS 17. The amendments introduce two options for entities issuing contracts within the scope of IFRS 4 upon the adoption of IFRS 9, notably a temporary exemption and an overlay approach. The temporary exemption enables entities whose activities are predominantly connected with insurance to defer the implementation date of IFRS 9 until the earlier of the effective date of IFRS 17 and annual reporting periods beginning on or after 1 January 2023. The overlay approach allows entities applying IFRS 9 from 2018 onwards to remove from profit or loss the effects arising from the adoption of IFRS 9 and reclassify the amounts to other comprehensive income for designated financial assets. An entity can apply the temporary exemption from IFRS 9 for annual periods beginning on or after 1 January 2018, or apply the overlay approach when it applies IFRS 9 for the first time.

# Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (1) Basis of preparation (Continued)

#### (b) Accounting standards and amendments that are effective but temporary exemption is applied by the Group (Continued)

##### IFRS 9 – Financial Instruments (Continued)

The additional disclosures about the temporary exemption from IFRS 9 (Continued)

The Group performed an assessment of the amendments, reached the conclusion that its activities are predominantly connected with insurance as at 31 December 2015, for the reasons that:

- (i) the carrying amount of its liabilities arising from contracts within the scope of IFRS 4, which includes any deposit components or embedded derivatives unbundled from insurance contracts is significant compared to the total carrying amount of all its liabilities;
- (ii) the percentage of the total carrying amount of its liabilities connected with insurance relative to the total carrying amount of all its liabilities is greater than 90 percent.

Since 31 December 2015, there has been no significant change in the activities of the Group that requires reassessment. The Group applied the temporary exemption from IFRS 9 and, therefore, continues to apply IAS 39 to its financial assets and liabilities from 1 January 2018 to 31 December 2022.

The Group has adopted IFRS 9 with effect from 1 January 2023. Under the bridging rules of the standard, the entity is not required to restate comparative financial statements of prior periods, and the adjustment for differences between IFRS9 and IAS 39 on the first day of implementation is included in the retained earnings or other comprehensive income at the transition date.

The associates and joint ventures of the Group have adopted Hong Kong Financial Reporting Standard 9 “Financial Instruments”, IFRS 9 “Financial Instruments” or China Accounting Standard (“CAS”) 22 “Recognition and measurement of financial instruments”, CAS 23 “Transfer of financial assets”, CAS 24 “Hedge Accounting” and CAS37 “Presentation of financial instruments” issues by the Ministry of Finance of the PRC (collectively referred to as PRC Financial Instruments Accounting Standards). The Group elected not to make adjustments for the consistency with accounting policies when using the equity method.

The additional disclosures about the temporary exemption from IFRS 9 are as follows:

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (1) Basis of preparation (Continued)

#### (b) Accounting standards and amendments that are effective but temporary exemption is applied by the Group (Continued)

IFRS 9 – Financial Instruments (Continued)

The additional disclosures about the temporary exemption from IFRS 9 (Continued)

#### (i) Fair value of financial assets

The table below presents the fair value of the following groups of financial assets (Note) under IFRS 9 as at 31 December 2022 and 31 December 2021:

	Fair value as at 31 December 2022	Fair value as at 31 December 2021
Held for trading financial assets (A)	79,465	70,226
Financial assets that are managed and whose performance are evaluated on a fair value basis (B)	3	4
Non-Class-A and Non-Class-B financial assets		
– Financial assets with contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (“SPPI”) (C)	580,226	538,702
– Financial assets with contractual terms that do not meet SPPI criterion (D)	255,651	258,811
<b>Total</b>	<b>915,345</b>	<b>867,743</b>

Note: Only including financial assets at fair value through profit or loss, available-for-sale financial assets, held-to-maturity financial assets, derivative financial instruments and loans and receivables. All other financial assets held by the Group are financial assets that meet SPPI criterion.

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (1) Basis of preparation (Continued)

##### (b) Accounting standards and amendments that are effective but temporary exemption is applied by the Group (Continued)

IFRS 9 – Financial Instruments (Continued)

The additional disclosures about the temporary exemption from IFRS 9 (Continued)

##### (i) Fair value of financial assets (Continued)

The table below presents the fair value changes for the year ended 31 December 2022 and 2021:

	Fair value changes for the year ended 31 December	
	2022	2021
Held for trading financial assets (A)	(1,352)	931
Financial assets that are managed and whose performance are evaluated on a fair value basis (B)	(2)	2
Non-Class-A and Non-Class-B financial assets		
– Financial assets with contractual terms that meet SPPI terms (C)	902	17,583
– Financial assets with contractual terms that do not meet SPPI terms (D)	(20,524)	1,200
<b>Total</b>	<b>(20,976)</b>	19,716

##### (ii) Credit risk exposure

For the financial assets (except for overseas bonds) that meet SPPI criterion classified as C, the credit rating of financial assets is assessed by qualified rating agencies in the PRC. The credit risk exposure is listed below:

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (1) Basis of preparation (Continued)

#### (b) Accounting standards and amendments that are effective but temporary exemption is applied by the Group (Continued)

IFRS 9 – Financial Instruments (Continued)

The additional disclosures about the temporary exemption from IFRS 9 (Continued)

#### (ii) Credit risk exposure (Continued)

Credit rating of financial assets that meet SPPI criterion	Carrying amount as at 31 December 2022	Carrying amount as at 31 December 2021
Rating not required (Note)	205,661	315,418
AAA	324,051	190,048
AA+	1,850	2,262
AA	45	2,100
A (inclusive) or below	3,616	3,374
<b>Total</b>	<b>535,223</b>	513,202

Note: Mainly including government bonds, government agency bonds and policy financial bonds.

For the overseas bonds that meet SPPI criterion classified as C, Moody's credit rating is used, since there is no domestic rating. The credit risk exposure is listed below:

Credit rating of financial assets that meet SPPI criterion	Carrying amount as at 31 December 2022	Carrying amount as at 31 December 2021
A3	–	14
Baa1	–	–
Baa2	1,635	696
Baa3	–	58
<b>Total</b>	<b>1,635</b>	768



## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (1) Basis of preparation (Continued)

#### (b) Accounting standards and amendments that are effective but temporary exemption is applied by the Group (Continued)

##### IFRS 9 – Financial Instruments (Continued)

The additional disclosures about the temporary exemption from IFRS 9 (Continued)

#### (ii) Credit risk exposure (Continued)

	As at 31 December 2022	
	Carrying amount	Fair value
Financial assets that do not have low credit risk (Note)	5,511	5,511
	As at 31 December 2021	
	Carrying amount	Fair value
Financial assets that do not have low credit risk (Note)	7,736	7,736

Note: Financial assets that do not have low credit risk refer to financial assets with either credit rating below AAA or Moody's credit rating below Baa3.

##### IFRS 9 Amendments – Prepayment Features with Negative Compensation

Amendments to IFRS 9 allow financial assets with prepayment features that permit or require either the borrower or the lender to pay or receive reasonable compensation for the early termination of a contract to be measured at amortized cost or at fair value through other comprehensive income, rather than at fair value through profit or loss. The amendments clarify that a financial asset passes the “solely payments of principal and interest on the principal amount outstanding” criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for that early termination. The amendments did not apply to the Group as the Group did not have any debt instruments with prepayment features along with compensation for early termination. In addition, as clarified in the amendments to the basis for conclusions on IFRS 9, the gain or loss arising on modification of a financial liability that does not result in derecognition (calculated by discounting the change in contractual cash flows at the original effective rate) is immediately recognised in profit or loss. IFRS 9 Amendments is effective for the annual periods beginning on or after 1 January 2019. According to the assessment performed by the Group, the Group reached the conclusion that its activities are predominantly connected with insurance. The Group has applied the temporary exemption from IFRS 9 and, therefore, continues to apply IAS 39 to its financial assets and liabilities in its reporting period starting on 1 January 2018.

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (1) Basis of preparation (Continued)

##### (c) *New accounting standards and amendments issued but are not effective for the financial year beginning on 1 January 2022*

IFRS Standards	Content
IFRS 17 (including June 2020 and December 2021 amendments)	<i>Insurance Contracts</i> <sup>1</sup>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>2</sup>
Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i> <sup>3</sup>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i> <sup>3</sup>
Amendments to IAS 1	<i>Non-current Liabilities with Covenants</i> <sup>3</sup>
<i>Amendments to IAS 1 and IFRS Practice Statement 2</i>	<i>Disclosure of Accounting Policies</i> <sup>1</sup>
Amendments to IAS 8	<i>Definition of Accounting Estimates</i> <sup>1</sup>
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i> <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>2</sup> Effective for annual periods beginning on or after a date to be determined

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2024

Except for the new and amendments to IFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to IFRSs will have no material impact on consolidated financial statements in the foreseeable future.

# Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (1) Basis of preparation (Continued)

#### (c) ***New accounting standards and amendments issued but are not effective for the financial year beginning on 1 January 2022 (Continued)***

##### *IFRS 17 Insurance Contracts*

In May 2017, the IASB issued IFRS 17 Insurance Contract. IFRS 17 establishes a comprehensive new applicable accounting standards for the recognition, measurement, presentation and disclosure of insurance contracts.

IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The Group applies the variable fee approach to insurance contracts with direct participation features; applies the premium allocation approach to insurance contracts with coverage period which is one year or less; applies the general model to all other insurance contracts; and applies the general model or the premium allocation approach to reinsurance contracts held.

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. Changes in cash flows related to future services should be recognized against the contractual service margin (“CSM”) at each reporting date. The CSM is released to profit or loss to reflect the service provided by the allocation over the current and remaining coverage period. The discount rate will be consistent with observable current market price for financial instruments with cash flows whose characteristics are consistent with those of the insurance contracts, excluding the effects of factors that influence such observable market prices but do not affect the future cash flows of the insurance contracts. The Group has adopted the “bottom-up” approach, and the discount rate assumption is determined based on the risk-free interest rate curve with consideration of the impact of the liquidity and tax premium. The model takes into account the impacts of policyholders’ options and guarantees.

The variable fee approach modifies the treatment of the general model to accommodate direct participating contracts. The entity’s obligation to the policyholder is equal to the amount of the fair value of the underlying items, less a variable fee for future service. The variable fee comprises the Group’s share of the fair value of the underlying items less fulfilment cash flows that do not vary based on the returns on underlying items. (Changes in the amount of the Group’s share of the fair value of the underlying items relate to future service and adjust the CSM). The Group has chosen to apply discount rates appropriate for the estimated cash flows as a whole.

# Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (1) Basis of preparation (Continued)

#### (c) ***New accounting standards and amendments issued but are not effective for the financial year beginning on 1 January 2022 (Continued)***

##### *IFRS 17 Insurance Contracts (Continued)*

For contracts applying the general model and contracts applying the variable fee approach, the Group has chosen to disaggregate the impact of changes in financial variables including the discount rate between profit or loss and other comprehensive income. For contracts applying the general model, the Group recognizes changes in insurance contract liabilities due to changes in financial variables including the discount rate in other comprehensive income. For the variable fee approach model, the Group includes in profit or loss expenses or income that exactly match the income or expenses included in profit or loss for the underlying items, with the remaining amount recognized in other comprehensive income.

The insurance revenue will be recognized over the coverage period based on the provision of services. The investment component in insurance contracts will be excluded from the insurance revenue and insurance service expenses.

In June 2020, the IASB issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023. At the same time, the IASB issued Amendments to IFRS 4 Extension of the Temporary Exemption from Applying IFRS 9 that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after 1 January 2023. The Group will begin to adopt IFRS 9 from 1 January 2023.

In December 2021, the IASB issued Amendment to IFRS 17 Initial Application of IFRS 17 and IFRS 9 – Comparative Information to address implementation challenges that were identified after IFRS 17 was published. The amendment addresses challenges in the presentation of comparative information.

On transition to IFRS 17, full retrospective application shall be applied. If full retrospective application is impracticable, the Group shall apply either the modified retrospective approach or the fair value approach to estimate the CSM, the fair value approach shall be applied if the modified retrospective approach is impracticable. The CSMs of most of the Group's contracts are measured under the modified retrospective approach, while those of the remaining contracts are measured under the fair value approach.

# Notes to Consolidated Financial Statements (Continued)

*For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)*

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (2) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2022. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group contains control, and continue to be consolidated until the date that such control ceases.

Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

When the Company has, directly or indirectly, 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.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses 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 above. 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 subsidiaries, it derecognizes (i) the assets (including goodwill) and liabilities of subsidiaries, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognizes (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

# Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (2) Basis of consolidation (Continued)

#### (a) *Subsidiaries*

Subsidiaries are entities (including structured entities), directly or indirectly, controlled by the Company.

The Group uses the acquisition method of accounting, other than business combination under common control, to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the sum of the fair value of the assets transferred, the liabilities assumed and the equity interests issued by the Group in return for the subsidiary. 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 values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes 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.

The excess of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired 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 difference is recognised directly in the statement of comprehensive income.

Inter-company transactions, balances and unrealized gains or losses on transactions between group companies are eliminated on consolidation. Unrealized losses are also eliminated on consolidation unless they indicate impairment of the asset transferred.

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.

# Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (2) Basis of consolidation (Continued)

#### (b) Transactions with non-controlling shareholders

The Group treats transactions with non-controlling shareholders as transactions with shareholders of the Group. For purchases from non-controlling shareholders, the difference between the consideration paid and the carrying value of share of the net assets of the subsidiary acquired is recorded in shareholders' equity. Gains or losses on disposal to non-controlling shareholders are also recorded in shareholders' equity.

When the Group ceases to have control, any retained interests in the entity is re-measured at 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 other comprehensive income 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 other comprehensive income are reclassified to profit or loss.

#### (c) Associates and joint ventures

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

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 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 adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any) in both the Group's consolidated financial statements and the Company's separate financial statements. The Group's investments in associates and joint ventures include goodwill identified on acquisition, net of any accumulated impairment loss.

# Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (2) Basis of consolidation (Continued)

#### (c) *Associates and joint ventures (Continued)*

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

The Group's share of its associates and joint ventures' post-acquisition profits or losses is recognised in the consolidated statement of comprehensive income, and its share of post-acquisition movements in other comprehensive income is recognised in other 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 the joint venture, including any other unsecured receivables, the Group does not recognize further losses unless it has incurred obligations or made payments on behalf of the associate or joint venture. Investments in associates and joint ventures are assessed for impairment (Note 2 (9)).

Unrealized 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. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates and joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising from investments in associates and joint ventures are recognised in the consolidated statement of comprehensive income.

#### (d) *Structured entities*

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only, and the relevant activities are directed by means of contractual arrangements. A structured entity often has some or all of the following features or attributes: (a) restricted activities; (b) a narrow and well-defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors; (c) insufficient equity to permit the structured entity to finance its activities without subordinated financial support; and (d) financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks.



# Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (2) Basis of consolidation (Continued)

#### (d) Structured entities (Continued)

It depends on management judgment whether the Group, as the asset manager, is an agent or a principal for a structured entity. As an agent, the Group's mainly protects the interests of stakeholders and does not control the structural entity; on the contrary, as a principal, the Group mainly protects its interests of the Group and controls the structured entity.

The Group has determined that all of its trust plans, debt investment plans, equity investment plans, asset management plans, asset funding plans, funds and private equity, except for those that are controlled, are investments in unconsolidated structured entities. Trust plans, equity investment plans, asset management plans and asset funding plans are managed by trust companies or asset managers who invest the funds in loans or equities in other companies. Debt investment plans are managed by asset managers and their major investment objectives are infrastructure and real estate funding projects. Trust plans, debt investment plans, equity investment plans, asset management plans and asset funding plans finance their operations by issuing beneficiary certificates which entitle the holder to a proportional stake in income of the respective investment products. Funds and private equity are managed by fund managers. The major investment objective of funds is stocks and bonds, etc, whereas the major investment objective of private equity is unlisted equities in other companies. The Group holds beneficiary certificates in each of its trust plans, debt investment plans, equity investment plans, assets management plans and asset funding plans.

### (3) Segment reporting

The Group's segments information is presented in a manner consistent with the internal operating segments, the Group decides operating segments according to internal organization structure, management requirements, and internal management reporting policy.

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 decisions and to evaluate the business performance; iii) the Group can obtain relevant financial information of the segment, including financial condition, operation results, cash flows and other financial performance indicators. If more than two segments possess similar economic characters and meet certain conditions, they are combined into one segment for disclosure.

# Notes to Consolidated Financial Statements (Continued)

*For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)*

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (4) Foreign currency translation

Both the functional currency and the presentation currency are RMB. Transactions in foreign currency are translated using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currency are translated using the spot exchange rate at the end of the reporting period. Gains or losses resulted from changes in exchange rates are recognised in profit or loss in the current period. Non-monetary assets or liabilities denominated in foreign currency measured at historical cost are translated using the spot exchange rate at the date of the transaction. The effect of exchange rate changes on cash is presented separately in the consolidated statement of cash flows.

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transaction are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

On disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

### (5) Property, plant and equipment

Property, plant and equipment are stated at historical costs less accumulated depreciation and any accumulated impairment losses.

The historical costs of property, plant and equipment comprise its purchase price, and any directly attributable costs of bringing the asset to its working condition and location for its intended use. The cost of a major renovation is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will be received by the Group.

## Notes to Consolidated Financial Statements (Continued)

*For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)*

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (5) Property, plant and equipment (Continued)

Depreciation is computed on a straight-line basis to write down the cost of each asset to its residual value over its estimated useful life. For impaired property, plant and equipment, the related depreciation expense is prospectively determined based upon the adjusted carrying amounts over its remaining useful lives.

The estimated useful lives and the estimated residual values are as follows:

	Estimated useful lives	Estimated residual value	Annual depreciation rate
Buildings	40-45 years	5%	2.11%-2.38%
Office equipment	5-8 years	5%	11.88%-19.00%
Motor vehicles	5-12 years	5%	7.92%-19.00%

The assets' estimated useful lives, residual values and depreciation method are reviewed by the Group at the end of each year and adjusted if appropriate. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount (Note 2 (9)).

Property, plant and equipment are derecognised when they are disposed of or put out of operation permanently, or no future economic benefits can be expected from operation or disposal. The gain or loss on sale, transfer, disposal or damage of property, plant and equipment is the proceeds less the carrying amount, adjusted for related taxes and expenses, and is included in profit or loss.

Construction in progress represents buildings and fixtures under construction and is recorded at cost. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and ready for use. An impairment loss is recognised for the amount by which the carrying amount exceeds its recoverable amount (Note 2 (9)).

#### (6) Investment properties

Investment properties are properties that are held for rental income, capital appreciation, or both. Investment properties comprise buildings that are leased out. Investment properties are initially measured at cost. Cost of subsequent expenditures is included in the cost of investment properties if future economic benefits associated with such expenditures will probably flow to the Group and the relevant cost can be reliably measured. Other expenditures are expensed as incurred.

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (6) Investment properties (Continued)

The Group's investment properties are subsequently measured using the cost method. Depreciation on investment properties is computed on a straight-line basis to write down the cost of the assets to their residual values over their estimated useful lives. The estimated useful lives and the estimated residual values expressed as a percentage of cost are as follows:

	Estimated useful lives	Estimated residual value	Annual depreciation rate
Buildings	40-45 years	5%	2.11%-2.38%

When the purpose of investment properties changes to self-use, they are transferred to property, plant and equipment on the date of the change. When the purpose of self-use properties changes to rental income or capital appreciation, they are transferred to investment properties on the date of the change. The carrying value before transfer is the carrying value after transfer.

The Group reviews the estimated useful life, the estimated residual value, and the depreciation method at the end of every year, and makes appropriate adjustments if necessary. An impairment loss is recognised for the amount by which the investment property's carrying amount exceeds its recoverable amount (Note 2 (9)).

Investment properties are de-recognised if they are disposed of or are put out of operation permanently, and no future economic benefits can be expected from disposal. The gain or loss on sale, transfer, disposal, or damage of investment properties is the proceeds less the carrying amount of the investment properties, adjusted for related taxes and expenses, and is included in profit or loss.

#### (7) Leases

The Group assesses at contract inception whether a 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.

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (7) Leases (Continued)

##### *Group as a lessee*

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

At inception or on reassessment of a contract that contains a lease component and non-lease component (s), the Group adopts the practical expedient not to separate non-lease component (s) and to account for the lease component and the associated non-lease component (s) (e. g., property management services for leases of properties) as a single lease component.

##### (a) *Right-of-use assets*

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The cost of a right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

# Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (7) Leases (Continued)

#### *Group as a lessee (Continued)*

#### (b) *Lease liabilities*

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of the lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate (“IBR”) at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e. g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

#### (c) *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases (i. e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of assets that are considered to be low value (i. e., original value of the asset is less than or equal to RMB40,000). Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

# Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (7) Leases (Continued)

#### **Group as a lessee (Continued)**

##### *(d) Rent concessions*

According to related policies, the Group has elected to apply the practical expedient not to assess whether the change is a lease modification if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
- there is no substantive change to other terms and conditions of the lease.

#### **Group as a lessor**

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance 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. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying assets to the lessee, are accounted for as finance leases.

When the Group is an intermediate lessor, a sublease is classified as a finance lease or operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the on-balance sheet recognition exemption, the Group classifies the sublease as an operating lease.

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (8) Intangible assets

Intangible assets are purchased computer software and land use rights, and are initially measured at actual costs. Land use rights are prepayments for land under PRC law for fixed periods, and are initially stated at cost and subsequently amortized on the straight-line basis over the lease terms. All lands related to the Group's land use right are located in Mainland China. Computer software is amortized over their estimated useful lives using the straight-line method. The estimated lease terms or useful life, and amortization method are reviewed annually and adjusted as necessary. An impairment loss is recognised for the amount by which the intangible asset's carrying amount exceeds its recoverable amount (Note 2 (9)).

Useful lives of intangible assets are listed below:

	Lease terms/ Useful lives
Land use rights	40 years
Computer software and others	3-5 years

#### (9) Impairment of investments in subsidiaries, associates, joint ventures and non-financial assets

Assets that have an indefinite useful life – for example goodwill, are not subject to amortization and are tested annually for impairment. Assets other than financial assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are reviewed individually. When review of individual asset is impractical, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

The Group assesses at the end of each reporting period whether there is any objective evidence that its investments in associates and joint ventures are impaired. Such objective evidence includes whether there have been any significant adverse changes in the technological, market, economic or legal environment in which the associates and joint ventures operate or whether there has been a significant or prolonged decline in value below their cost. If there is an indication that an interest in an associate or a joint venture is impaired, the Group assesses whether the entire carrying amount of the investment (including goodwill) is recoverable. An impairment loss is recognised in profit or loss for the amount by which the carrying amount is higher than the higher of the investment's fair value less costs to sell or value in use. Any reversal of such impairment loss in subsequent periods is reversed through profit or loss.



# Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (10) Financial assets

#### (a) Classification

The Group classifies its financial assets into the following categories: held-to-maturity investments, financial assets at fair value through profit or loss, available-for-sale financial assets and loans and receivables. Management determines the classification of the Group's financial assets at initial recognition based upon the purpose for which the financial assets are acquired.

##### (i) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed maturity, fixed or determinable payments 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 financial assets or financial assets at fair value through profit or loss.

##### (ii) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and those designated at fair value through profit or loss at inception. Financial assets are classified as held for trading if they meet one of the requirements: they are acquired for the purpose of sale in the near term; they are part of recognizable financial instrument combination which is under centralized management, and there is objective proof to show that entities make profits by trading this combination or they are derivatives, except for derivatives designated as hedging instruments in an effective hedge, derivatives that belong to financial guarantee contracts and derivatives that are linked to and need to be settled by trading an investment in equity instruments that do not have a quoted price in an active market and whose fair value cannot be measured reliably. Other financial assets may be designated at fair value through profit or loss at inception by the Group.

##### (iii) Available-for-sale financial assets

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

# Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (10) Financial assets (Continued)

#### (a) Classification (Continued)

##### (iv) Loans and receivables

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

#### (b) Recognition and measurement

Purchases and sales of financial assets are recognised on the date, when the Group commits to purchase or sell assets. Financial assets are initially recognised at fair value plus, in the case of financial assets not carried at fair value through profit or loss, transaction costs that are directly attributable to their acquisition.

Financial assets are recognised and derecognised at the trade date and they are traded using the ordinary method. An ordinary method means that financial assets are received or delivered within the time established by regulation or convention in the market place.

Available-for-sale financial assets and financial assets at fair value through profit or loss are carried at fair value. Investment gains and losses on sales of financial assets are determined principally by specific identification. Realized and unrealized gains and losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category, and changes of available-for-sale debt financial assets' fair value due to foreign exchange impact on the amortized cost are included in the net profit in the period in which they arise. Unrealized gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income. When available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments are included in the net profit as realized gains and losses on financial assets.

Loans and receivables and held-to-maturity investments are carried at amortized cost using the effective interest method less any allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in investment income in the consolidated statement of comprehensive income. The loss arising from impairment is recognised in the consolidated statement of comprehensive income.

# Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (10) Financial assets (Continued)

#### (b) Recognition and measurement (Continued)

Fair value of financial assets with an active market is based on the quoted price in the active market. If the market for a financial asset is not active, the Group establishes fair value using valuation techniques. These techniques include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis models. When using valuation techniques, the Group maximizes usage of market inputs and minimizes using the Group's specific inputs.

In cases where the fair value of unlisted equity instruments cannot be determined reliably, the instruments are carried at cost less any impairment.

#### (c) Derecognition of financial assets

Financial assets (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i. e., removed from the Group's consolidated statement of financial position) when:

- (i) the rights to receive cash flows from the asset have expired; or
- (ii) the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

# Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (10) Financial assets (Continued)

#### (d) *Term deposits*

Term deposits primarily represent traditional bank deposits which have fixed maturity dates and are carried at amortized cost.

#### (e) *Policy loans*

Policy loans are carried at amortized cost less impairment.

#### (f) *Financial assets purchased under agreements to resell*

Financial assets purchased under agreements to resell are funds advanced through purchasing financial assets such as notes, securities, and loans, under agreements to resell at predetermined prices. These agreements, with terms of no more than six months, are carried at amortized cost using the effective interest method.

#### (g) *Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

#### (h) *Impairment of financial assets other than financial assets 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 impairments, where there are declines in value that are considered to be impairment.

In evaluating whether a decline in value is an impairment for financial assets, the Group considers several factors including, but not limited to: (1) Significant financial difficulty of the issuer or debtor; (2) A breach of contract, such as a default or delinquency in payments; (3) It becomes probable that the issuer or debtor will enter into bankruptcy or other financial reorganization; (4) 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 financial assets classified as available-for-sale, the Group also considers the extent or the duration of the decline, financial position of the issuer, and recent prospects.

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (10) Financial assets (Continued)

##### (h) *Impairment of financial assets other than financial assets at fair value through profit or loss (Continued)*

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. The Group reviews whether a decline in value is impairment for available-for-sale equity financial assets at the end of the reporting period. If the market price of the equity financial assets was more than 50% below its cost (50% included) at the end of the reporting period, or the market price of the equity financial assets was below its cost for a period of more than one year (one year included), this indicates that the equity investment is impaired. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss – is removed from other comprehensive income and recognised in profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income. In the case of equity investments classified as available-for-sale carried at cost, if there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flow discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed. In the case of debt instruments classified as available for sale, impairment is assessed based on the same criteria as financial assets carried at amortized cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Impairment losses on debt instruments are reversed through profit or loss if the subsequent increase in fair value of the instruments can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

For financial assets carried at amortized cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

# Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (10) Financial assets (Continued)

#### (h) *Impairment of financial assets other than financial assets at fair value through profit or loss (Continued)*

When the decline in value is considered impairment, held-to-maturity investments or loans and receivables are written down to their present value of estimated future cash flows discounted at the effective interest rates. The impairment loss is reversed through the net profit if in a subsequent period the fair value of a debt security increases and the increase can be objectively related to an event occurring after the impairment loss was recognised through the net profit. The carrying amount after reversal should not be more than the amortized cost of the financial asset at the reverse date if it has not been written down.

### (11) Cash and cash equivalents

Cash comprises cash on hand and demand deposits held in banks. Cash equivalents are short-term and highly liquid investments with original maturity of 90 days (90 days included) or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### (12) Insurance contracts and investment contracts

#### (a) *Classification*

The Group issues contracts that transfer insurance risk or financial risk or both. The contracts issued by the Group are classified as insurance contracts and investment contracts. Insurance contracts are those contracts that transfer significant insurance risk. They may also transfer financial risk. Investment contracts are those contracts that transfer financial risk without significant insurance risk. Some insurance and investment contracts contain a discretionary participating feature ("DPF"). This feature entitles the policyholders to receive additional benefits or bonuses that are, at least in part, discretionary to the Group.

#### (b) *Insurance contracts*

##### (i) *Recognition and measurement*

Short-term insurance contracts

Premiums from the sale of short duration accident and health insurance products are recorded when written and are accreted to earnings on a pro-rata basis over the term of the related policy coverage. Claims and claim adjustment expenses are charged to the net profit as incurred. Liabilities for short duration insurance products consist of unearned premiums liabilities and outstanding claims liabilities.

# Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (12) Insurance contracts and investment contracts (Continued)

#### (b) Insurance contracts (Continued)

##### (i) Recognition and measurement (Continued)

##### Short-term insurance contracts (Continued)

Unearned premiums liabilities represent the larger of a) portion of the premiums written net of certain acquisition costs relating to the unexpired terms of coverage and b) estimated future net cash outflows.

Outstanding claims liabilities consist of the liabilities for reported and unreported claims and liabilities for claim expenses with respect to insured events. In developing these liabilities, the Group considers the nature and distribution of the risks, claims cost development, and experiences in deriving the best estimated amount and the applicable margin. Methods used for reported and unreported claims include the chain ladder method, loss ratio method, Bornhuetter-Ferguson method, the average compensation method, etc.

##### Long-term insurance contracts

Long-term insurance contracts include whole life insurance, term life insurance, endowment insurance, annuity policies, and long-term health insurance contracts with significant insurance risk, such as mortality and morbidity risk. Premium are recognised as revenue when due from policyholders.

The Group uses the discounted cash flow method to estimate the liabilities for long-term insurance contracts. Liabilities for long-term insurance contracts consist of a reasonable estimate of liability, a risk margin and a residual margin. Long-term insurance contract liabilities are calculated using various assumptions, including assumptions on mortality rates, morbidity rates, lapse rates, discount rate, and expenses assumption, and based on the following principles:

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

- The guaranteed benefits based on contractual terms, including payments for deaths, disabilities, diseases, survivals, maturities and surrenders.

# Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (12) Insurance contracts and investment contracts (Continued)

#### (b) Insurance contracts (Continued)

##### (i) Recognition and measurement (Continued)

Long-term insurance contracts (Continued)

- Additional non-guaranteed benefits, such as policyholder dividends.
- Reasonable expenses incurred to manage insurance contracts or to process claims, including maintenance expense and claim settlement expense. Future administration expenses are included in the maintenance expense. Expenses are determined based on an expense analysis with consideration of estimate of future inflation and the likely impact of the Group's expense management.

On each reporting date, the Group reviews the assumptions for reasonable estimates of liabilities and risk margins, with consideration of all available information, and taking into account the Group's historical experience and expectation of future events. Changes in assumptions are recognised in the net profit.

Margins have been taken into consideration while computing the liabilities of insurance contracts, measured separately and recognised in the net profit in each period over the life of the contracts.

Margin comprises risk margin and residual margin. Risk margin is the reserve accrued to compensate for the uncertain amount and timing of future cash flows. The residual margin is the liabilities appropriated by the Group for not being recognised as "Day-one" gain at the inception of the contracts, and amortized over the life of the contracts, whereas on the other hand, "Day-one" loss is recognised as incurred. The residual margin is amortized over the life of the contracts. The subsequent measurement of residual margin is independent from reasonable estimates of future discounted cash flows and risk margin. The assumption changes have no effect on the subsequent measurement of the residual margin.

The Group has considered the impact of time value on the liability calculation for insurance contracts.



# Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (12) Insurance contracts and investment contracts (Continued)

#### (b) Insurance contracts (Continued)

##### (i) Recognition and measurement (Continued)

Universal life contracts and unit-linked contracts

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

- Insurance components
- Non-insurance components

The insurance components are accounted for as insurance contracts; and the non-insurance components are accounted for as investment contracts (Note 2 (12)(c)), which are stated in investment contract liabilities.

##### (ii) Liability adequacy test

The Group assesses the adequacy of insurance contract liabilities using the current estimate of future cash flows with available information at the end of each reporting period. If that assessment shows that the carrying amount of its insurance contract liabilities is inadequate, the insurance contract liabilities will be adjusted accordingly, and any changes of the insurance contract liabilities will be recognised in the net profit.

##### (iii) Reinsurance contracts held

Contracts with reinsurers under which the Group is compensated for losses on one or more contracts issued by the Group and that meet the classification requirements for insurance contracts are classified as reinsurance contracts held. Contracts with reinsurers that do not meet these classification requirements are classified as financial assets. Insurance contracts entered into by the Group under which the contract holder is another insurer (inwards reinsurance) are included in insurance contracts.

# Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (12) Insurance contracts and investment contracts (Continued)

#### (b) Insurance contracts (Continued)

##### (iii) Reinsurance contracts held (Continued)

The benefits to which the Group is entitled under its reinsurance contracts held are recognised as reinsurance assets. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

The Group assesses its reinsurance assets for impairment as at the end of the reporting period. If there is objective evidence that the reinsurance asset is impaired, the Group reduces the carrying amount of the reinsurance asset to its recoverable amount and recognizes that impairment loss in the net profit.

#### (c) Investment contracts

Revenue from investment contracts with or without DPF is recognised as policy fee income, which consists of various charges (handling fees, management fees, etc.) during the period.

The liabilities with investment nature in investment contracts are recorded as liabilities of investment contracts. Except for unit-linked contracts, the liabilities of investment contracts are carried at amortized cost. Unit-linked contracts are measured at fair value by reference to the value of the underlying asset value at the end of each reporting period.

#### (d) DPF in long-term insurance contracts and investment contracts

DPF is contained in certain long-term insurance contracts and investment contracts. These contracts are collectively called participating contracts. The Group is obligated to pay to policyholders of participating contracts as a group at 70% of accumulated surplus available or at the rate specified in the contracts when higher and it is fully classified as a liability. The accumulated surplus available mainly arises from investment income and gains and losses arising from the assets supporting these contracts. To the extent unrealized gains or losses from available-for-sale financial assets affect the surplus owed to policyholders, shadow adjustments are recognised in other comprehensive income. The surplus owed to policyholders is included in the long-term insurance contract liabilities when they are not declared. The amount and timing of distribution to policyholders of participating contracts are subject to future declarations by the Group.

# Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (13) Financial liabilities

Financial liabilities are classified into financial liabilities at fair value through profit or loss and other financial liabilities when they are initially recognised. The Group's financial liabilities include financial assets sold under agreements to repurchase, liabilities of investment contracts and borrowings. The relevant transaction costs of financial liabilities at fair value through profit or loss are recorded in profit or loss. The relevant transaction costs of other financial liabilities are recorded at their initial recognised value.

#### (a) *Financial assets sold under agreements to repurchase*

Financial assets sold under agreements to repurchase are funds financed through sale of notes, securities, loans, etc. under agreements to repurchase at predetermined prices, which are carried at amortized cost using the effective interest method.

#### (b) *Liabilities of investment contracts*

The accounting policy for investment contracts liabilities is stated in Note 2 (12)(c).

#### (c) *Borrowings*

Borrowings are initially recorded as liabilities at the amount equal to original fund raised. The difference between fund raised and bonds' par value is booked as premium or discount, which is amortized using the effective interest method over the term of the bonds.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the consolidated statement of comprehensive income.

# Notes to Consolidated Financial Statements (Continued)

*For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)*

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (14) 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 the consolidated statement of comprehensive income. Fair values are obtained from quoted market prices in active markets, taking into consideration recent market transactions or valuation techniques, including discounted cash flow models and option pricing models, as appropriate. The best evidence of the fair value of a derivative at initial recognition is the transaction price (i. e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i. e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

Embedded derivatives that are not closely related to their host contracts and meet the definition of a derivative are separated and fair valued through profit or loss. The Group does not separately measure embedded derivatives that meet the definition of an insurance contract or embedded derivatives that are closely related to host insurance contracts including embedded options to surrender insurance contracts for a fixed amount (or an amount based on a fixed amount and an interest rate).

### (15) Employee benefits

Employee benefits represent all forms of returns or reimbursement that the Group pays employees for their services or for termination of labor relationship. The compensation includes salaries, bonuses, allowances and subsidies, staff welfare expenses, social insurance and housing accumulation funds, labor union fees and employee education fees, etc.

All employees of the Group participate in social security plans, including pension, medical, housing and other welfare benefits, organized and administered by the governmental authorities. According to the relevant regulations, the premiums and welfare benefit contributions that should be borne by the Group are calculated on a regulated basis, subject to a certain ceiling, and are paid to the labor and social welfare authorities. Contributions to the plans are expensed as incurred. These social security plans are defined contribution plans. There are no forfeited contributions in social security plans, because all contributions are fully attributable to employees at the time of the payment.

## Notes to Consolidated Financial Statements (Continued)

*For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)*

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (15) Employee benefits (Continued)

In addition to the above social security plans, the Group set up an annuity fund in January 2014, whereby the Group is required to contribute to the annuity fund according to certain contribution bases and percentages monthly. Contribution amounts calculated in accordance with the annuity fund are recognised as liabilities and are recorded as expenses during the period of which service is provided by the employees participating in the scheme. The annuity fund is defined contribution plan. Forfeited contributions by those employees who leave the annuity fund prior to the full vesting of their contributions are not used to reduce the existing level of contributions and are recorded in the employer account of the annuity fund to be attributed to the members of the annuity fund after fulfilling the approval procedures.

Other long-term employee benefits are all the other benefits besides short-term employee benefits, post-employment benefits and termination benefits, including long-term paid absences, other long-term service benefits, long-term disability benefits, long-term profit-sharing plan and long-term bonus, etc. Other long-term employee benefits provided by the Group are long-term bonus plans. For the long-term bonus plans, which are recognised in liabilities and are recorded as expenses when incurred.

#### (16) Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds.

#### (17) Revenue recognition

##### (a) Premium and policy fee

The recognition of premium and policy fee income is stated in Note 2 (12)(b)(i) and Note 2 (12)(c), respectively.

##### (b) Investment income

Investment income is comprised of interest income from term deposits, cash and cash equivalents, debt financial assets, financial assets purchased under agreements to resell and policy loans, dividend income from equity financial assets, net fair value gains or losses and realized gains or losses on financial assets at fair value through profit or loss, realized gains or losses and impairment on available-for-sale financial assets. Interest income is recorded on an accrual basis using the effective interest rate method. Dividend income is recognised when the right to receive dividend payment is established.

# Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (17) Revenue recognition (Continued)

#### (c) *Other income*

Other income is comprised of revenue generated from other operation activities except for the revenue above, including service management fees received under investment contracts.

### (18) Commission and brokerage expenses

Commission and brokerage expenses are recognised in profit or loss when incurred.

### (19) Income tax

The income tax expense for the period comprises current and deferred tax. Tax is recognised in the net profit, except to the extent that it relates to goodwill generated from business combination and it relates to items recognised directly in other comprehensive income, where the tax is recognised in other comprehensive income.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company, its subsidiaries or associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation.

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

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

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

# Notes to Consolidated Financial Statements (Continued)

*For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)*

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (19) Income tax (Continued)

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 utilized. Unrecognised deferred tax assets are reassessed at 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 recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by 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 taxes assets and deferred tax liabilities relate to income taxes 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 realize 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.

### (20) Government grants

Government grants are recognised by the Group when all attaching conditions will be complied with and the grants will be received. If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at fair value; if fair value is not reliably determinable, it is measured at a nominal amount. A government grant related to income is accounted for as follows: (i) if the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognised as deferred income, and released in profit or loss or offset against related expenses over the periods in which the related costs are recognised; or (ii) if the grant is a compensation for related expenses or losses already incurred, it is recognised immediately in profit or loss or offset against relevant expenses. A government grant relating to an asset shall be recognised as deferred income and amortised in profit or loss over the useful life of the related asset by annual instalments in a systematic and rational way (however, a government grant measured at a nominal amount is recognised directly in profit or loss). Where the assets are sold, transferred, retired or damaged before the end of their useful lives, the rest of the remaining deferred income is released to profit or loss for the period in which the relevant assets are disposed of. The Group adopted the gross method to recognize the government grants.

# Notes to Consolidated Financial Statements (Continued)

*For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)*

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (21) Provisions

Provisions are recognised when there is a present obligation as a result of past transactions or events, and it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Future operating losses should not be recognised as provisions. The initial measurement of provisions is based on the best estimate to the outflow of present obligation by considering relevant risks, uncertainty and time value of money, etc. Where the effect of the time value of money is material, the best estimate is determined by discounting the related future cash outflows. The increase in the discounted amount of the provision arising from passage of time is recognised as interest expense. The Group reviews the carrying amount of provisions at the end of the reporting period and makes appropriate adjustments in order to reflect the current best estimate.

### (22) Contingencies

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 that are 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 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 outflow is probable and can be reliably measured, it will then be recognised as a provision.

### (23) Earnings per share

Basic earnings per share are calculated by dividing net income available to ordinary shareholders by the weighted average number of ordinary shares in issue during the year.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. Potential or contingent share issuances are treated as dilutive when their conversion to shares would decrease net earnings per share.



# Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

## 3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

Judgments, estimates and assumptions made by the Group during the preparation of the consolidated financial statements would affect the reported amounts and disclosures of assets and liabilities, and the disclosure of contingent liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including reasonable expectation and judgment of future events based on objective circumstantial evidences. Uncertainty about these assumption and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

### Significant judgments

#### (1) *Unbundling and classification of hybrid contracts*

The Group makes significant judgments on whether a written policy contains both an insurance component and a deposit component and whether the insurance component and deposit component are distinct and separately measurable. The result of such judgment affects the unbundling of insurance contracts.

In addition, the Group makes significant judgments on whether the contract transfers insurance risk, whether transfer of insurance risk has commercial substance, and whether the transferred insurance risk is significant when performing significant insurance risk tests. The result of such judgment affects the classification of insurance contracts. Whether to unbundle a contract and different contract classifications would affect the accounting treatment and the Group's financial position and operating results.

#### (2) *Testing the significance of insurance risk*

When determining whether the contracts (or policies) transfer significant insurance risk, the Group considers: (i) annuity contracts that transfer longevity risk are treated as insurance contracts; (ii) for non-annuity contracts, if the insurance risk ratio is greater than or equal to 5% at certain points of time during the duration of the contracts, they are treated as insurance contracts; the insurance risk ratio is the percentage of the benefits to be paid when the insured event occurs divided by the amounts to be paid when the insured event does not occur minus 100%.

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (Continued)

#### Significant judgments (Continued)

##### (2) *Testing the significance of insurance risk (Continued)*

When determining whether reinsurance policies transfer significant insurance risk, the Group considers thoroughly the commercial substance and other relevant contracts and agreements, and if the insurance risk ratio of reinsurance policies is greater than 1%, they are treated as reinsurance contracts. The insurance risk ratio of reinsurance policies is obtained by comparing the present value of probability-weighted expected loss with the present value of expected reinsurance premiums. If the reinsurance policies obviously transfer significant insurance risk, the Group directly recognizes them as reinsurance contracts.

For the purpose of testing the significance of insurance risk, contracts of a similar nature are grouped together. Through considering the risk distribution and characteristics, the Group selects sufficient representative samples to test the significance of insurance risk. If most samples transfer significant insurance risk, all contracts in the group are treated as insurance contracts.

##### (3) *Impairment assessment on investment in associate*

An assessment is made at the end of each reporting period as to whether there is any indication that investments in associates have suffered an impairment loss. If any such indication showing the carrying amount of investment in associates may not recoverable, the impairment assessment is performed. When the carrying amount is higher than the recoverable amount of an asset, which is the greater of its fair value less costs of disposal and value in use, the extent of the impairment loss is recognized.

##### (4) *Assessment of control over structured entity*

The Group applies its judgment to determine whether the control indicators set out in Note 2 (2) indicate that the Group controls structured entities such as debt investment plans, trust plans and asset management plans.

The Group issues certain structured entities (e. g. Asset management plans and debt investment plans), 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 2022, the Group has consolidated certain Asset management plans and debt investment plans issued and managed by the Company's subsidiary, New China Asset Management Co., Ltd. ("Asset Management Company"), certain debt investment plans, etc. issued by third parties in the consolidated financial statements. Please refer to Note 39 (5) for the details.

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (Continued)

#### Estimation uncertainty

(1) ***Estimate of future benefit payments and premiums arising from long-term insurance contracts***

The determination of liabilities under long-term insurance contracts is based on estimates of future benefit payments, premiums and relevant expenses made by the Group, and the risk margins. Assumptions about mortality rates, morbidity rates, lapse rates, discount rates, policy dividend and expenses are made based on the most recent historical analysis and current and future economic conditions. The liability uncertainty arising from uncertain future benefits payments, premiums and relevant expenses is reflected in the risk margin.

The residual margin relating to the long-term insurance contracts is amortized over the expected life of the contracts, based on the assumptions (mortality rates, morbidity rates, lapse rates, discount rates, policy dividend and expenses assumptions) that are determined at inception of the contracts and remain unchanged for the duration of the contracts.

The judgments exercised in the valuation of insurance contract liabilities (including contracts with DPF) affect the amounts recognized in the consolidated financial statements as insurance contracts benefits and insurance contract liabilities.

The impacts of the various assumptions are described in Note 3 (9).

(2) ***Fair value of financial instruments***

The Group's principal investments are debt financial assets, equity financial assets and term deposits. The significant judgments and estimates are those associated with the recognition of impairment and the determination of fair value.

# Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

## 3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (Continued)

### Estimation uncertainty (Continued)

#### (2) Fair value of financial instruments (Continued)

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, in the principal (or most advantageous) market at the measurement date under current market conditions. The methods and assumptions used by the Group in estimating the fair value of financial assets and liabilities are:

- Debt financial assets: Fair values are generally based on quoted market bid prices. The fair value of the Group's debt financial assets is based on the closing price of the last trading day of the year released by the Securities Exchange and national inter-bank bond market or the price released by China Central Depository & Clearing Co., Ltd. If quoted market bid prices are not available, fair values are estimated using either prices observed in latest transactions or from current bid prices of comparable investments, or through valuation techniques when there is no active market. The determination of these unobservable inputs and other assumptions used in the model may involve significant subjective judgement.
- Equity financial assets: Fair values are generally based on quoted market bid prices. The fair value of the Group's equity financial assets is based on the closing price of the last trading day of the year released by the Securities Exchange and funding companies or the net asset value of the last trading day of the year. If quoted market bid prices are not available, fair values are estimated using an appropriate price earnings ratio, or a modified price to cash flow ratio reflecting the specific circumstances of the issuer. The determination of these unobservable inputs and other assumptions used in the model may involve significant subjective judgement.
- Term deposits, statutory deposits, financial assets purchased under agreements to resell, financial assets sold under agreements to repurchase, policy loans, etc.: Fair value approximate their carrying amounts.
- Other financial assets: The fair values of other financial assets, including investment clearing account and litigation deposit, approximate their carrying amounts.

#### (3) Impairment of available-for-sale financial assets

The Group classifies certain assets as available-for-sale and recognizes movements of their fair values in equity. When the fair value declines, management makes judgments about the magnitude of the decline in value and the period that the fair value of the assets have been below their costs to determine whether there is an impairment that should be recognised in profit or loss.

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (Continued)

#### Estimation uncertainty (Continued)

##### (4) *Deferred income tax assets*

Deferred income tax assets are recognised for all unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilized. Significant judgment is required to estimate the amount and timing of future taxable profit so as to determine, together with the tax planning strategies, the amount of deferred income tax assets to be recognised.

##### (5) *Contingencies and provisions*

In the ordinary course of business, the Group may be involved in some contingencies including lawsuits and disputes. The adverse effects of the contingencies mainly include claims from insurance policies and other operations, including but not limited to the following: Former Chairman Mr. GUAN Guoliang Irregularities as described in Note 3 (7) below; and other pending lawsuits and disputes. Provisions have been made on those claims when losses are probable and can be reasonably estimated taking into consideration legal advice. No provision has been made for events whose outcome cannot be reasonably estimated or contingencies that are unlikely to happen. Because contingency events develop over time, provisions recognised currently may be significantly different from final settlement amounts actually paid.

##### (6) *Leases – Estimating the incremental borrowing rate*

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses the IBR to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

# Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

## 3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (Continued)

### Estimation uncertainty (Continued)

#### (7) Former Chairman Mr. GUAN Guoliang Irregularities

The former chairman Mr. GUAN Guoliang of the Company, who served as Chairman from 1998 to 2006 (the "Former Chairman Mr. GUAN Guoliang"), was allegedly involved in the misuse of insurance funds and other violations of regulations (the "Former Chairman Mr. GUAN Guoliang Irregularities") and was sentenced by the Court for these irregularities. The Company is proactively engaged in the recovery actions in connection with these irregularities. This financial information is prepared based on the information available to and the best estimates made by the Company as well as the following important assumptions, developments and judgments.

The Former Chairman Mr. GUAN Guoliang, without proper authorization, pledged the Company's bonds and conducted repurchase transactions ("Off-balance Sheet Repurchase Transactions"). Funds were misappropriated through bank accounts not reflected in the Company's financial records (the "Off-balance Sheet Accounts") and used for unauthorized lending. The Company was informed of these Off-balance Sheet Repurchase Transactions after the regulator's investigation. In addition, the Company paid in aggregate RMB2,910 million to settle these transactions as they became due.

In 2007, the Company received funds of RMB1,455 million from the Insurance Security Fund. According to the Insurance Security Fund, certain former shareholders of the Company transferred their equity interests in the Company to the Insurance Security Fund. The relevant amounts relating to these share transfers were paid to the Company to partially settle the amounts owed to the Company. In addition, in March 2011, the Company received approximately RMB354 million from New Industry Investment Co., Ltd. ("New Industry"). The Company considered the receipt was received as part of the settlement of Off-balance Sheet Repurchase Transactions.

In 2015, the Company received RMB170 million plus additional interest accrued during settlement period from New Industry. The amount was related to the 170 million shares of China Minzu Securities Co., Ltd. which were entrusted by New Industry in 2001 and 2002. According to the information available to the Company, the Company believed the amounts received from New Industry should form part of the receivables of the Former Chairman Mr. GUAN Guoliang Irregularities.

## Notes to Consolidated Financial Statements (Continued)

*For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)*

### 3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (Continued)

#### Estimation uncertainty (Continued)

##### (7) Former Chairman Mr. GUAN Guoliang Irregularities (Continued)

To settle fund transactions and clarify the debtor-creditor relationship between the Company and Beijing Tianhuan Real Estate Development Co., Ltd. ("Tianhuan Real Estate") during the term of office of Former Chairman Mr. GUAN Guoliang, the Company filed a lawsuit with Chongqing Municipal Higher People's Court against Tianhuan Real Estate and New China Trust Co., Ltd. ("New China Trust") on 18 March 2013. On 25 December 2013, Chongqing Municipal Higher People's Court ruled that Tianhuan Real Estate should repay the principal of RMB575 million and related interest to the Company while New China Trust was not held responsible. Tianhuan Real Estate refused to accept the first-instance ruling and has appealed to the Supreme People's Court.

On 13 May 2014, the Supreme People's Court rejected Tianhuan Real Estate's appeal and upheld the verdict. On 8 July 2014, Chongqing Municipal Higher People's Court issued final order to Tianhuan Real Estate for payment. On 24 November 2015, Beijing No.2 Intermediate People's Court deducted RMB16 million attributable to Tianhuan Real Estate from the bankruptcy of Shenzhen Huirun Co., Ltd. ("Shenzhen Huirun") and issued a plan. On 25 May 2016, the Company received RMB16 million. On 7 August 2018, Beijing No.2 Intermediate People's Court deducted RMB42 million attributable to Tianhuan Real Estate from the bankruptcy of Shenzhen Huirun and issued a plan. According to the plan, the Company should receive RMB41 million. On 21 August 2018, the Company received RMB41 million.

The Company does not have complete information regarding these Off-balance Sheet Repurchase Transactions or cash flows to or from those Off-balance Sheet Accounts. The Company is not able to assess the nature of these transactions, or clearly identify receivable or payable balances between the Company and those aforementioned former shareholders. The Company's management makes the judgment that there has been a significant uncertainty in recovering the receivables and the Company has been in the process of recovering the abovementioned amounts through legal actions. As at 31 December 2022, the Company recorded these receivables of RMB874 million (as at 31 December 2021: RMB874 million) in the account of "Other Assets", and a fully provision of RMB874 million was already recognized in previous years (as at 31 December 2021: RMB874 million).

##### (8) Taxation

The Group pays value added tax, corporate income tax and related surcharges in various localities. Due to the uncertainty of final tax treatment for various transactions during the normal course of business, the Group needs to exercise significant judgment when determining tax expenses. The Group recognizes tax liabilities based on estimates of whether there will be additional tax payments resulting from tax inspection. If there is any difference between the final result and previously recorded amounts, the difference will impact current tax and deferred tax.

# Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

## 3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (Continued)

### Estimation uncertainty (Continued)

#### (9) *Change of significant accounting estimates*

Insurance contract liabilities are calculated using various actuarial assumptions, including assumptions on the discount rates, mortality rates, morbidity rates, expenses assumption, policy dividend and lapse rates. These assumptions are determined by the Group on the basis of information obtained at the end of the reporting period. The Group resets these assumptions, when necessary, based on current information available at the end of the reporting period. For the year ended 31 December 2022, variations of related insurance contract reserves due to changes in these assumptions are recognized in the consolidated statement of comprehensive income. The abovementioned changes in accounting estimates resulted in an increase in long-term insurance contract liabilities by RMB11,290 million, and profit before income tax decreased by RMB11,290 million.

The above change in accounting estimates has been approved by the Board of Directors of the Company on 30 March 2023.

## 4. RISK MANAGEMENT

The Group issues contracts that transfer insurance risk or financial risk or both. This section summarizes these risks and the way the Group manages them.

### (1) Insurance risk

#### (a) *Types of insurance risk*

The risk under any one insurance contract is the possibility that an insured event occurs and there is 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 pricing and provisioning, the principal risk that the Group faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This occurs when the frequency or severity of claims and benefits exceeds the estimates. Insured 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.



## Notes to Consolidated Financial Statements (Continued)

*For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)*

### 4. RISK MANAGEMENT (Continued)

#### (1) Insurance risk (Continued)

##### (a) Types of insurance risk (Continued)

Experience shows that the larger the portfolio of similar insurance contracts, the more dispersive the risk will be, and the smaller the relative variability about the expected outcome will be. The Group has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of policies to reduce the variability of the expected outcome.

The Group offers long-term life insurance, critical illness insurance, annuity, accident and short-term health insurance products. Social and economic development, widespread changes in lifestyle, epidemics and medical technology development could have significant influence on the Group's insurance business. Insurance risk is also affected by policyholders' rights to terminate the contract, reduce premiums, refuse to pay premiums or exercise annuity conversion rights etc. Thus, insurance risk is also subject to policyholders' behaviors and decisions.

The Group manages insurance risks through underwriting strategy, reinsurance agreements and claim management. The Group's reinsurance agreements include ceding on quota share basis, surplus basis or catastrophe excess of loss. The reinsurance agreements cover most of the products with risk responsibilities. These reinsurance agreements spread insured risk and stabilize financial results of the Group. However, the Group's responsibilities for direct insurance to policyholders are not relieved because of credit risk associated with the failure of reinsurance companies to fulfill their responsibilities.

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 4. RISK MANAGEMENT (Continued)

#### (1) Insurance risk (Continued)

##### (b) Concentration of insurance risk

The Group's businesses are all in the PRC and insurance risk at each geographical area has insignificant differences. Information relating to major long-term insurance products is listed below:

Product Name	As at/for the year ended 31 December 2022					
	Liabilities for long-term insurance contracts		Gross written premiums		Gross benefit payments	
	Amount	% of total	Amount	% of total	Amount	% of total
Jixinggaozhao Type A endowment insurance (Participating) (i)	54,971	5.69%	3,603	2.27%	916	1.63%
Huitianfu annuity insurance (ii)	50,485	5.22%	12,883	8.12%	783	1.40%
Furudonghai Type A whole life insurance (Participating) (iii)	46,339	4.79%	2,295	1.45%	666	1.19%
Zunxiang Rensheng annuity insurance (Participating) (iv)	42,829	4.43%	1,149	0.72%	2,304	4.10%
Fuxiang Yisheng whole life annuity insurance (Participating) (v)	40,085	4.15%	4,495	2.83%	3,202	5.70%
Others	732,103	75.72%	134,241	84.61%	48,269	85.98%
<b>Total</b>	<b>966,812</b>	<b>100.00%</b>	<b>158,666</b>	<b>100.00%</b>	<b>56,140</b>	<b>100.00%</b>

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 4. RISK MANAGEMENT (Continued)

#### (1) Insurance risk (Continued)

##### (b) Concentration of insurance risk (Continued)

Product Name	As at/for the year ended 31 December 2021					
	Liabilities for long-term insurance contracts		Gross written premiums		Gross benefit payments	
	Amount	% of total	Amount	% of total	Amount	% of total
Jixinggaozhao Type A endowment insurance (Participating) (i)	51,399	5.98%	3,673	2.33%	912	1.57%
Huitianfu annuity insurance (ii)	35,997	4.18%	14,774	9.35%	624	1.07%
Furudonghai Type A whole life insurance (Participating) (iii)	44,109	5.13%	2,427	1.54%	672	1.16%
Zunxiang Rensheng annuity insurance (Participating) (iv)	43,273	5.03%	1,239	0.78%	2,034	3.51%
Fuxiang Yisheng whole life annuity insurance (Participating) (v)	38,060	4.43%	5,157	3.26%	3,340	5.76%
Others	647,088	75.25%	130,687	82.74%	50,415	86.93%
<b>Total</b>	<b>859,926</b>	<b>100.00%</b>	<b>157,957</b>	<b>100.00%</b>	<b>57,997</b>	<b>100.00%</b>

##### (i) Jixinggaozhao Type A endowment insurance (Participating)

Jixinggaozhao Type A endowment insurance (Participating) is participating endowment insurance with regular premium payment. There are 2 types of periods: 15,20 and 30 years for duration and age 50,55,60,65 and 70 for age. For death due to illness and completely disability within the 1st year, benefit is calculated based on the following formula: benefit = base insured amount x10%+premium paid; for death due to illness and completely disability after the 1st year, benefit is calculated based on the following formula: benefit = 2 x sum of base insured amount and accumulated dividend; for death and completely disability due to accident, benefit is calculated based on the following formula: benefit = 2 x sum of base insured amount and accumulated dividend; for maturity, benefit is the total of base insured amount and dividend accumulation. Annual dividend is distributed by increasing sum insured. Maturity dividend is refunded after the 1st anniversary of the effective date due to death of completely disability of insured or other condition which leads to the termination of contract.

# Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

## 4. RISK MANAGEMENT (Continued)

### (1) Insurance risk (Continued)

#### (b) Concentration of insurance risk (Continued)

##### (ii) Huitianfu annuity insurance

Huitianfu annuity insurance is a regular annuity insurance with annual premium payment. The duration of insurance coverage is 15 years or 20 years. If the insured survives at 0:00 on the corresponding date of the fifth year from the policy effective date, the Company shall pay the care payment in the following way: Care payment = the amount of the first-year premium paid x percentage of care payment. If the insured survives at 0:00 on the corresponding date of each year after sixth year from the policy effective date to policy expiration date, the Company shall pay the survival insurance benefit in the following way: Survival insurance benefit = the amount of the first-year premium paid x percentage of survival insurance benefit. If the insured survives on policy expiration date, the Company shall pay the maturity insurance benefit based on the basic insurance amount, and the contract shall be terminated. In the event of the death of the insured, the Company shall pay the death insurance benefit at the higher of the actual premiums paid under the policy and cash value remained, and the contract shall be terminated then.

##### (iii) Furudonghai Type A whole life insurance (Participating)

Furudonghai Type A whole life insurance (Participating) is whole life insurance with single premium payment and annual premium payment. The insurance expires when the insured die. For death due to illness within 1st year, the sum of 10% of the base insured amount and premium (interest excluded) is refunded. For death due to illness after the 1st year or death due to accident, benefit is the sum of base insured amount and dividend accumulation. For death or completely disability due to accident, benefit is the sum of base insured amount and dividend accumulation. Annual dividend is distributed by increasing sum insured. Maturity dividend is refunded after the 1st anniversary of the effective date due to death of completely disability of insured, occurrence of exemption events, maturity or other conditions which leads to the termination or optional termination of contracts.

# Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

## 4. RISK MANAGEMENT (Continued)

### (1) Insurance risk (Continued)

#### (b) Concentration of insurance risk (Continued)

##### (iv) Zunxiang Rensheng annuity insurance (Participating)

Zunxiang Rensheng annuity insurance (Participating) is participating annuity insurance with single premium payment and annual premium payment. The insurance expires on the insurance effective date of the year when the insured is 80. If the insured stays alive on the next day at the end of the period of hesitation or on the effective date of the insurance policy every year, the caring annuity is 1% of the down payment of the insurance policy. If the insured stays alive on every second anniversary of the policy date from the effective date of the insurance contract to the 60-year-old policy anniversary date, the survival benefit is 9% of the base insured amount at the effective date of the policy. If the insured stays alive on every effective date of the insurance policy from the 60-year-old policy anniversary date to the 80-year-old policy anniversary date, the survival benefit is 9% of the insured amount at the effective date of the policy. For death and completely disability, benefit is the sum of 105% of the total of basic sum insured and dividend accumulation. For policy holders between 18 and 60 years old who encountered with death or completely disability, the insured would be exempt from the renewal of insurance premium from the date of death or completely disability was affirmed. Annual dividend is distributed by increasing sum insured. Maturity dividend is refunded after the 1st anniversary of the effective date due to death of completely disability of insured, occurrence of exemption events, maturity or other conditions which leads to the termination or optional termination of contracts.

##### (v) Fuxiang Yisheng whole life annuity insurance (Participating)

Fuxiang Yisheng whole life annuity insurance (Participating) is whole life insurance with single premium payment and annual premium payment. The insurance expires when the insured die. If the insured stays alive on the next day at the end of the period of hesitation or on the effective date of the insurance policy every year, the survival benefit is 20% of the sum of base insured amount and dividend accumulation. For death, benefit is the sum of premium paid and dividend accumulation. For policy holders between 18 and 61 years old who encountered with death or completely disability, the insured would be exempt from the renewal of insurance premium from the date of death or completely disability was affirmed. Annual dividend is distributed by increasing sum insured. Maturity dividend is refunded after the 1st anniversary of the effective date due to death of completely disability of insured or other condition which leads to the termination of contract.

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 4. RISK MANAGEMENT (Continued)

#### (1) Insurance risk (Continued)

##### (c) Sensitivity analysis

##### (i) Sensitivity analysis of long-term insurance contracts

Liabilities for life and long-term health insurance contracts are calculated based on significant assumptions including the discount rates, mortality rates, morbidity rates, lapse rates and expenses. The analysis below is performed to demonstrate the reasonably possible movements in key assumptions with all other assumptions held constant, showing increase/(decrease) on profit before income tax.

	For the year ended 31 December	
	2022	2021
Change in discount rates		
+50 basis points ("bps")	40,924	38,410
-50bps	(46,680)	(43,906)

	For the year ended 31 December	
	2022	2021
Change in mortality and morbidity rates		
+10%	(7,763)	(8,506)
-10%	8,859	9,544

	For the year ended 31 December	
	2022	2021
Change in lapse rates		
+10%	(1,331)	(1,930)
-10%	1,362	1,815

	For the year ended 31 December	
	2022	2021
Change in expenses		
+10%	(4,352)	(4,624)
-10%	4,226	4,584

Key assumptions are disclosed in Note 15.

## Notes to Consolidated Financial Statements (Continued)

*For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)*

### 4. RISK MANAGEMENT (Continued)

#### (1) Insurance risk (Continued)

##### (c) Sensitivity analysis (Continued)

###### (ii) Sensitivity analysis of short-term insurance contracts

The change of claims amount for short-term insurance contracts may cause the change of loss ratio assumptions and in turn affect insurance contract liabilities.

All other variables being constant, if the loss ratio increases or decreases by 100bps, estimated profit before income tax would decrease or increase by RMB9 million for the year ended 31 December 2022 and 2021. Short-term insurance contract liabilities are not directly sensitive to the level of investment returns, as they are undiscounted and contractually non-interest-bearing.

Key assumptions are disclosed in Note 15.

##### (d) Claims development analysis of short-term insurance contracts

Claims development analysis of the Group's short term insurance contracts gross of reinsurance is as follows:

Cumulative claims	Accident year					Total
	2018	2019	2020	2021	2022	
End of current year	2,554	3,516	3,604	4,028	3,255	
1 year later	2,603	3,069	3,331	3,909		
2 years later	2,587	3,044	3,134			
3 years later	2,587	3,044				
4 years later	2,587					
Estimated accumulated claims expenses	2,587	3,044	3,134	3,909	3,255	15,929
Less: cumulative claims paid	(2,587)	(3,044)	(3,134)	(3,204)	(1,868)	(13,837)
Subtotal	–	–	–	705	1,387	2,092
Add: claims handling expenses	–	–	–	34	68	102
Unpaid claims expenses	–	–	–	739	1,455	2,194

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 4. RISK MANAGEMENT (Continued)

#### (1) Insurance risk (Continued)

##### (d) Claims development analysis of short-term insurance contracts (Continued)

Claims development analysis of the Group's short term insurance business net of reinsurance is as follows:

Cumulative claims	Accident year					Total
	2018	2019	2020	2021	2022	
End of current year	2,470	3,343	3,330	3,703	3,122	
1 year later	2,512	2,900	3,093	3,603		
2 years later	2,491	2,869	2,903			
3 years later	2,491	2,869				
4 years later	2,491					
Estimated accumulated claims expenses	2,491	2,869	2,903	3,603	3,122	14,988
Less: cumulative claims paid	(2,491)	(2,869)	(2,903)	(2,911)	(1,758)	(12,932)
Subtotal	–	–	–	692	1,364	2,056
Add: claims handling expenses	–	–	–	34	68	102
Unpaid claims expenses	–	–	–	726	1,432	2,158

#### (2) Financial risk

The Group's key financial risk is that proceeds from the sale of financial assets will not be sufficient to fund 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 minimize potential adverse effects on the financial performance of the Group. Risk management department, investment management department, accounting department and actuarial department are in close cooperation to identify, evaluate and avoid financial 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 main 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 (for example, changes in interest rate and fair values).



## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 4. RISK MANAGEMENT (Continued)

#### (2) Financial risk (Continued)

##### (a) Market risk

##### (i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Group's financial assets impacted greatly by interest rate risk are principally comprised of term deposits and debt financial assets. Changes in the level of interest rates can have a significant impact on the Group's overall investment return. Many of the Group's insurance policies offer guaranteed returns to policyholders. These guarantees expose the Group to interest rate risk. The Group manages and tests interest rate risk through adjustments to portfolio asset allocation, 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 and the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates at the reporting date. The analysis below is performed to show the reasonably possible fair value change of the debt financial assets classified as financial assets at fair value through profit or loss, and debt financial assets traded on stock exchanges and inter-bank market classified as available-for-sale financial assets, as the market interest rates change by 50bps with all other variables held constant, net of portion attributable to policyholders of participating and unit-linked products.

	Impact on profit (before income tax)	
	For the year ended 31 December	
	2022	2021
Change in market interest rates		
+50bps	(149)	(213)
-50bps	152	219

	Impact on reserves (before income tax)	
	For the year ended 31 December	
	2022	2021
Change in market interest rates		
+50bps	(1,613)	(2,350)
-50bps	1,738	2,539

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 4. RISK MANAGEMENT (Continued)

#### (2) Financial risk (Continued)

##### (a) Market risk

##### (ii) Price risk

Price risk arises mainly from the price volatility of equity financial assets held by the Group. Prices of equity financial assets are determined by market forces. Most of the equity financial assets of the Group are in Chinese capital markets. The Group is subject to increased price risk largely because the PRC's stock markets are relatively volatile.

The Group manages price 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 analysis below is performed to show the impacts of changes in the prices of the Group's equity financial assets which have quoted prices in active markets by 10% with all other variables held constant, net of portion attributable to policyholders of participating and unit-linked products.

	Impact on profit (before income tax)	
	For the year ended 31 December	
Change in equity financial assets' prices	2022	2021
+10%	3,768	2,554
-10%	(3,768)	(2,554)

	Impact on reserves (before income tax)	
	For the year ended 31 December	
Change in equity financial assets' prices	2022	2021
+10%	13,963	13,285
-10%	(13,963)	(13,285)

## Notes to Consolidated Financial Statements (Continued)

*For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)*

### 4. RISK MANAGEMENT (Continued)

#### (2) Financial risk (Continued)

##### (a) Market risk (Continued)

##### (iii) Currency risk

Currency risk arises from the volatility of fair values or future cash flows of financial instruments resulting from changes in foreign currency exchange rates. The Group's currency risk exposure mainly arises from cash and cash equivalents, term deposits, debt investments and equity investments denominated in currencies, such as the United States dollar, Hong Kong dollar, or European dollar, etc, other than the functional currencies of reporting entities.

For the identified currency risk, the Group took the following measures: (1) determine the risk level based on the analysis of internal and external information, so as to determine different preventive measures; (2) evaluate the possible frequency and degree of the loss of overseas investment in a certain period of time in the future, and using currency risk exposure analysis and other methods to evaluate the impact of exchange rate changes on the assets, liabilities and equity of the Group. (3) evaluate the price risk of overseas investments comprehensively in accordance with the level and impact of currency risk, combined with the risk appetite, to select appropriate risk management tools to hedge risk.

The following table summarizes financial assets denominated in currencies other than RMB, expressed in RMB equivalent:

31 December 2022	USD	HKD	EUR	Others	Total
Cash and cash equivalents	2,565	1,040	–	–	3,605
Accrued investment income	28	–	–	–	28
Held-to-maturity investments	2,541	–	–	–	2,541
Financial assets at fair value through profit or loss	–	64	–	–	64
Available-for-sale financial assets	3,334	6,356	3,822	240	13,752
<b>Total</b>	<b>8,468</b>	<b>7,460</b>	<b>3,822</b>	<b>240</b>	<b>19,990</b>

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 4. RISK MANAGEMENT (Continued)

#### (2) Financial risk (Continued)

##### (a) Market risk (Continued)

##### (iii) Currency risk (Continued)

31 December 2021	USD	HKD	EUR	Others	Total
Cash and cash equivalents	2,424	1,759	–	–	4,183
Accrued investment income	8	–	–	–	8
Held-to-maturity investments	572	–	–	–	572
Financial assets at fair value through profit or loss	–	69	–	–	69
Available-for-sale financial assets	3,282	7,420	3,251	94	14,047
<b>Total</b>	<b>6,286</b>	<b>9,248</b>	<b>3,251</b>	<b>94</b>	<b>18,879</b>

For the year ended 31 December 2022, if RMB had strengthened or weakened by 10% against USD and other foreign currencies with all other variables being constant, considering the effect on insurance and financial liabilities for participating products and unit-linked products, profit before tax would have been decreased or increased by RMB609 million (for the year ended 31 December 2021: RMB469 million), other comprehensive income would have been decreased or increased by RMB1,197 million (for the year ended 31 December 2021: RMB1,180 million).

# Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

## 4. RISK MANAGEMENT (Continued)

### (2) Financial risk (Continued)

#### (b) Credit risk

Credit risk is the risk that one party to a financial transaction or the issuer of a financial instrument will fail to discharge an obligation and cause another party to incur a financial loss. In terms of investment vehicles, a significant portion of the portfolio of the Group is government bonds, government agency bonds, corporate bonds guaranteed by state-owned commercial banks and large industrial groups and bank deposits with state-owned or other national commercial banks, trust plans, bank wealth investment products, asset funding plans, Asset management plans and debt investment plans. In term of credit risk, the Group mainly uses credit concentration as a monitoring measure in order to ensure that the whole credit risk exposure is manageable.

In response to counterparties' credit risk, the Group mainly took the following measures in 2022: (1) Internal rating system was strictly implemented, and credit investment varieties were strictly controlled. (2) Accounting classification of investment varieties was clearly defined in the investment guidelines and assets with high credit risk were prevented from being classified held-to-maturity. (3) The bond market value was monitored, and the possible credit defaults were analyzed and evaluated in order to enhance the predictability. In terms of counterparties, the majority of Group's counterparties are state policy-related banks, state-owned, other national commercial banks or state-owned asset management companies. Therefore, the Group's overall exposure to credit risk is relatively low.

#### *Credit risk exposure*

The carrying amount of financial assets on the Group's consolidated statement of financial position represents the maximum credit exposure without taking into account any collateral held or other credit enhancements attached.

#### *Collateral and other credit enhancements*

Financial assets purchased under agreements to resell are pledged by counterparts' debt financial assets of which the Group could take the ownership if the owner of the collateral defaults. Policy loans are pledged by their policies' cash value as collateral according to the terms and conditions of policy loan contracts and policy contracts signed between the Group and policyholders. The majority of debt investment plans and asset management plans and trust plans are guaranteed by third parties, collateral, or use the budgeted financial income of the central government as the source of funding for repayment.

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 4. RISK MANAGEMENT (Continued)

#### (2) Financial risk (Continued)

##### (b) Credit risk (Continued)

###### *Credit quality*

The Group's debt financial assets include government bonds, central bank bills, financial bonds issued by state policy-related banks, financial institution bonds, corporate bonds, subordinated bonds, trust plans, asset funding plans, asset management plans, wealth investment products and debt investment plans. The credit rating of bond/debt is assessed by qualified rating agencies in the PRC at the time of their issuance. Most of the Group's bank deposits are with the four largest state-owned commercial banks and other banks in the PRC. The majority of the Group's reinsurance agreements are with state-owned reinsurance companies or large international reinsurance companies. The Group believes these commercial banks and reinsurance companies have high credit quality. The trustees of trust plans or the asset managers of asset funding plans, asset management plans and debt investment plans are well-known trust companies and asset management companies in the PRC.

Proportion	As at 31 December	
	2022	2021
Financial institution bonds issued by domestic non-policy bank having a credit rating of AA/A-2 or above	100%	100%
Corporate bonds having a credit rating of AA/A-2 or above held by the Group	99.96%	100%
Subordinated bonds/debts having a credit rating of AA/A-2 or above, or issued by national banks or insurance companies	100%	100%
Bank deposits with the four largest state-owned commercial banks and other banks in the PRC	99.99%	99.99%

The credit risk associated with financial assets purchased under agreements to resell and policy loans will not have a material impact on the consolidated financial statements of the Group for they have collateral and the maturity is within one year.

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 4. RISK MANAGEMENT (Continued)

#### (2) Financial risk (Continued)

##### (c) Liquidity risk

Liquidity risk is the risk that the Group will not have access to sufficient funds to meet its liabilities as they become due. In the normal course of business, the Group attempts to match investment assets to insurance liabilities through asset-liability management to reduce liquidity risk (Note 4 (2)(e)).

The following tables set forth the contractual or expected undiscounted cash flows for major financial assets, insurance assets, financial liabilities and insurance liabilities:

As at 31 December 2022	Contractual or expected cash flows (undiscounted)					
	Carrying amount	No stated maturity	Within 1 year (including 1 year)	1-3 years (including 3 year)	3-5 years (including 5 year)	Over 5 years
<b>Financial and insurance assets</b>						
Debt financial assets	601,794	–	78,905	426,796	92,751	626,665
Equity financial assets	279,172	279,172	–	–	–	–
Derivative financial instruments	3	3	–	–	–	–
Term deposits	227,547	–	58,691	132,592	44,622	–
Statutory deposits	1,715	–	924	718	173	–
Policy loans	43,626	–	43,626	–	–	–
Financial assets purchased under agreements to resell	8,847	–	8,850	–	–	–
Accrued investment income	16,898	–	12,878	3,233	787	–
Premiums receivable	3,088	–	3,088	–	–	–
Reinsurance assets	3,933	–	2,290	(150)	(93)	2,036
Cash and cash equivalents	17,586	–	17,586	–	–	–
Other assets	4,490	–	4,490	–	–	–
<b>Total financial and insurance assets</b>	<b>1,208,699</b>	<b>279,175</b>	<b>231,328</b>	<b>563,189</b>	<b>138,240</b>	<b>628,701</b>

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 4. RISK MANAGEMENT (Continued)

#### (2) Financial risk (Continued)

##### (c) Liquidity risk (Continued)

As at 31 December 2022	Contractual or expected cash flows (undiscounted)					
	Carrying amount	No stated maturity	Within 1 year (including 1 year)	1-3 years (including 3 year)	3-5 years (including 5 year)	Over 5 years
<b>Financial and insurance liabilities</b>						
Long-term insurance contracts	966,812	–	49,789	22,466	(64,866)	(2,033,162)
Short-term insurance contracts	3,344	–	(2,849)	–	–	–
Investment contracts	69,653	–	(5,705)	(10,931)	(9,182)	(65,350)
Financial liabilities at fair value through profit or loss	25,877	(25,877)	–	–	–	–
Borrowings	10,000	–	(126)	(10,660)	–	–
Financial assets sold under agreements to repurchase	43,617	–	(43,639)	–	–	–
Benefits, claims and surrenders payable	5,960	–	(5,960)	–	–	–
Reinsurance liabilities	100	–	(100)	–	–	–
Other liabilities	12,398	–	(12,398)	–	–	–
<b>Total financial and insurance liabilities</b>	<b>1,137,761</b>	<b>(25,877)</b>	<b>(20,988)</b>	<b>875</b>	<b>(74,048)</b>	<b>(2,098,512)</b>



## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 4. RISK MANAGEMENT (Continued)

#### (2) Financial risk (Continued)

##### (c) Liquidity risk (Continued)

As at 31 December 2021	Contractual or expected cash flows (undiscounted)					
	Carrying amount	No stated maturity	Within 1 year (including 1 year)	1-3 years (including 3 year)	3-5 years (including 5 year)	Over 5 years
<b>Financial and insurance assets</b>						
Debt financial assets	577,214	–	89,476	276,822	117,632	515,157
Equity financial assets	257,436	257,436	–	–	–	–
Derivative financial instruments	4	4	–	–	–	–
Term deposits	168,540	–	33,380	103,112	44,294	3,908
Statutory deposits	1,715	–	673	1,019	118	–
Policy loans	40,806	–	40,806	–	–	–
Financial assets purchased under agreements to resell	4,112	–	4,114	–	–	–
Accrued investment income	12,065	–	11,931	132	2	–
Premiums receivable	2,867	–	2,867	–	–	–
Reinsurance assets	3,981	–	2,416	87	(82)	2,555
Cash and cash equivalents	15,459	–	15,459	–	–	–
<b>Total financial and insurance assets</b>	<b>1,084,199</b>	<b>257,440</b>	<b>201,122</b>	<b>381,172</b>	<b>161,964</b>	<b>521,620</b>

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 4. RISK MANAGEMENT (Continued)

#### (2) Financial risk (Continued)

##### (c) Liquidity risk (Continued)

As at 31 December 2021	Contractual or expected cash flows (undiscounted)					
	Carrying amount	No stated maturity	Within 1 year (including 1 year)	1-3 years (including 3 year)	3-5 years (including 5 year)	Over 5 years
<b>Financial and insurance liabilities</b>						
Long-term insurance contracts	859,926	–	53,849	57,523	(30,222)	(2,015,339)
Short-term insurance contracts	3,769	–	(3,031)	–	–	–
Investment contracts	57,915	–	(6,052)	(8,912)	(7,482)	(51,631)
Financial liabilities at fair value through profit or loss	2,612	(2,612)	–	–	–	–
Borrowings	10,000	–	(330)	(660)	(10,330)	–
Financial assets sold under agreements to repurchase	55,415	–	(55,444)	–	–	–
Benefits, claims and surrenders payable	5,971	–	(5,971)	–	–	–
Reinsurance liabilities	504	–	(504)	–	–	–
<b>Total financial and insurance liabilities</b>	<b>996,112</b>	<b>(2,612)</b>	<b>(17,483)</b>	<b>47,951</b>	<b>(48,034)</b>	<b>(2,066,970)</b>

The amounts set forth in the tables above for financial assets, borrowings, financial assets sold under agreements to repurchase, and benefits claims and surrenders payable are undiscounted contractual cash flows. The amounts for insurance and investment contracts in each column are the cash flows representing expected future benefit payments taking into consideration of future premiums payments or deposits from policyholders. The results of above estimates are affected by a number of assumptions. The excess cash inflow from matured financial assets will be reinvested to cover any future liquidity exposures. The estimate is subject to assumptions related to mortality, morbidity, lapse rates, loss ratio, expenses and other assumptions. Actual experience may differ from estimates.

# Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

## 4. RISK MANAGEMENT (Continued)

### (2) Financial risk (Continued)

#### (c) Liquidity risk (Continued)

Although the contractual terms can be exercised immediately by all policyholders, the Group's expected cash flows as shown in the above tables are based on past experience and future expectations. The Group has prepared another maturity analysis assuming that all investment contracts were surrendered immediately. This would cause a cash outflow of RMB69,648 million as at 31 December 2022, payable within one year (as at 31 December 2021: RMB57,911 million).

#### (d) Disclosures about interest in unconsolidated structured entities

The Group's interests in the unconsolidated structured entities are recorded as financial assets at fair value through profit or loss, available-for-sale financial assets and loans and receivables. 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 3 Significant judgments (4) for the determined factors of control over investee of the Group.

These structured entities that the Group has interests in either guaranteed by third parties with higher credit ratings, by pledging, by the revenue within the finance budget as the payment source, or dealing with the borrowers which with higher credit ratings.

The Group has not provided any guarantee or financing support for the structured entities that the Group has interests in or sponsored.

#### i) The unconsolidated structured entities that the Group has interests in

The Group believes that the maximum risk exposure approximates the carrying amount of interest in these unconsolidated structured entities. The size of the unconsolidated structured entities, the carrying amount of the related assets recognised in the financial statements and the maximum risk exposure are as below:

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 4. RISK MANAGEMENT (Continued)

#### (2) Financial risk (Continued)

##### (d) Disclosures about interest in unconsolidated structured entities (Continued)

i) The unconsolidated structured entities that the Group has interests in (Continued)

As at 31 December 2022	Unconsolidated structured entities			
	Size	Carrying amount of assets	Maximum exposure of risk	Interest held by the Group
Funds managed by third parties	<b>Note1</b>	<b>87,595</b>	<b>87,595</b>	Investment income
Trust plans managed by third parties	<b>Note1</b>	<b>70,146</b>	<b>70,146</b>	Investment income
Debt investment plans managed by affiliated entities	<b>26,127</b>	<b>21,815</b>	<b>21,815</b>	Investment income and service fee
Debt investment plans managed by third parties	<b>Note1</b>	<b>24,848</b>	<b>24,848</b>	Investment income
Others managed by affiliated entities (Note2)	<b>204,057</b>	<b>36,776</b>	<b>36,776</b>	Investment income and service fee
Others managed by third parties (Note2)	<b>Note1</b>	<b>50,817</b>	<b>50,817</b>	Investment income

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 4. RISK MANAGEMENT (Continued)

#### (2) Financial risk (Continued)

##### (d) Disclosures about interest in unconsolidated structured entities (Continued)

i) The unconsolidated structured entities that the Group has interests in (Continued)

As at 31 December 2021	Size	Unconsolidated structured entities		
		Carrying amount of assets	Maximum exposure of risk	Interest held by the Group
Funds managed by affiliated entities	1,111	149	149	Investment income and service fee
Funds managed by third parties	Note1	75,157	75,157	Investment income
Trust plans managed by third parties	Note1	83,733	83,733	Investment income
Debt investment plans managed by affiliated entities	38,168	29,001	29,001	Investment income and service fee
Debt investment plans managed by third parties	Note1	28,746	28,746	Investment income
Others managed by affiliated entities (Note2)	235,977	14,514	14,514	Investment income and service fee
Others managed by third parties (Note2)	Note1	65,912	65,912	Investment income

Note1: Funds, trust plans, debt investment plans and others managed by third parties are sponsored by third party financial institutions and the information related to size of these structured entities are not publicly available.

Note2: Others included asset management plans, private equity, equity investment plans, unlisted equity investments and asset funding plans, etc.

# Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

## 4. RISK MANAGEMENT (Continued)

### (2) Financial risk (Continued)

#### (d) Disclosures about interest in unconsolidated structured entities (Continued)

- ii) *The unconsolidated structured entities that the Group has sponsored but does not have interests in*

As at 31 December 2022, the size of the unconsolidated structured entities that the Group sponsored but had no interest was RMB42,292 million (as at 31 December 2021: RMB51,282 million), which were mainly asset management plans, debt investment plans, endowment annuity products, occupational annuity products and enterprise annuity products etc., sponsored by the Group for collecting management service fees. In 2022, the management service fees from these structured entities were RMB131 million (2021: RMB192 million), which were recorded as other income. The Group has not transferred any assets to these structured entities.

#### (e) Matching risk of assets and liabilities

The Group uses asset-liability management techniques to manage assets and liabilities. The techniques used include: scenario analysis method, cash flow matching method and immunity method. The Group uses the above techniques, through multi-angles, to understand the existing risk and the complex relationship, considering the timing and amount of future cash outflow and attributes of liabilities, to comprehensively and dynamically manage the Group's assets and liabilities and its solvency. The Group takes measures to manage and enhance its solvency, including capital contribution by shareholders, issuing subordinated bonds and capital supplementary bonds, arranging reinsurance, improving the performance of branches, optimizing business structure, and establishing a competitive cost structure.

#### (f) Capital management

The Company's objectives for managing capital, which is actual capital calculated as the difference between admitted assets and admitted liabilities as defined by the CBIRC through present and future management, are to comply with the insurance capital requirements of the CBIRC to meet the minimum capital and safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders.

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 4. RISK MANAGEMENT (Continued)

#### (2) Financial risk (Continued)

##### (f) Capital management (Continued)

The Company manages its capital requirements by assessing shortfalls, if any, between actual capital and minimum capital on a regular basis. The Company continuously and proactively monitors the business structure, and the asset quality and allocation so as to enhance the profitability in relation to solvency margin.

The table below summarizes the solvency ratios, actual capital, and minimum capital of the Company:

	As at 31 December	
	2022	2021
Core capital	143,990	278,510
Actual capital	244,069	288,510
Minimum capital	102,463	114,448
Core solvency margin ratio	140.53%	243.35%
Comprehensive solvency margin ratio	238.20%	252.09%

The CBIRC promulgated the “Regulatory Rules on Solvency of Insurance Companies (II)” (“Rule II”) on 30 December 2021. The solvency results of the Company as at 31 December 2022 were prepared in accordance with Rule II.

The comparative solvency results of the Company as at 31 December 2021 were prepared in accordance with the “Regulatory Rules on Solvency of Insurance Companies (No. 1-17)” (“Rule I”), which was released by the former CIRC on 13 February 2015.

Based on the evaluation results of quantifiable risk, and unquantifiable risks of operational risk, strategic risk, reputational risk and liquidity risk, CBIRC evaluates the comprehensive solvency of insurance companies and supervises insurance companies by categories. According to CBIRC C-ROSS Supervision Information System, the comprehensive risk assessment result of the Company in the fourth quarter of 2022 is A.

## Notes to Consolidated Financial Statements (Continued)

*For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)*

### 4. RISK MANAGEMENT (Continued)

#### (3) Fair value hierarchy

Fair value estimates are made at a specific point in time based on relevant market information and information about financial instruments. When an active market exists, such as an authorized securities exchange, the market value is the best reflection of the fair values of financial instruments. For financial instruments where there is no active market, fair value is determined using valuation techniques.

The Group's financial assets mainly include cash and cash equivalents, financial assets at fair value through profit or loss, available-for-sale financial assets, held-to-maturity investments, loans and receivables, derivative financial instruments, term deposits, statutory deposits, policy loans and financial assets purchased under agreements to resell.

The Group's financial liabilities mainly include financial liabilities at fair value through profit or loss, financial assets sold under agreements to repurchase, borrowings, investment contracts and other liabilities.

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.

Level 2 fair value is based on valuation techniques using significant inputs, other than Level 1 quoted prices, that are observable for the asset being measured, either directly or indirectly, for substantially the full term of the assets through corroboration with observable market data. Observable inputs generally used to measure the fair value of financial assets 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.

For Level 2 financial instruments, valuations are generally obtained from third party pricing services for identical or comparable assets, or through the use of valuation methodologies using observable market inputs, or recent quoted market prices. Valuation service providers typically gather, 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 traded among Chinese interbank market are classified as Level 2 when they are valued at recent quoted price from Chinese interbank market or from valuation service providers. Substantially most financial instruments classified within Level 2 of the fair value hierarchy are debt investments denominated in RMB. Fair value of debt investments denominated in RMB is determined based upon the valuation results by the China Central Depository & Clearing Co., Ltd. All significant inputs are observable in the market.



## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 4. RISK MANAGEMENT (Continued)

#### (3) Fair value hierarchy (Continued)

Under certain conditions, the Group may not receive any price from independent third party pricing service providers. In this instance, the Group may choose to apply internally developed values to the assets being measured. In such cases, the valuations are generally classified as Level 3. Key inputs involved in internal valuation are not based on observable market data, and reflect assumptions made by management based on judgments and experience.

Level 3 fair value is based on the Group's valuation models, such as discounted cash flows. The Group also considers the original transaction price, recent transactions of the same or similar instruments and completed third-party transactions in comparable instruments. It adjusts the model as deemed necessary for factors such as extension, early redemption, liquidity, default risk and changes in market, economic or company specific conditions.

As at 31 December 2022, financial assets measured at fair value and classified as level 3 in the fair value hierarchy are valued using unobservable significant inputs, such as discount rate, but the fair value is not significantly sensitive to the reasonable changes of the unobservable significant inputs.

The following table provides the significant unobservable inputs used for financial assets at fair value classified as level 3 as at 31 December 2022 and 2021:

As at 31 December 2022	Fair value	Valuation technique	Significant unobservable inputs	Range	Relationship Between unobservable inputs and fair value
<b>Equity financial assets</b>					
Available-for-sale					
- Stock	1,081	Asian option model	Liquidity discount	7.10%	The higher the liquidity discount, the lower the fair value
- Trust plans	1,994	Discounted cash flow method	Discount rate	3.85% - 5.31%	The higher the discount rate, the lower the fair value

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 4. RISK MANAGEMENT (Continued)

#### (3) Fair value hierarchy (Continued)

As at 31 December 2022	Fair value	Valuation technique	Significant unobservable inputs	Range	Relationship Between unobservable inputs and fair value
- Equity investment plans	11,804	Discounted cash flow method	Discount rate	1.62% – 5.00%	The higher the discount rate, the lower the fair value
- Unlisted equity investments	579	Comparable company method	Liquidity discount	33.00%	The higher the liquidity discount, the lower the fair value the lower the fair value
- Unlisted equity investments	9,070	Recent transaction method	Recent financing price	N/A	N/A
Financial assets at fair value through profit or loss					
- Stock	14	Asian option model	Liquidity discount	7.10%	The higher the discount rate, the lower the fair value
<b>Debt financial assets</b>					
Available-for-sale					
- Trust plans	67,902	Discounted cash flow method	Discount rate	4.22% – 8.47%	The higher the discount rate, the lower the fair value
- Asset management plans	45	Discounted cash flow method	Discount rate	5.30%	The higher the discount rate, the lower the fair value

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 4. RISK MANAGEMENT (Continued)

#### (3) Fair value hierarchy (Continued)

As at 31 December 2021	Fair value	Valuation technique	Significant unobservable inputs	Range	Relationship Between unobservable inputs and fair value
<b>Equity financial assets</b>					
Available-for-sale					
– Preferred shares	4,227	Discounted cash flow method	Discount rate	4.70%-5.50%	The higher the discount rate, the lower the fair value
Financial assets at fair value through profit or loss					
– Preferred shares	3,523	Discounted cash flow method	Discount rate	4.70%-5.20%	The higher the discount rate, the lower the fair value
<b>Debt financial assets</b>					
Available-for-sale					
– Trust plans	83,485	Discounted cash flow method	Discount rate	4.86%-10.00%	The higher the discount rate, the lower the fair value

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 4. RISK MANAGEMENT (Continued)

#### (3) Fair value hierarchy (Continued)

##### (a) Assets and liabilities measured at fair value

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities measured at fair value as at 31 December 2022 and 2021:

As at 31 December 2022	Inputs to fair value measurement			Total
	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	
<b>Assets</b>				
Available-for-sale financial assets				
– Equity financial assets	147,376	31,832	24,528	203,736
– Debt financial assets	461	83,946	67,947	152,354
Financial assets at fair value through profit or loss				
Held for trading				
– Equity financial assets	13,622	42,236	14	55,872
– Debt financial assets	1,392	22,201	–	23,593
Derivative financial instruments	–	3	–	3
<b>Total</b>	<b>162,851</b>	<b>180,218</b>	<b>92,489</b>	<b>435,558</b>
<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss	–	25,877	–	25,877
Unit-linked contracts	–	206	–	206
<b>Total</b>	<b>–</b>	<b>26,083</b>	<b>–</b>	<b>26,083</b>

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 4. RISK MANAGEMENT (Continued)

#### (3) Fair value hierarchy (Continued)

##### (a) Assets and liabilities measured at fair value (Continued)

As at 31 December 2021	Inputs to fair value measurement			Total
	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	
<b>Assets</b>				
Available-for-sale financial assets				
– Equity financial assets	145,464	35,929	4,305	185,698
– Debt financial assets	518	97,298	83,530	181,346
Financial assets at fair value through profit or loss				
Held for trading				
– Equity financial assets	12,802	19,030	3,523	35,355
– Debt financial assets	708	34,163	–	34,871
Derivative financial instruments	–	4	–	4
<b>Total</b>	<b>159,492</b>	<b>186,424</b>	<b>91,358</b>	<b>437,274</b>
<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss	–	2,612	–	2,612
Unit-linked contracts	–	224	–	224
<b>Total</b>	<b>–</b>	<b>2,836</b>	<b>–</b>	<b>2,836</b>

The Group recognised the transfers between each level at the time when transfers occurred.

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 4. RISK MANAGEMENT (Continued)

#### (3) Fair value hierarchy (Continued)

##### (a) Assets and liabilities measured at fair value (Continued)

The following table presents the transfers between Level 1 and Level 2 for the years ended 31 December 2021 and 2022.

For the year ended 31 December 2022	Level 1	Level 2
Available-for-sale financial assets		
Debt financial assets		
– Transfer in	60	–
– Transfer out	–	(60)
Equity financial assets		
– Transfer in	–	79
– Transfer out	(79)	–
Financial assets at fair value through profit or loss		
Held-for-trading financial assets		
Debt financial assets		
– Transfer in	13	149
– Transfer out	(149)	(13)
For the year ended 31 December 2021	Level 1	Level 2
Available-for-sale financial assets		
Debt financial assets		
– Transfer in	293	30
– Transfer out	(30)	(293)
Equity financial assets		
– Transfer in	1,047	–
– Transfer out	–	(1,047)
Financial assets at fair value through profit or loss		
Held-for-trading financial assets		
Debt financial assets		
– Transfer in	120	10
– Transfer out	(10)	(120)

The above transfers are mainly caused by changes of market conditions that affect whether the Group could obtain quoted prices (unadjusted) in active markets.

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 4. RISK MANAGEMENT (Continued)

#### (3) Fair value hierarchy (Continued)

##### (a) Assets and liabilities measured at fair value (Continued)

The changes in Level 3 financial assets are analyzed below:

	Available-for-sale			At fair value through profit or loss	
	Equity financial assets	Debt financial assets	Subtotal	Equity financial assets	Total
1 January 2021	4,263	128,677	132,940	–	132,940
Purchase	16	12,485	12,501	3,585	16,086
Recognised in profit or loss	–	(1,125)	(1,125)	(62)	(1,187)
Recognised in other comprehensive income	26	–	26	–	26
Maturity/disposals	–	(56,507)	(56,507)	–	(56,507)
31 December 2021	4,305	83,530	87,835	3,523	91,358
1 January 2022	<b>4,305</b>	<b>83,530</b>	<b>87,835</b>	<b>3,523</b>	<b>91,358</b>
Purchase	<b>5,645</b>	<b>900</b>	<b>6,545</b>	<b>13</b>	<b>6,558</b>
Transfer in (i)	<b>18,090</b>	–	<b>18,090</b>	–	<b>18,090</b>
Recognised in profit or loss	<b>(588)</b>	<b>(475)</b>	<b>(1,063)</b>	–	<b>(1,063)</b>
Recognised in other comprehensive income	<b>1,381</b>	<b>358</b>	<b>1,739</b>	<b>1</b>	<b>1,740</b>
Maturity/disposal	<b>(4,305)</b>	<b>(16,366)</b>	<b>(20,671)</b>	<b>(3,523)</b>	<b>(24,194)</b>
31 December 2022	<b>24,528</b>	<b>67,947</b>	<b>92,475</b>	<b>14</b>	<b>92,489</b>

- (i) The transfers into level 3 were mainly caused by the reliable information obtained and significant unobservable inputs used in the fair value measurement of certain financial instruments during the period.

The assets and liabilities whose fair value measurements are classified under Level 3 above do not have material impact on the profit or loss of the Group.

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 4. RISK MANAGEMENT (Continued)

#### (3) Fair value hierarchy (Continued)

##### (b) Assets and liabilities for which fair values are disclosed

The Group's financial assets and liabilities disclosed but not measured at fair value include term deposits, statutory deposits, policy loans, cash and cash equivalents, financial assets purchased under agreements to resell, held-to-maturity investments, loans and receivables, financial assets sold under agreements to repurchase and borrowings.

The carrying amounts of assets and liabilities not measured at fair value approximate to their fair values, except for the assets and liabilities disclosed in the following tables.

The following tables provide the Group's assets and liabilities not measured at fair value as at 31 December 2022 and 2021:

As at 31 December 2022	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Held-to-maturity	235	406,225	–	406,460
Loans and receivables	–	–	47,456	47,456
Investment properties	–	–	12,792	12,792
<b>Total</b>	<b>235</b>	<b>406,225</b>	<b>60,248</b>	<b>466,708</b>
<b>Liabilities</b>				
Borrowings	–	9,881	–	9,881
<b>Total</b>	<b>–</b>	<b>9,881</b>	<b>–</b>	<b>9,881</b>



## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 4. RISK MANAGEMENT (Continued)

#### (3) Fair value hierarchy (Continued)

##### (b) Assets and liabilities for which fair values are disclosed (Continued)

As at 31 December 2021	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Held-to-maturity	18,728	307,105	–	325,833
Loans and receivables	–	–	59,895	59,895
Investment properties	–	–	12,306	12,306
<b>Total</b>	<b>18,728</b>	<b>307,105</b>	<b>72,201</b>	<b>398,034</b>
<b>Liabilities</b>				
Borrowings	–	9,893	–	9,893
<b>Total</b>	<b>–</b>	<b>9,893</b>	<b>–</b>	<b>9,893</b>

The Group has not disclosed fair values for certain investment contract liabilities with DPF because the fair values or fair value ranges for the DPF cannot be reliably estimated. There is no active market for these instruments which will be settled with policyholders in the normal course of business.

### 5. SEGMENT INFORMATION

#### (1) Operating segments

The Group mainly has the following three segments:

##### (i) Individual insurance business

Individual insurance business relates primarily to the sale of insurance contracts and investment contracts to individuals.

##### (ii) Group insurance business

Group insurance business relates primarily to the sale of insurance contracts and investment contracts to group entities.

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 5. SEGMENT INFORMATION (Continued)

#### (1) Operating segments (Continued)

##### (iii) Other business

Other business relates primarily to the Group's asset management and unallocated income and expenses.

#### (2) Allocation basis of income and expense

Insurance business income and expense directly attributable to segments will be allocated to each segment; income and expense, such as investment income, which are indirectly attributable to operating segments, will be allocated to each segment in proportion to the respective segment's average insurance contract liabilities and investment contract liabilities at the beginning and end of the accounting period. Non-operating income and expenses are not allocated but assigned to other business operating segments directly.

#### (3) Allocation basis of assets and liabilities

Insurance business assets and liabilities directly attributable to operating segments will be allocated to each segment; investment assets and liabilities indirectly attributable to operating segments will be allocated to each segment in proportion to the respective segment's insurance contract liabilities and investment contract liabilities at the end of the accounting period. Statutory deposits, investment properties, property, plant and equipment, intangible assets, right-of-use assets, deferred tax assets, other assets (other than prepaid income tax), borrowings, provision, lease liabilities, deferred tax liabilities and current income tax liabilities are not allocated but assigned to other business operating segments directly.

#### (4) Information about major customers and locations

Substantially all of the Group's revenues are derived from its operations in the PRC. Substantially all of the Group's assets are located in the PRC. All of the Group's operating revenues are deemed as external except for those presented as inter-segment revenue.

For the year ended 31 December 2022, no gross written premiums and policy fees from transactions with a single external customer amounted to 1% or more of the Group's total gross written premiums and policy fees.

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 5. SEGMENT INFORMATION (Continued)

#### (5) Segment analysis

	For the year ended 31 December 2022				Total
	Insurance		Others	Elimination	
	Individual	Group			
<b>Revenues</b>					
Gross written premiums and policy fees	159,980	3,235	–	–	163,215
Less: premiums ceded out	(2,486)	(123)	–	–	(2,609)
<b>Net written premiums and policy fees</b>	<b>157,494</b>	<b>3,112</b>	<b>–</b>	<b>–</b>	<b>160,606</b>
Net change in unearned premiums liabilities	254	160	–	–	414
<b>Net premiums earned and policy fees</b>	<b>157,748</b>	<b>3,272</b>	<b>–</b>	<b>–</b>	<b>161,020</b>
Investment income	46,109	367	334	–	46,810
Other income	939	14	1,615	(917)	1,651
Including: inter-segment transaction	26	2	889	(917)	–
<b>Total revenues</b>	<b>204,796</b>	<b>3,653</b>	<b>1,949</b>	<b>(917)</b>	<b>209,481</b>
<b>Benefits, claims and expenses</b>					
Insurance benefits and claims					
Claims and net change in outstanding claims liabilities	(552)	(2,274)	–	–	(2,826)
Life insurance death and other benefits	(53,172)	(203)	–	–	(53,375)
Increase in long-term insurance contract liabilities	(118,960)	(104)	–	–	(119,064)
Policyholder dividends resulting from participation in profits	(1,654)	–	–	–	(1,654)
Investment contract benefits	(2,444)	(80)	–	–	(2,524)
Commission and brokerage expenses	(9,761)	(407)	–	–	(10,168)
Administrative expenses	(9,886)	(1,326)	(910)	904	(11,218)
Including: inter-segment transaction	(770)	(101)	(33)	904	–
Other expenses	(346)	(9)	(622)	21	(956)
Including: inter-segment transaction	(20)	(1)	–	21	–

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 5. SEGMENT INFORMATION (Continued)

#### (5) Segment analysis (Continued)

	For the year ended 31 December 2022				Total
	Insurance		Others	Elimination	
	Individual	Group			
<b>Total benefits, claims and expenses</b>	<b>(196,775)</b>	<b>(4,403)</b>	<b>(1,532)</b>	<b>925</b>	<b>(201,785)</b>
Share of profits and losses of associates and joint ventures	35	-	(53)	-	(18)
Finance costs	(1,134)	(37)	-	-	(1,171)
<b>Net profit before income tax</b>	<b>6,922</b>	<b>(787)</b>	<b>364</b>	<b>8</b>	<b>6,507</b>
<b>Segment assets</b>	<b>1,162,790</b>	<b>8,665</b>	<b>83,662</b>	<b>(73)</b>	<b>1,255,044</b>
<b>Segment liabilities</b>	<b>1,092,520</b>	<b>8,497</b>	<b>51,195</b>	<b>(73)</b>	<b>1,152,139</b>

Other segment information for the year ended 31 December 2022:

Other segment information	Insurance		Others	Elimination	Total
	Individual	Group			
Depreciation and amortization	1,564	202	144	-	1,910
Interest income	34,597	285	357	-	35,239
Impairment	4,922	55	19	-	4,958
Capital expenditure	-	-	1,789	-	1,789

## Notes to Consolidated Financial Statements (Continued)

*For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)*

### 5. SEGMENT INFORMATION (Continued)

#### (5) Segment analysis (Continued)

	For the year ended 31 December 2021				
	Insurance		Others	Elimination	Total
	Individual	Group			
<b>Revenues</b>					
Gross written premiums and policy fees	160,412	3,123	–	–	163,535
Less: premiums ceded out	(2,697)	(75)	–	–	(2,772)
<b>Net written premiums and policy fees</b>					
Net change in unearned premiums liabilities	157,715	3,048	–	–	160,763
	736	(120)	–	–	616
<b>Net premiums earned and policy fees</b>					
Investment income	158,451	2,928	–	–	161,379
Other income	56,600	259	384	–	57,243
	578	10	1,813	(997)	1,405
Including: inter-segment transaction	19	1	977	(997)	–
<b>Total revenues</b>	215,629	3,198	2,197	(997)	220,027
<b>Benefits, claims and expenses</b>					
Insurance benefits and claims					
Claims and net change in outstanding claims liabilities	(1,105)	(2,341)	–	–	(3,446)
Life insurance death and other benefits	(56,296)	(185)	–	–	(56,481)
Increase in long-term insurance contract liabilities	(112,313)	(17)	–	–	(112,330)
Policyholder dividends resulting from participation in profits	(1,207)	–	–	–	(1,207)
Investment contract benefits	(2,149)	(139)	–	–	(2,288)
Commission and brokerage expenses	(14,055)	(538)	–	–	(14,593)
Administrative expenses	(10,986)	(1,372)	(1,096)	981	(12,472)
Including: inter-segment transaction	(855)	(105)	(21)	981	–
Other expenses	(508)	(20)	(574)	17	(1,085)
Including: inter-segment transaction	(16)	(1)	–	17	–

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 5. SEGMENT INFORMATION (Continued)

#### (5) Segment analysis (Continued)

	For the year ended 31 December 2021				Total
	Insurance		Others	Elimination	
	Individual	Group			
<b>Total benefits, claims and expenses</b>	(198,619)	(4,611)	(1,670)	998	(203,902)
Share of profits and losses of associates and joint ventures	363	3	12	–	378
Finance costs	(782)	(51)	–	–	(833)
<b>Net profit before income tax</b>	16,591	(1,461)	539	1	15,670
<b>Segment assets</b>	1,066,007	9,877	52,046	(209)	1,127,721
<b>Segment liabilities</b>	986,007	9,683	23,726	(209)	1,019,207

Other segment information for the year ended 31 December 2021:

Other segment information	Insurance		Others	Elimination	Total
	Individual	Group			
Depreciation and amortization	1,427	173	146	–	1,746
Interest income	33,331	159	488	–	33,978
Impairment	2,229	18	25	–	2,272
Capital expenditure	–	–	3,258	–	3,258

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 6. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Office equipment	Motor vehicles	Construction in progress	Total
<b>Cost</b>					
As at 1 January 2022	16,473	1,434	127	2,649	20,683
Additions	9	109	–	1,203	1,321
Transfers upon completion	1,466	9	–	(1,475)	–
Transfer from investment properties (Note 7)	–	–	–	37	37
Transfer to investment properties (Note 7)	(433)	–	–	–	(433)
Transfer to intangible assets (Note 9)	–	–	–	(536)	(536)
Transfer to other assets	–	–	–	(1)	(1)
Disposals	–	(18)	(11)	–	(29)
As at 31 December 2022	17,515	1,534	116	1,877	21,042
<b>Accumulated depreciation</b>					
As at 1 January 2022	(1,776)	(885)	(51)	–	(2,712)
Charges for the year	(450)	(152)	(10)	–	(612)
Transfer to investment properties (Note 7)	7	–	–	–	7
Disposals	–	18	7	–	25
As at 31 December 2022	(2,219)	(1,019)	(54)	–	(3,292)
<b>Net book value</b>					
As at 1 January 2022	14,697	549	76	2,649	17,971
As at 31 December 2022	15,296	515	62	1,877	17,750

SECTION 12  
Financial Statements

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 6. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Buildings	Office equipment	Motor vehicles	Construction in progress	Total
<b>Cost</b>					
As at 1 January 2021	12,453	1,231	147	4,059	17,890
Additions	15	188	26	3,721	3,950
Transfers upon completion	3,693	44	–	(3,737)	–
Transfer from investment properties (Note 7)	382	–	–	–	382
Transfer to investment properties (Note 7)	(23)	–	–	(1,091)	(1,114)
Transfer to intangible assets (Note 9)	–	–	–	(293)	(293)
Transfer to other assets	–	–	–	(10)	(10)
Disposals	(2)	(29)	(46)	–	(77)
Others	(45)	–	–	–	(45)
As at 31 December 2021	16,473	1,434	127	2,649	20,683
<b>Accumulated depreciation</b>					
As at 1 January 2021	(1,369)	(751)	(78)	–	(2,198)
Charges for the year	(336)	(160)	(11)	–	(507)
Transfer from investment properties (Note 7)	(74)	–	–	–	(74)
Transfer to investment properties (Note 7)	3	–	–	–	3
Disposals	–	26	38	–	64
As at 31 December 2021	(1,776)	(885)	(51)	–	(2,712)
<b>Net book value</b>					
As at 1 January 2021	11,084	480	69	4,059	15,692
As at 31 December 2021	14,697	549	76	2,649	17,971



## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 6. PROPERTY, PLANT AND EQUIPMENT (Continued)

The Group was in the process of obtaining the legal title in respect of the ownership of buildings with an aggregate net book value of approximately RMB946 million as at 31 December 2022 (as at 31 December 2021: RMB2,253 million). As at 31 December 2022 and 2021, the Group has no property, plant and equipment under finance lease and held for sale, and no significant idle property, plant and equipment.

### 7. INVESTMENT PROPERTIES

	For the year ended 31 December	
	2022	2021
<b>Cost</b>		
Beginning of the year	10,625	9,893
Transfer from property, plant and equipment (Note 6)	433	1,114
Transfer to property, plant and equipment (Note 6)	(42)	(382)
End of the year	11,016	10,625
<b>Accumulated depreciation</b>		
Beginning of the year	(1,198)	(1,036)
Transfer from property, plant and equipment (Note 6)	(7)	(3)
Transfer to property, plant and equipment (Note 6)	5	74
Charges for the year	(263)	(233)
End of the year	(1,463)	(1,198)
<b>Net book value</b>		
Beginning of the year	9,427	8,857
End of the year	9,553	9,427

Rental income from investment properties is recognised in "Other income" (Note 27).

According to the asset valuation report issued by JLL (Beijing) Real Estate Assets Appraisal & Consultancy Co., Ltd. (former named as "Jones Lang LaSalle Sallmanns Limited" before October 2022), the fair value of investment properties as at 31 December 2022 was RMB12,792 million (31 December 2021: RMB12,306 million).

The techniques used for the valuation of investment properties include the income approach and sales comparison approach. The fair value of investment properties is categorized within Level 3.

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 7. INVESTMENT PROPERTIES (Continued)

The Group has obtained the legal title in respect of the ownership of buildings as at 31 December 2022 and 2021.

The investment properties held by the Group has no impairment as at 31 December 2022 and 2021.

Information about fair value measurements using significant unobservable inputs for the prime investment properties of the Group as at 31 December 2022:

	Fair value at 31 December 2022	Significant unobservable inputs	Range of unobservable inputs	Relationship between unobservable inputs and fair value	
Rental units-Shanghai – Shanghai Harbor	1,882	Unit price	Office	RMB60,000-75,000 per square meter	The higher the unit price, the higher the fair value.
		Unit price	Commercial	RMB67,800-83,300 per square meter	The higher the unit price, the higher the fair value.
		Unit price	Garage	RMB350,000-430,000 per unit	The higher the unit price, the higher the fair value.
Rental units-Xiamen	1,723	Unit price	Office	RMB27,300-36,200 per square meter	The higher the unit price, the higher the fair value.
		Unit price	Commercial	RMB35,100-43,750 per square meter	The higher the unit price, the higher the fair value.
		Unit price	Garage	RMB320,000-400,000 per unit	The higher the unit price, the higher the fair value.
Rental units-Beijing– NCI Tower	1,401	Rental value	Office	RMB300-360 per month per square meter	The higher the rental value, the higher the fair value.
		Rental value	Commercial	RMB405-444 per month per square meter	The higher the rental value, the higher the fair value.

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 7. INVESTMENT PROPERTIES (Continued)

	Fair value at 31 December 2022	Significant unobservable inputs	Range of unobservable inputs	Relationship between unobservable inputs and fair value
Rental units-Changsha	885	Unit price	Office RMB18,500-20,000 per square meter	The higher the unit price, the higher the fair value.
		Rental value	Office RMB105-114 per month per square meter	The higher the rental value, the higher the fair value.
Rental units-Xian	767	Unit price	Office RMB18,000-19,800 per square meter	The higher the unit price, the higher the fair value.
		Unit price	Commercial RMB19,800-22,400 per square meter	The higher the unit price, the higher the fair value.
		Unit price	Garage RMB145,000-160,000 per unit	The higher the unit price, the higher the fair value.
		Rental value	Office RMB108-120 per month per square meter	The higher the rental value, the higher the fair value.
		Rental value	Commercial RMB290-330 per month per square meter	The higher the rental value, the higher the fair value.
		Rental value	Garage RMB700-750 per month per unit	The higher the rental value, the higher the fair value.

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 7. INVESTMENT PROPERTIES (Continued)

	Fair value at 31 December 2022	Significant unobservable inputs	Range of unobservable inputs		Relationship between unobservable inputs and fair value
Rental units-Chengdu	687	Unit price	Office	RMB18,000-21,400 per square meter	The higher the unit price, the higher the fair value.
		Unit price	Commercial	RMB55,800-69,000 per square meter	The higher the unit price, the higher the fair value.
		Unit price	Garage	RMB180,000-210,000 per unit	The higher the unit price, the higher the fair value.
		Rental value	Office	RMB105-120 per month per square meter	The higher the rental value, the higher the fair value.
		Rental value	Commercial	RMB481-500 per month per square meter	The higher the rental value, the higher the fair value.
		Rental value	Garage	RMB1,000-1,200 per month per unit	The higher the rental value, the higher the fair value.
Rental units-Hangzhou	663	Unit price	Office	RMB29,610-31,800 per square meter	The higher the unit price, the higher the fair value.

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 7. INVESTMENT PROPERTIES (Continued)

	Fair value at 31 December 2022	Significant unobservable inputs	Range of unobservable inputs	Relationship between unobservable inputs and fair value	
Rental units- Shijiazhuang	518	Unit price	Office	RMB21,459-27,772 per square meter	The higher the unit price, the higher the fair value.
		Unit price	Commercial	RMB41,016-50,000 per square meter	The higher the unit price, the higher the fair value.
		Unit price	Garage	RMB212,100-250,200 per unit	The higher the unit price, the higher the fair value.
Rental units-Shandong	506	Unit price	Office	RMB14,200-16,000 per square meter	The higher the unit price, the higher the fair value.
		Rental value	Office	RMB105-120 per month per square meter	The higher the rental value, the higher the fair value.
		Unit price	Garage	RMB105,000-170,000 per unit	The higher the unit price, the higher the fair value.
Rental units-Tianjin	472	Unit price	Office	RMB22,472-25,000 per square meter	The higher the unit price, the higher the fair value.
		Rental value	Office	RMB129-135 per month per square meter	The higher the rental value, the higher the fair value.

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 7. INVESTMENT PROPERTIES (Continued)

Information about fair value measurements using significant unobservable inputs for the prime investment properties of the Group as at 31 December 2021:

	Fair value at 31 December 2021	Significant unobservable inputs	Range of unobservable inputs	Relationship between unobservable inputs and fair value	
Rental units-Shanghai – Shanghai Harbor	1,891	Unit price	Office	RMB60,000-80,000 per square meter	The higher the unit price, the higher the fair value.
		Unit price	Commercial	RMB74,000-84,000 Per square meter	The higher the unit price, the higher the fair value.
		Unit price	Garage	RMB350,000-410,000 Per unit	The higher the unit price, the higher the fair value.
Rental units-Xiamen	1,764	Unit price	Office	RMB26,000-34,000 per square meter	The higher the unit price, the higher the fair value.
		Unit price	Commercial	RMB44,000-47,000 per square meter	The higher the unit price, the higher the fair value.
		Unit price	Garage	RMB340,000-400,000 per unit	The higher the unit price, the higher the fair value.
Rental units-Beijing– NCI Tower	1,395	Rental value	Office	RMB330-380 per month per square meter	The higher the rental value, the higher the fair value.
		Rental value	Commercial	RMB430-510 per month per square meter	The higher the rental value, the higher the fair value.

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 7. INVESTMENT PROPERTIES (Continued)

	Fair value at 31 December 2021	Significant unobservable inputs	Range of unobservable inputs		Relationship between unobservable inputs and fair value
Rental units-Changsha	882	Unit price	Office	RMB16,600-19,000 per square meter	The higher the unit price, the higher the fair value.
		Rental value	Office	RMB100-120 per month per square meter	The higher the rental value, the higher the fair value.
Rental units-Xian	736	Unit price	Office	RMB18,000-20,000 per square meter	The higher the unit price, the higher the fair value.
		Unit price	Commercial	RMB20,000-22,000 per square meter	The higher the unit price, the higher the fair value.
		Unit price	Garage	RMB144,000-161,000 per unit	The higher the unit price, the higher the fair value.
		Rental value	Office	RMB100-130 per month per square meter	The higher the rental value, the higher the fair value.
		Rental value	Commercial	RMB290-330 per month per square meter	The higher the rental value, the higher the fair value.
		Rental value	Garage	RMB750-900 per month per unit	The higher the rental value, the higher the fair value.

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 7. INVESTMENT PROPERTIES (Continued)

	Fair value at 31 December 2021	Significant unobservable inputs	Range of unobservable inputs	Relationship between unobservable inputs and fair value	
Rental units-Chengdu	686	Unit price	Office	RMB19,500-21,200 per square meter	The higher the unit price, the higher the fair value.
		Unit price	Commercial	RMB56,970-71,380 per square meter	The higher the unit price, the higher the fair value.
		Unit price	Garage	RMB190,000-230,000 per unit	The higher the unit price, the higher the fair value.
		Rental value	Office	RMB100-120 per month per square meter	The higher the rental value, the higher the fair value.
		Rental value	Commercial	RMB450-460 per month per square meter	The higher the rental value, the higher the fair value.
		Rental value	Garage	RMB900-1,000 per month per unit	The higher the rental value, the higher the fair value.
Rental units-Hangzhou	633	Unit price	Office	RMB28,000-30,000 per square meter	The higher the unit price, the higher the fair value.
Rental units- Shijiazhuang	513	Unit price	Office	RMB19,350-23,230 per square meter	The higher the unit price, the higher the fair value.
		Unit price	Commercial	RMB42,250-60,000 per square meter	The higher the unit price, the higher the fair value.
		Unit price	Garage	RMB225,000-240,000 per unit	The higher the unit price, the higher the fair value.



## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 7. INVESTMENT PROPERTIES (Continued)

	Fair value at 31 December 2021	Significant unobservable inputs	Range of unobservable inputs		Relationship between unobservable inputs and fair value
Rental units-Shandong	504	Unit price	Office	RMB15,000-17,200 per square meter	The higher the unit price, the higher the fair value.
		Rental value	Office	RMB100-120 per month per square meter	The higher the rental value, the higher the fair value.
		Unit price	Garage	RMB145,000-160,000 per unit	The higher the unit price, the higher the fair value.
		Rental value	Garage	RMB450-500 per month per unit	The higher the rental value, the higher the fair value.
Rental units-Tianjin	467	Unit price	Office	RMB22,000-23,000 per square meter	The higher the unit price, the higher the fair value.
		Rental value	Office	RMB135-145 per month per square meter	The higher the rental value, the higher the fair value.

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 8. LEASES

#### The Group as a lessee

The Group has lease contracts for various items of buildings and others used in its operations. Leases of buildings generally have lease terms between 1 and 10 years, while others generally have lease terms between 1 and 5 years.

The Group's right-of-use assets include right-of-use assets disclosed in (1) and the land use rights disclosed in Note 9.

#### (1) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Buildings	Others	Total
Cost			
<b>As at 1 January 2022</b>	<b>2,161</b>	<b>4</b>	<b>2,165</b>
Additions	626	1	627
Terminations	(817)	(1)	(818)
<b>As at 31 December 2022</b>	<b>1,970</b>	<b>4</b>	<b>1,974</b>
Accumulated depreciation			
<b>As at 1 January 2022</b>	<b>(963)</b>	<b>(2)</b>	<b>(965)</b>
Charges for the year	(523)	(1)	(524)
Terminations	500	1	501
<b>As at 31 December 2022</b>	<b>(986)</b>	<b>(2)</b>	<b>(988)</b>
Net book value			
<b>As at 1 January 2022</b>	<b>1,198</b>	<b>2</b>	<b>1,200</b>
<b>As at 31 December 2022</b>	<b>984</b>	<b>2</b>	<b>986</b>

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 8. LEASES (Continued)

#### The Group as a lessee (Continued)

##### (1) Right-of-use assets (Continued)

	Buildings	Others	Total
Cost			
<b>As at 1 January 2021</b>	2,053	4	2,057
Additions	619	1	620
Terminations	(511)	(1)	(512)
<b>As at 31 December 2021</b>	2,161	4	2,165
Accumulated depreciation			
<b>As at 1 January 2021</b>	(813)	(1)	(814)
Charges for the year	(563)	(1)	(564)
Terminations	413	–	413
<b>As at 31 December 2021</b>	(963)	(2)	(965)
Net book value			
<b>As at 1 January 2021</b>	1,240	3	1,243
<b>As at 31 December 2021</b>	1,198	2	1,200

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 8. LEASES (Continued)

#### The Group as a lessee (Continued)

##### (2) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	Buildings	Others	Total
<b>As at 1 January 2022</b>	<b>1,039</b>	<b>1</b>	<b>1,040</b>
Additions	317	–	317
Accretion of interest recognised during the year	26	–	26
Payment	(528)	–	(528)
<b>As at 31 December 2022</b>	<b>854</b>	<b>1</b>	<b>855</b>
Current	401	1	402
Non-current	453	–	453
	Buildings	Others	Total
<b>As at 1 January 2021</b>	1,061	3	1,064
Additions	528	–	528
Accretion of interest recognised during the year	33	–	33
Payment	(583)	(2)	(585)
<b>As at 31 December 2021</b>	<b>1,039</b>	<b>1</b>	<b>1,040</b>
Current	425	1	426
Non-current	614	–	614

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 8. LEASES (Continued)

#### The Group as a lessee (Continued)

(3) The amounts recognised in profit or loss in relation to leases are as follows:

	2022	2021
Interest on lease liabilities	26	33
Depreciation expense of right-of-use assets	524	564
Expense relating to short-term leases and low value assets (included in administrative expenses)	62	66
<b>Total amount recognised in profit or loss</b>	<b>612</b>	663

(4) For the year ended 31 December 2022, the total cash outflow for leases was RMB590 million (for the year ended 31 December 2021: RMB653 million) and future cash outflows relating to leases that have not yet commenced are RMB1,038 million (for the year ended 31 December 2021: RMB1,069 million).

#### The Group as a lessor

The Group leases its investment properties (Note 7) under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was RMB336 million (for the year ended 31 December 2021: RMB398 million), details of which are included in Note 27 to the financial statements.

At 31 December 2022, the undiscounted lease payments receivables by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	As at 31 December 2022	As at 31 December 2021
Within 1 year (including 1 year)	301	379
Between 1 year and 2 years (including 2 years)	183	290
Between 2 and 3 years (including 3 years)	91	168
Between 3 and 4 years (including 4 years)	57	86
Between 4 and 5 years (including 5 years)	32	54
More than 5 years	74	133
<b>Total</b>	<b>738</b>	1,110

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 9. INTANGIBLE ASSETS

	Computer software and others	Land use rights	Total
<b>Cost</b>			
As at 1 January 2022	2,139	3,396	5,535
Additions	59	–	59
Transfer from property, plant and equipment (Note 6)	536	–	536
Disposals	(2)	–	(2)
As at 31 December 2022	2,732	3,396	6,128
<b>Accumulated amortization</b>			
As at 1 January 2022	(1,274)	(469)	(1,743)
Amortization	(299)	(86)	(385)
Disposals	2	–	2
As at 31 December 2022	(1,571)	(555)	(2,126)
<b>Net book value</b>			
As at 1 January 2022	865	2,927	3,792
As at 31 December 2022	1,161	2,841	4,002

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 9. INTANGIBLE ASSETS (Continued)

	Computer software and others	Land use rights	Total
<b>Cost</b>			
As at 1 January 2021	1,788	3,396	5,184
Additions	59	–	59
Transfer from property, plant and equipment (Note 6)	293	–	293
Disposals	(1)	–	(1)
As at 31 December 2021	2,139	3,396	5,535
<b>Accumulated amortization</b>			
As at 1 January 2021	(1,047)	(384)	(1,431)
Amortization	(228)	(85)	(313)
Disposals	1	–	1
As at 31 December 2021	(1,274)	(469)	(1,743)
<b>Net book value</b>			
As at 1 January 2021	741	3,012	3,753
As at 31 December 2021	865	2,927	3,792

The Group has obtained the legal titles in respect of the entire ownership of land use rights as at 31 December 2022 and 2021.

The Group's right-of-use assets include the above land use rights and right-of-use assets disclosed in Note 8.

**SECTION 12**  
Financial Statements

# Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

## 10. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	For the year ended 31 December	
	2022	2021
Beginning of the year	5,452	4,967
Additions	866	127
Difference arising from portion of fair value of net identifiable asset in excess of the cost of purchasing associates	51	111
Dividend from investments in associates and joint ventures	(203)	(268)
Share of profit	(18)	378
Share of other comprehensive income	(476)	125
Share of other reserves	136	6
Currency translation differences	12	6
End of the year	5,820	5,452

Details of investments in associates and joint ventures:

Name of entity	Type of legal entity	Place of incorporation/ registration and business	Particulars of issued shares held	Percentage of ownership interest		Principal activities	Measurement method
				For the financial year ended 31 December 2022	For the financial year ended 31 December 2021		
<b>Associates</b>							
China Jinmao Holdings Group Limited ("China Jinmao") (1)	Company limited by shares	Hong Kong, the PRC	N/A	9.15%	8.86%	Real estate development	Equity
Allinpay Network Services Co., Ltd. ("ALL IN PAY") (2)	Company limited by shares	Shanghai, the PRC	RMB1,460 million	9.07%	–	3rd-party payment, etc.	Equity
Beijing Zijin Century Real Estate Co., Ltd. ("Zijin Century")	Other limited liability company	Beijing, the PRC	RMB2,500 million	24%	24%	Real estate development, etc.	Equity
New China Capital International Limited ("New China Capital International")	Limited liability company	Cayman Islands	N/A	39.86%	39.86%	Asset management	Equity
Beijing MJ Health Screening Center Co., Ltd.	Limited liability company	Beijing, the PRC	USD4 million	30%	30%	Medical services, etc.	Equity
<b>Joint venture</b>							
New China Life Excellent Health Investment Management Co., Ltd. ("New China Health")	Other limited liability company	Beijing, the PRC	RMB1,127 million	45%	45%	Asset management, etc.	Equity



## Notes to Consolidated Financial Statements (Continued)

*For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)*

### 10. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (Continued)

- (1) According to the Articles of the Association of China Jinmao, the Group appointed a directors to the board of directors of China Jinmao, and thus exercised significant influence on China Jinmao. Therefore, the Group measures China Jinmao as an associate of the Group through equity method.
- (2) The Company was approved to appoint one director to ALL IN PAY on 15 July,2022 and thereafter exercised a significant impact on it. Therefore, it was accounted for as an associated company using the equity method.

There are no contingent liabilities relating to the Group's interests in the associates and joint ventures.

Except for China Jinmao, the above investments in associates and joint ventures are non-public entities, and there is no quoted market price available. As at the last trading day in 2022, the stock price of China Jinmao was HKD1.68 (2021: HKD2.41) per share. As at 31 December 2022, the carrying amounts of China Jinmao exceeded its market value. Management performed impairment assessment accordingly considering such impairment indicator exist. Based on management's assessment results, there was no impairment as at 31 December 2022 (31 December 2021: none).

Except China Jinmao, ALL IN PAY and New China Capital International, the English names of the associates and joint ventures represent the best effort by management of the Group in translating their Chinese names as they do not have official English names.

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 10. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (Continued)

#### Material associate investment

The following tables illustrate the summarized financial information in respect of the material associate investment in the consolidated financial statements:

	As at/For the year ended 31 December	
	2022	2021
<b>China Jinmao</b>		
Current assets	<b>191,472</b>	205,911
Non-current assets	<b>230,424</b>	206,091
Total assets	<b>421,896</b>	412,002
Current liabilities	<b>188,459</b>	201,245
Non-current liabilities	<b>120,750</b>	103,964
Total liabilities	<b>309,209</b>	305,209
Equity attributable to shareholders of China Jinmao	<b>47,445</b>	49,961
Group's share of net assets of the associates	<b>4,343</b>	4,428
Adjustments	<b>(689)</b>	(448)
Carrying amount of the investment in China Jinmao	<b>3,654</b>	3,980
Revenues	<b>82,991</b>	90,060
Profit for the year	<b>5,221</b>	7,709
Total comprehensive income attributable to shareholders of China Jinmao	<b>(2,402)</b>	6,224
Dividends received	<b>203</b>	235

China Jinmao is a material associate investment of the Group accounted for using the equity method.

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 10. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (Continued)

#### Associates and joint venture investment that are not individually material

The following table illustrates the aggregate financial information of the Group's associates and joint venture investment that are not individually material:

	As at/For the year ended 31 December	
	2022	2021
Aggregate carrying amount of the Group's investments in associates and joint venture	2,166	1,472
Total of Group's share of the following items of associates and joint venture		
Profit/(loss) for the year	(41)	12
Other comprehensive income	–	–

### 11. FINANCIAL ASSETS

#### (1) Held-to-maturity investments

	As at 31 December 2022	As at 31 December 2021
Debt financial assets		
Government bonds	306,059	210,703
Financial bonds	27,979	28,342
Corporate bonds	35,764	35,789
Subordinated bonds	8,589	26,268
Total	378,391	301,102
Debt financial assets		
Listed	130,371	125,212
Unlisted	248,020	175,890
Total	378,391	301,102

The fair value of the held-to-maturity investments as at 31 December 2022 was RMB406,460 million (as at 31 December 2021: RMB325,833 million).

# Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

## 11. FINANCIAL ASSETS (Continued)

### (1) Held-to-maturity investments (Continued)

The fair value of listed held-to-maturity investments was RMB143,237 million as at 31 December 2022 (as at 31 December 2021: RMB136,582 million).

The unlisted debt financial assets refer to debt financial assets not traded on stock exchanges, but traded in interbank market.

Held-to-maturity investments were not reclassified to available-for-sale financial assets or sold before maturity for the year ended 31 December 2022 and 2021.

The due dates of debt financial assets which are classified as held-to-maturity investments are as follows:

Maturity	As at 31 December 2022	As at 31 December 2021
Within 1 year (including 1 year)	14,589	21,989
After 1 year but within 3 years (including 3 years)	18,100	21,326
After 3 years but within 5 years (including 5 years)	24,308	21,974
After 5 years	321,394	235,813
Total	378,391	301,102

### (2) Available-for-sale financial assets

	As at 31 December 2022	As at 31 December 2021
Debt financial assets		
At fair value		
Government bonds	47,330	60,102
Financial bonds	16,641	17,545
Corporate bonds	8,643	8,962
Subordinated bonds	11,793	11,207
Trust plans	67,902	83,485
Asset management plans	45	45
Subtotal	152,354	181,346

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 11. FINANCIAL ASSETS (Continued)

#### (2) Available-for-sale financial assets (Continued)

	As at 31 December 2022	As at 31 December 2021
Equity financial assets		
At fair value		
Funds	78,856	69,553
Stocks	69,145	76,156
Asset management plans	24,295	23,346
Preferred shares	4,850	4,978
Perpetual bonds	3,143	11,524
Trust plans	1,994	–
Equity investment plans	11,804	–
Unlisted equity investments	9,649	–
Other equity investment	–	141
Subtotal	203,736	185,698
At cost		
Private equity	12,505	10,621
Equity investment plans	–	8,290
Unlisted equity investments	7,059	17,472
Subtotal	19,564	36,383
Total	375,654	403,427

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 11. FINANCIAL ASSETS (Continued)

#### (2) Available-for-sale financial assets (Continued)

	As at 31 December 2022	As at 31 December 2021
Debt financial assets		
Listed	24,067	38,025
Unlisted	128,287	143,321
Subtotal	152,354	181,346
Equity financial assets		
Listed	76,604	83,059
Unlisted	146,696	139,022
Subtotal	223,300	222,081
Total	375,654	403,427

The due dates of debt financial assets which are classified as available-for-sale financial assets are as follows:

<b>Maturity</b>	As at 31 December 2022	As at 31 December 2021
Within 1 year (including 1 year)	23,980	16,205
After 1 year but within 3 years (including 3 years)	52,806	52,315
After 3 years but within 5 years (including 5 years)	20,931	50,415
After 5 years	54,637	62,411
Total	152,354	181,346

The unlisted financial assets refer to debt/equity financial assets not traded on stock exchanges and include both debt financial assets traded on the interbank market and financial assets not publicly traded.

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 11. FINANCIAL ASSETS (Continued)

#### (3) Financial assets at fair value through profit or loss

	As at 31 December 2022	As at 31 December 2021
Debt financial assets		
Government bonds	123	10
Financial bonds	667	297
Corporate bonds	16,178	15,887
Subordinated bonds	1,986	1,467
Certificates of deposit	4,639	17,210
Subtotal	23,593	34,871
Equity financial assets		
Funds	8,275	5,753
Stocks	5,361	7,059
Preferred shares	2,808	3,523
Asset management plans	38,404	18,709
Perpetual bonds	1,024	311
Subtotal	55,872	35,355
Total	79,465	70,226
Debt financial assets		
Listed	13,955	12,779
Unlisted	9,638	22,092
Subtotal	23,593	34,871
Equity financial assets		
Listed	8,779	7,616
Unlisted	47,093	27,739
Subtotal	55,872	35,355
Total	79,465	70,226

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 11. FINANCIAL ASSETS (Continued)

#### (3) Financial assets at fair value through profit or loss (Continued)

The unlisted financial assets refer to debt/equity financial assets not traded on stock exchanges and include both debt financial assets traded on the interbank market and financial assets not publicly traded.

#### (4) Loans and receivables

	As at 31 December 2022	As at 31 December 2021
Debt investment plans (i)	46,663	57,747
Asset funding plans	543	1,900
Trust plans	250	248
<b>Total</b>	<b>47,456</b>	<b>59,895</b>

(i) Debt investment plans mainly consists of infrastructure and property, plant and equipment funding projects. All projects are with fixed terms, and most of them are with a period usually of 3 years to 10 years.

#### (5) Term deposits

The due dates of the term deposits are as follows:

<b>Maturity</b>	As at 31 December 2022	As at 31 December 2021
Within 1 year (including 1 year)	56,597	29,500
After 1 year but within 3 years (including 3 years)	127,450	93,940
After 3 years but within 5 years (including 5 years)	43,500	41,200
More than 5 years	–	3,900
<b>Total</b>	<b>227,547</b>	<b>168,540</b>



## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 11. FINANCIAL ASSETS (Continued)

#### (6) Statutory deposits

The due dates of the statutory deposits are as follows:

Maturity	As at 31 December 2022	As at 31 December 2021
Within 1 year (including 1 year)	900	665
After 1 year but within 3 years (including 3 years)	665	950
After 3 years but within 5 years (including 5 years)	150	100
Total	1,715	1,715

According to the relevant regulations issued by the CBIRC, statutory deposits can only be used by insurance companies to discharge debt upon liquidation.

#### (7) Accrued investment income

	As at 31 December 2022	As at 31 December 2021
Bank deposits	7,975	4,406
Debt financial assets	6,507	6,104
Dividend	657	44
Others	1,759	1,511
Total	16,898	12,065
Current	12,884	11,931
Non-current	4,014	134
Total	16,898	12,065

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 12. PREMIUMS RECEIVABLE

An aging analysis of premium receivables is as follows:

	As at 31 December 2022	As at 31 December 2021
Within 3 months (including 3 months)	2,771	2,575
Over 3 months and within 1 year (including 1 year)	222	183
Over 1 year	95	109
Total	<b>3,088</b>	2,867

### 13. REINSURANCE ASSETS

	As at 31 December 2022	As at 31 December 2021
Claims and claims adjustment expenses ceded (Note 15)	36	74
Unearned premiums liabilities ceded (Note 15)	48	69
Long-term insurance contracts ceded (Note 15)	2,910	3,595
Due from reinsurance companies (1)	939	243
Total	<b>3,933</b>	3,981
Current	2,016	2,194
Non-current	1,917	1,787
Total	<b>3,933</b>	3,981

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 13. REINSURANCE ASSETS (Continued)

- (1) The Group normally settle due from reinsurance companies on a quarterly basis. An aging analysis of due from reinsurance companies is as follows:

	As at 31 December 2022	As at 31 December 2021
Within 3 months (including 3 months)	939	243
Total	939	243

### 14. OTHER ASSETS

	As at 31 December 2022		
	Book value balance	Provision for impairment	Net book value
Investment clearing account (1)	4,490	–	4,490
Prepaid and deferred expenses	590	–	590
Receivable from off-balance sheet repurchase transactions (Note 3 (7))	874	(874)	–
Prepaid income tax	318	–	318
Asset management fee receivables	199	–	199
Prepayment for Heilongjiang branch's office building (2) (Note 21)	37	(37)	–
Entrusted fund receivable from liquidation group of Minfa Securities (3)	16	(16)	–
Receivable from Huaxinrong Company (5)	12	(12)	–
Prepayment for Taizhou and Yongzhou cases (4)	11	(11)	–
Others	912	(38)	874
Total	7,459	(988)	6,471

SECTION 12  
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## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 14. OTHER ASSETS (Continued)

	As at 31 December 2021		
	Book value balance	Provision for impairment	Net book value
Investment clearing account (1)	2,696	–	2,696
Prepaid and deferred expenses	950	–	950
Receivable from off-balance sheet repurchase transactions (Note 3 (7))	874	(874)	–
Prepaid income tax	794	–	794
Asset management fee receivables	136	–	136
Prepayment for Heilongjiang branch's office building (2) (Note 21)	37	(37)	–
Entrusted fund receivable from liquidation group of Minfa Securities (3)	16	(16)	–
Receivable from Huaxinrong Company (5)	12	(12)	–
Prepayment for Taizhou and Yongzhou cases (4)	11	(11)	–
Others	946	(38)	908
<b>Total</b>	<b>6,472</b>	<b>(988)</b>	<b>5,484</b>
		<b>As at 31 December 2022</b>	As at 31 December 2021
Current		<b>6,115</b>	5,110
Non-current		<b>356</b>	374
<b>Total</b>		<b>6,471</b>	5,484

#### (1) Investment clearing account

Investment clearing account balance represents unsettled security in transit as at the end of the reporting period.

## Notes to Consolidated Financial Statements (Continued)

*For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)*

### 14. OTHER ASSETS (Continued)

#### (2) Prepayment for Heilongjiang branch's office building

In 2005, the Company signed an office building purchase contract for RMB37 million with Heilongjiang Shida Real Estate Co., Ltd. The Company paid RMB37 million to Heilongjiang Guantong Investment Co., Ltd. (hereinafter referred to as "Guantong Investment") in 2005. Since the recipient of the payment is not a party of the contract, as at the date approved for issue by Board of Directors, the Company was not able to obtain the office building ownership certificate, and recovery of the payment made to Guantong Investment is significantly uncertain. The Group had provided a full impairment of RMB37 million in previous years.

#### (3) Entrusted fund receivable from liquidation group of Minfa Securities

Minfa Securities Co., Ltd. (hereinafter referred to as "Minfa Securities") was closed down by the CSRC and started administrative liquidation in 2005. The Company had investments entrusted to Minfa Securities with a carrying amount of RMB477 million which were deemed to be uncollectible at the time of the liquidation. Accordingly, the Company reclassified these investments into other receivable at their carrying amount and recognised a full provision against such balance. From 2009 to 2012, the Company managed to recover funds amounting to RMB373 million in accordance with the distribution arrangement as approved by the Court. In 2012, the Court adjudicated to terminate bankruptcy proceedings of Minfa Securities and related companies. The Company assessed that it might still be able to recover RMB16 million but made a full provision against the amount due to significant uncertainty. The remaining balance of RMB88 million was assessed to be non-recoverable and was written off.

#### (4) Prepayment for Taizhou and Yongzhou cases

In 2009, certain former employees of the Company's Taizhou municipal branch of Jiangsu provincial branch and Yongzhou municipal branch of Hunan provincial branch allegedly sold counterfeit insurance products under the Company's brand, through which they illegally defrauded funds for personal use. The Company had to settle claims from defrauded policyholders amounting to RMB295 million, of which approximately RMB277 million was for the Taizhou case and RMB18 million was for the Yongzhou case. The Company anticipated significant uncertainty in the recovery of such amounts and made full loss provision for them. Although provided in full, some amounts were recovered subsequently. In 2012, amounts deemed not recoverable of RMB162 million were written off.

In 2013, the Company recovered RMB9 million from the Taizhou and Yongzhou cases and reduced other assets and their corresponding provision.

In 2015, the Company recovered RMB3 million from the Taizhou and Yongzhou cases and reduced other assets and their corresponding provision.

In 2019, RMB3 million was written off by the Company from the Taizhou and Yongzhou cases and the Company reduced other assets and their corresponding provision.

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 14. OTHER ASSETS (Continued)

#### (5) Receivable from Huaxinrong Company

In 2004, the Company signed an office building purchase contract with Shenzhen Lianjiuzhou Logistics Network Co., Ltd. (“Lianjiuzhou Company”) amounting to RMB104 million. In 2004, the Company made a payment of RMB100 million to Beijing Huaxinrong Investment Co., Ltd. (“Huaxinrong Company”) for the purpose of purchasing the office building, and a separate payment of RMB16 million directly to Lianjiuzhou Company. In 2007, the Company reached agreement with Lianjiuzhou Company that the Company had fulfilled all obligations in respect of the office building purchase contract. The Company has obtained the building ownership certificate.

The Company anticipated that there are uncertainties in recovering the excess payment made to Huaxinrong Company of RMB12 million and recognised a full provision in previous years.

### 15. INSURANCE CONTRACT LIABILITIES

#### (1) Process used to determine assumptions

Assumptions listed below are reasonable estimates (risk margin excluded).

##### (a) Discount rate assumption

For long-term insurance contracts whose future insurance benefits are affected by investment yields of corresponding investment portfolios, investment return assumptions are applied as discount rates to assess the time value impacts on the computation of liabilities.

In developing discount rate assumptions, the Group considers investment experience, current and future investment portfolios and the trend of the yield curve. The discount rate reflects the future economic outlook as well as the Group’s investment strategy. The expected discount rates of the Group as at 31 December 2022 and 31 December 2021 are as follows:

	<b>Discount rate assumption</b>
31 December 2022	5.00%
31 December 2021	5.00%

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 15. INSURANCE CONTRACT LIABILITIES (Continued)

#### (1) Process used to determine assumptions (Continued)

##### (a) Discount rate assumption (Continued)

For Wendeying endowment insurance (Participating), the Group set up an exclusive participating account for the management of the product. A stabilization investment return assumption of 5% was used and the expected discount rate of this product as at 31 December 2022 was 5% (31 December 2021: 5.5%). For Wendefu endowment insurance (Participating), the Group managed the new product under another new exclusive participating account. A stabilization investment return assumption of 5% was used and the expected discount rate of this product as at 31 December 2022 was 5% (31 December 2021: 5.5%).

For life insurance contracts whose future insurance benefits are not affected by investment yields of corresponding investment portfolios, the Group uses the discount rate assumption to assess the time value impacts based on the "yield curve of liability computation benchmark for insurance contracts", published on the "China Bond" website, in combination with comprehensive premium, with consideration of liquidity spreads, taxation impacts and other relevant factors, the expected spot discount rates of the Group as at 31 December 2022 and 31 December 2021 are as follows:

	<b>Discount rate assumption</b>
31 December 2022	2.63%~4.70%
31 December 2021	2.83%~4.70%

The discount rate assumption is affected by certain factors, such as future macro-economy, currency and foreign exchange policies, capital market and availability of investment channel of insurance funds. It still has significant uncertainty. The Group determines the discount rate assumption based on the information obtained at the end of each reporting period.

##### (b) Mortality and morbidity assumptions

The Group bases its mortality assumption on the China Life Insurance Life Mortality Table (2010-2013), adjusted where appropriate to reflect the Group's historical mortality rate. The main source of uncertainty with life insurance contracts is epidemics, such as bird flu, AIDS and SARS, and wide-ranging lifestyle changes could result in deterioration in the future mortality rate, thus leading to an inadequate liability provision. Similarly, continuous advancements in medical care and social welfare could result in improvements in longevity that exceed the assumption used in the estimates to determine the liabilities for contracts where the Group is exposed to longevity risk.

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 15. INSURANCE CONTRACT LIABILITIES (Continued)

#### (1) Process used to determine assumptions (Continued)

##### (b) Mortality and morbidity assumptions (Continued)

The Group bases its morbidity assumptions on the China Life Insurance Major Diseases Experience Morbidity Rate Table (2020) for critical illness products on analysis of historical experience and expectations of future developments. There are two main sources of uncertainty. First, wide-ranging lifestyle changes could result in future deterioration in the morbidity rate. Second, future development of medical technologies and improved availability of medical facilities to policyholders may lead to early diagnosis of critical illnesses, which demands earlier payment of the critical illness benefits. Both could ultimately result in an inadequate liability provision if current morbidity assumptions do not properly reflect such secular trends.

Mortality and morbidity vary with the age of insured and types of contracts. Risk margin is considered in the Group's mortality and morbidity assumptions.

##### (c) Expenses assumptions

The Group's expenses assumptions are determined based on actual experience analysis, with consideration of future inflation, including assumptions of acquisition costs and maintenance costs. The Group's expenses assumptions are affected by certain factors, such as inflation and market competition. The Group determines expenses assumptions based on the information obtained at the end of each reporting period with the consideration of risk margin.

##### (d) Policy dividend assumption

Policy dividend assumption is determined based upon contract terms, the investment yields of the participating account, dividends policy enacted by the Group, reasonable expectation of policyholders and other factors. Pursuant to relevant contract terms, the Group is obligated to pay to the policyholders of participating contracts at least 70% of distributable surplus.

##### (e) Lapse rate and other assumptions

The lapse rate and other assumptions are affected by certain factors, such as future macro-economy, availability of financial substitutions, and market competition. The lapse rate and other assumptions are determined based on past experience, current conditions, future expectations and other information obtained at the end of each reporting period with consideration of risk margin.



## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 15. INSURANCE CONTRACT LIABILITIES (Continued)

#### (2) Net liabilities of insurance contracts

	As at 31 December 2022	As at 31 December 2021
<b>Gross</b>		
Long-term insurance contract liabilities	966,812	859,926
Short-term insurance contract liabilities		
– Outstanding claims liabilities	2,194	2,184
– Unearned premiums liabilities	1,150	1,585
Total, gross	970,156	863,695
<b>Recoverable from reinsurers</b>		
Long-term insurance contracts (Note 13)	(2,910)	(3,595)
Short-term insurance contracts		
– Outstanding claims liabilities (Note 13)	(36)	(74)
– Unearned premiums liabilities (Note 13)	(48)	(69)
Total, ceded	(2,994)	(3,738)
<b>Net</b>		
Long-term insurance contract liabilities	963,902	856,331
Short-term insurance contract liabilities		
– Outstanding claims liabilities	2,158	2,110
– Unearned premiums liabilities	1,102	1,516
Total, net	967,162	859,957

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 15. INSURANCE CONTRACT LIABILITIES (Continued)

#### (3) Movements in liabilities of short-term insurance contracts

The table below presents movements in outstanding claims liabilities:

	For the year ended 31 December	
	2022	2021
<b>Beginning of the year – Gross</b>	<b>2,184</b>	1,802
Cash paid for claims settled in the year		
– Cash paid for current year claims	<b>(1,868)</b>	(2,261)
– Cash paid for prior year claims	<b>(1,061)</b>	(1,105)
Claims incurred in the year		
– Claims arising in the current year	<b>3,357</b>	4,130
– Claims adjusted for prior years	<b>(418)</b>	(382)
<b>End of the year – Gross</b>	<b>2,194</b>	2,184

The table below presents the movements in unearned premiums liabilities:

	Gross	Ceded	Net
<b>As at 1 January 2021</b>	2,349	(217)	2,132
Increase	5,513	(439)	5,074
Release	(6,277)	587	(5,690)
<b>As at 31 December 2021</b>	1,585	(69)	1,516
Increase	<b>4,428</b>	<b>(242)</b>	<b>4,186</b>
Release	<b>(4,863)</b>	<b>263</b>	<b>(4,600)</b>
<b>As at 31 December 2022</b>	<b>1,150</b>	<b>(48)</b>	<b>1,102</b>

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 15. INSURANCE CONTRACT LIABILITIES (Continued)

#### (4) Movements in liabilities of long-term insurance contracts

The table below presents the movements in the liabilities of long-term insurance contracts:

	For the year ended 31 December	
	2022	2021
Beginning of the year	859,926	750,258
Premiums	158,671	157,957
Release of liabilities (i)	(93,159)	(99,592)
Accretion of interest	34,847	29,769
Changes in assumption (ii)	11,290	12,076
Other movements (iii)	(4,763)	9,458
End of the year	966,812	859,926

- (i) The release of liabilities mainly consists of payments for death or other termination and related expenses, release of residual margin and change of outstanding claims liabilities of long-term insurance contracts.
- (ii) Changes in assumptions are impact of changes in the discount rate assumption, mortality and morbidity assumptions, expenses assumption, policy dividend assumption, and lapse rate and other assumptions.
- (iii) Other movements include accumulated realized but not yet announced policy dividend movement and change of shadow adjustments.

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 16. LIABILITIES OF INVESTMENT CONTRACTS

The table below presents the movements in liabilities of investment contracts:

	For the year ended 31 December	
	2022	2021
<b>Investment contracts excluding unit-linked contracts</b>		
Beginning of the year	57,691	51,476
Deposits received	22,991	12,041
Deposits paid and liabilities transferred out	(13,584)	(7,987)
Policy fees deducted from account balances	(116)	(65)
Interest and benefits accredited	2,535	2,246
Changes in investment contracts recorded in other comprehensive income	(70)	(20)
End of the year	69,447	57,691
<b>Unit-linked contracts</b>		
Beginning of the year	224	196
Deposits received	1	1
Deposits paid and liabilities transferred out	(8)	(15)
Fair value changes	(11)	42
End of the year	206	224
End of the year – Gross	69,653	57,915

### 17. BORROWINGS

Upon the approval of CBIRC and the People's Bank of China, on 11 May 2020, the Company issued 10-year capital supplementary bonds in the inter-bank market, and completed the issuance on 13 May 2020, which were in an aggregate principal amount of RMB10,000 million, and with an interest rate of 3.3% per annum for the first five years. The Company has the right to redeem the bonds partially or wholly at the end of the fifth year. If the Company does not exercise the redemption right or partially exercise the redemption right, the interest rate will increase to 4.3% per annum beginning in the sixth year until the maturity date.

## Notes to Consolidated Financial Statements (Continued)

*For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)*

### 17. BORROWINGS (Continued)

The repayments of principals and interests of the capital supplementary bonds are subordinated to policy liabilities and other liabilities but prior to the Company's equity capital.

For the year ended 31 December 2022 and 2021, the Group has no cash flow arising from financing activities related to bonds issuance and redemption.

The fair value of borrowings as at 31 December 2022 was RMB9,881 (2021: RMB9,893) million, which are within Level 2 of the fair value hierarchy.

### 18. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December 2022	As at 31 December 2021
Payable to the third party investors of controlled structured entities	25,877	2,612
Total	25,877	2,612

Financial liabilities at fair value through profit or loss are the portions owned by the external investors in the consolidated structured entities (asset management plans). Such financial liabilities are designated at fair value upon initial recognition, and all realised or unrealised gains or losses are recognised in net profit.

### 19. FINANCIAL ASSETS SOLD UNDER AGREEMENTS TO REPURCHASE

	As at 31 December 2022	As at 31 December 2021
By market		
Inter-bank market	6,400	12,982
Stock exchange	37,217	42,433
Total	43,617	55,415
By collateral		
Bonds	43,617	55,415

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 19. FINANCIAL ASSETS SOLD UNDER AGREEMENTS TO REPURCHASE (Continued)

Maturity:

	<b>As at 31 December 2022</b>	As at 31 December 2021
Within 3 months (including 3 months)	<b>43,617</b>	55,415

As at 31 December 2022, bonds with par value of RMB8,619 million (as at 31 December 2021: RMB14,071 million) were pledged as collateral for financial assets sold under agreements to repurchase resulting from repurchase transactions entered into by the Group in the inter-bank market. The collateral is restricted from trading during the period of the repurchase transaction.

For debt repurchase transactions through the stock exchange, the Group is required to deposit certain exchange-traded bonds into a collateral pool and the fair values converted at a standard rate pursuant to the stock exchange's regulation which should be no less than the balances of the related repurchase transactions.

As at 31 December 2022, the amount of financial assets deposited in the collateral pool amounted to RMB151,228 million (as at 31 December 2021: RMB169,848 million). The collateral is restricted from trading during the period of the repurchase transaction. The Group can withdraw the exchange-traded bonds from the collateral pool in a short period of time under the condition that the value of certain bonds is no less than the balance of the related repurchase transactions.

### 20. REINSURANCE LIABILITIES

The Group normally settle due to reinsurance companies on a quarterly basis.

An aged analysis of the due to reinsurance companies is as follows:

	<b>As at 31 December 2022</b>	As at 31 December 2021
Within 3 months (including 3 months)	<b>100</b>	504
Total	<b>100</b>	504

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 21. OTHER LIABILITIES

	As at 31 December 2022	As at 31 December 2021
Salary and welfare payable	4,349	4,386
Payables related to asset-backed securities <sup>(1)</sup>	9,210	2,770
Commission and brokerage payable	1,579	2,081
Investment clearing account	2,585	1,368
Construction cost payable	180	1,199
Payable to the third party investors of controlled structured entities	745	730
External suppliers payable	416	649
Deferred income	484	490
Repayment payable for non-insurance contracts	399	374
Security deposits by agent for holding the Company's documents	166	184
Unrealized output value added tax	154	142
Taxes payable other than income tax	211	108
Insurance security fund payable	86	74
Unallocated receipts	208	52
Purchase payment for Heilongjiang branch's building (Note14(2))	37	37
Others	1,252	1,126
<b>Total</b>	<b>22,061</b>	15,770
Current	21,006	14,726
Non-current	1,055	1,044
<b>Total</b>	<b>22,061</b>	15,770

- (1) The Group securitized part of policy loans and issued asset-backed securities with an amount of RMB3,000 million, RMB3,000 million, RMB3,000 million and RMB4,000 million in September 2021, May 2022, August 2022 and November 2022 respectively. The term is one year. The asset-backed security issued in 2021 with the amount of RMB3,000 million matured in September 2022. As at 31 December 2022, the Group held subordinate shares of the asset-backed securities, with a total amount of RMB790 million (as at 31 December 2022: RMB230 million). The subordinated shares are not transferable until the principal and interest of the senior shares are repaid.

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 22. TAXATION

Deferred income 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. Most of income taxes shown below are taxes incurred in the PRC.

**(1) The amount of income tax (credited)/charged to the net profit represents:**

	For the year ended 31 December	
	2022	2021
Current tax	142	1,060
Deferred tax	(3,461)	(341)
Total income tax	(3,319)	719

**(2) The reconciliation between the Group's effective tax rate and the main applicable tax rate of 25% in the PRC is as follows:**

	For the year ended 31 December	
	2022	2021
Profit before income tax	6,507	15,670
Tax computed at the statutory tax rate in China	1,627	3,918
Non-taxable income (i)	(5,053)	(3,285)
Expenses not deductible for tax purpose (i)	77	84
Effect of unrecognised deferred tax assets arising from deductible loss	61	26
Use of deductible tax losses of prior years	-	(5)
Effect of different tax rates used by subsidiaries	(2)	(3)
Adjustments in respect of current tax of previous periods	(29)	(16)
Income tax computed at effective tax rate	(3,319)	719

- (i) Non-taxable income mainly includes interest income from government bonds, dividend income from applicable equity financial assets, etc. Expenses not deductible for tax purposes mainly include those expenses such as supplementary medical insurance, donations and entertainment expenses that do not meet the criteria for deduction under relevant tax regulations issued by the tax authority.



## Notes to Consolidated Financial Statements (Continued)

*For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)*

### 22. TAXATION (Continued)

- (3) The movements in deferred tax assets and deferred tax liabilities during the year are as follows:

	Financial assets	Insurance liabilities and others	Total
Net deferred tax assets			
As at 1 January 2021	(705)	858	153
Credit to net profit	12	33	45
Credit to other comprehensive income	(2)	–	(2)
As at 31 December 2021	(695)	891	196
As at 1 January 2022	<b>(695)</b>	<b>891</b>	<b>196</b>
Credit to net profit	<b>1,387</b>	<b>3,461</b>	<b>4,848</b>
Credit to other comprehensive income	<b>1,134</b>	<b>87</b>	<b>1,221</b>
Credit to other reserve	–	<b>(12)</b>	<b>(12)</b>
As at 31 December 2022	<b>1,826</b>	<b>4,427</b>	<b>6,253</b>
Net deferred tax liabilities			
As at 1 January 2021	(6,488)	3,815	(2,673)
Credit to net profit	329	(33)	296
Credit to other comprehensive income	2,080	(820)	1,260
Credit to other reserve	–	(1)	(1)
As at 31 December 2021	(4,079)	2,961	(1,118)
As at 1 January 2022	<b>(4,079)</b>	<b>2,961</b>	<b>(1,118)</b>
Credit to net profit	<b>(703)</b>	<b>(684)</b>	<b>(1,387)</b>
Credit to other comprehensive income	<b>2,443</b>	<b>27</b>	<b>2,470</b>
Credit to other reserve	–	<b>(22)</b>	<b>(22)</b>
As at 31 December 2022	<b>(2,339)</b>	<b>2,282</b>	<b>(57)</b>

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 22. TAXATION (Continued)

(3) The movements in deferred tax assets and deferred tax liabilities during the year are as follows: (Continued)

	As at 31 December 2022	As at 31 December 2021
Deferred tax assets		
– deferred tax assets to be recovered within 12 months	5,099	4,029
– deferred tax assets to be recovered after 12 months	2,620	1,604
Subtotal	7,719	5,633
Deferred tax liabilities		
– deferred tax liabilities to be recovered within 12 months	(609)	(5,715)
– deferred tax liabilities to be recovered after 12 months	(914)	(840)
Subtotal	(1,523)	(6,555)
Total net deferred tax assets	6,253	196
Total net deferred tax liabilities	(57)	(1,118)

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 22. TAXATION (Continued)

- (4) **Deferred income tax assets are recognised for tax losses carried forward to the extent that the realization of the related tax benefit through future taxable income is probable. The amount of deductible unused tax losses for which no deferred tax asset is recognised is as follows:**

	As at 31 December 2022	As at 31 December 2021
2022	–	122
2023	117	117
2024	135	135
2025	111	111
2026	105	105
2027	244	–
Total	712	590

### 23. SHARE CAPITAL

All shares of the Company issued are fully paid common shares. The par value per share is RMB1.

The Company's number of shares is as follows:

	As at 31 December 2022	As at 31 December 2021
Number of shares registered, issued and fully paid at RMB1 per share (in million)	3,120	3,120

SECTION 12  
Financial Statements

# Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

## 24. RESERVES AND RETAINED EARNINGS

	Reserves					Total	Retained earnings (d)
	Share premium (a)	Other reserve	Other comprehensive income	Surplus reserve (b)	Reserve for general risk (c)		
As at 31 December 2021	23,964	(63)	11,250	10,039	7,414	52,604	45,943
Net profit for the year	-	-	-	-	-	-	14,947
Other comprehensive income	-	-	(3,785)	-	-	(3,785)	-
Others	-	4	-	-	-	4	-
Dividends paid	-	-	-	-	-	-	(4,336)
Appropriation to reserve	-	-	-	2,776	1,447	4,223	(4,223)
As at 31 December 2021	23,964	(59)	7,465	12,815	8,861	53,046	52,331
Net profit for the year	-	-	-	-	-	-	<b>9,822</b>
Other comprehensive income	-	-	<b>(11,043)</b>	-	-	<b>(11,043)</b>	-
Others	-	<b>100</b>	-	-	-	<b>100</b>	-
Dividends paid	-	-	-	-	-	-	<b>(4,492)</b>
Appropriation to reserve	-	-	-	<b>2,554</b>	<b>1,114</b>	<b>3,668</b>	<b>(3,668)</b>
As at 31 December 2022	<b>23,964</b>	<b>41</b>	<b>(3,578)</b>	<b>15,369</b>	<b>9,975</b>	<b>45,771</b>	<b>53,993</b>

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 24. RESERVES AND RETAINED EARNINGS (Continued)

#### (a) Share premium

Share premium represents the excess of the paid-in capital over the par value of shares issued.

#### (b) Surplus reserve

Surplus reserve consists of the statutory surplus reserve and the discretionary surplus reserve.

##### (i) *Statutory surplus reserve*

In accordance with the Company Law and the Company's Articles of Association, the Company should appropriate 10% of the net profit for the year to the statutory surplus reserve. The Company can cease appropriation when the statutory surplus reserve reaches more than 50% of the registered capital. The statutory surplus reserve can be used to make up losses or increase the Company's share capital upon approval.

The Company appropriated RMB1,114 million for the year ended 31 December 2022 to the statutory surplus reserve (for the year ended 31 December 2021: RMB1,440 million).

##### (ii) *Discretionary surplus reserve ("DSR")*

After making necessary appropriations to the statutory surplus reserve, the Company and its subsidiaries in the PRC may also appropriate a portion of their net profit to the DSR upon the approval of the shareholders in general meetings. The DSR may be used to offset accumulated losses, if any, and may be converted into capital. Approved at the shareholders' general meeting on 28 June 2022, the Company appropriated RMB1,440 million (10% of the net profit for 2021) to the DSR.

Approved at the shareholders' general meeting on 28 June 2022, the Company appropriated RMB1,440 million (10% of the net profit for 2021) to the DSR. Approved at the shareholders' general meeting on 29 June 2021, the Company appropriated RMB1,336 million (10% of the net profit for 2020) to the DSR.

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 24. RESERVES AND RETAINED EARNINGS (Continued)

#### (c) Reserve for general risk

Pursuant to “Financial Standards of Financial Enterprises – Implementation Guide” issued by the Ministry of Finance of the PRC on 20 March 2007, for the year ended 31 December 2022, the Group’s financial enterprises engaged in insurance business appropriated RMB1,114 million, 10% of the net profit to the general reserve for future uncertain disasters, which cannot be used for dividend distribution or share capital increment (for the year ended 31 December 2021: RMB1,447 million, 10% of the net profit).

#### (d) Distributable profit

According to the Articles of Association of the Company, the amount of retained profits available for distribution of the Company should be the lower of the amount determined under PRC GAAP and the amount determined under IFRSs. Pursuant to a resolution passed at the shareholders’ general meeting on 28 June 2022, a final dividend of RMB1.44 per ordinary share (inclusive of tax) totalling RMB4,492 million was declared and paid in 2022.

### 25. GROSS WRITTEN PREMIUMS AND POLICY FEES

	For the year ended 31 December	
	2022	2021
Gross written premiums		
– Insurance contracts	163,099	163,470
Policy fees		
– Investment contracts	116	65
Gross written premiums and policy fees	163,215	163,535

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 26. INVESTMENT INCOME

	For the year ended 31 December	
	2022	2021
Held-to-maturity investments		
– Interest income	13,473	12,244
Available-for-sale financial assets		
– Interest income	7,846	10,267
– Dividend income	14,227	7,101
– Net realized gains	3,284	16,852
– Impairment losses	(4,954)	(2,269)
Financial assets at fair value through profit or loss		
– Interest income	1,089	643
– Dividend income	920	775
– Fair value losses	(1,352)	19
– Net realized (losses)/gains	(464)	1,133
Loans and receivables		
– Interest income	2,951	2,730
Interest income from bank deposits	7,558	5,923
Interest income from policy loans	2,149	2,065
Derivative financial Instruments		
– Fair value (losses)/gains	(2)	5
Financial liabilities at fair value through profit or loss		
– Fair value losses	(88)	(351)
Interest income from financial assets purchased under agreements to resell	173	106
<b>Total</b>	<b>46,810</b>	<b>57,243</b>
Including:		
Investment income based on the effective interest method	35,239	33,978
Investment income from listed investments	7,953	20,255
Investment income from unlisted investments	38,857	36,988
<b>Total</b>	<b>46,810</b>	<b>57,243</b>

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 27. OTHER INCOME

	For the year ended 31 December	
	2022	2021
Exchange gains	452	–
Management fee income	421	438
Rental income from investment properties	336	398
Government grants	83	82
Others	359	487
Total	1,651	1,405

### 28. INSURANCE BENEFITS AND CLAIMS

	For the year ended 31 December	
	2022	2021
<b>Gross</b>		
Claims and change in outstanding claims liabilities	2,939	3,748
Life insurance death and other benefits	56,140	57,997
Increase in long-term insurance liabilities	118,379	112,805
Total	177,458	174,550
<b>Recovered from reinsurers</b>		
Claims and change in outstanding claims liabilities	(113)	(302)
Life insurance death and other benefits	(2,765)	(1,516)
Decrease/(Increase) in long-term insurance liabilities	685	(475)
Total	(2,193)	(2,293)
<b>Net</b>		
Claims and change in outstanding claims liabilities	2,826	3,446
Life insurance death and other benefits	53,375	56,481
Increase in long-term insurance liabilities	119,064	112,330
Total	175,265	172,257



## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 29. ADMINISTRATIVE EXPENSES

	For the year ended 31 December	
	2022	2021
Employee benefit expenses (including directors' emoluments) (1)	8,043	8,896
Depreciation and amortization	1,610	1,484
Lease expense	347	353
Official fees	222	285
Insurance guarantee fund	280	275
Electronic equipment operating costs	288	252
Entertainment fees	116	238
Travel and conference fees	127	228
Postal fees	114	127
Less: Expenses recoverable from reinsurers	(521)	(400)
Others	592	734
<b>Total</b>	<b>11,218</b>	<b>12,472</b>

(1) Employee benefit expenses are presented below:

	For the year ended 31 December	
	2022	2021
Salary and welfare expenses	5,607	6,421
Social security costs – pension	750	763
Social security costs – other	908	912
Including:		
Supplementary defined contribution pension expense	370	374
Supplementary medical expense	34	30
Housing fund	593	594
Employee education and labor union fees	185	206
<b>Total</b>	<b>8,043</b>	<b>8,896</b>

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 30. OTHER EXPENSES

	For the year ended 31 December	
	2022	2021
Tax and surcharges	282	323
Depreciation and amortization	300	262
Exchange losses	–	116
Others	374	384
Total	956	1,085

### 31. FINANCE COSTS

	For the year ended 31 December	
	2022	2021
Interest expenses for financial assets sold under agreements to repurchase	671	448
Interest expenses for the capital supplementary bonds and asset-backed securities	474	352
Interest expenses for lease liabilities	26	33
Total	1,171	833

### 32. NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The net profit attributable to shareholders of the Company for the year ended 31 December 2022 was RMB9,822 million (for the year ended 31 December 2021: RMB14,947 million) which is included in the consolidated financial statements of the Group.

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 33. EARNINGS PER SHARE

#### (1) Basic

Basic earnings per share are calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares issued during the year.

	For the year ended 31 December	
	2022	2021
Net profit attributable to shareholders of the Company (RMB in millions)	9,822	14,947
Weighted average number of ordinary shares issued (in millions)	3,120	3,120
Basic earnings per share (RMB)	3.15	4.79

#### (2) Diluted

The Company has no dilutive potential ordinary shares. Diluted earnings per share are the same as basic earnings per share for the year ended 31 December 2022 and 2021.

### 34. DIVIDENDS

Pursuant to a resolution passed at the shareholders' general meeting on 28 June 2022, a final dividend of RMB1.44 per ordinary share (inclusive of tax) totalling RMB4,492 million was declared and paid in 2022. The dividend has been recorded in the consolidated financial statements for the year ended 31 December 2022.

Pursuant to a resolution passed at the meeting of the Board of Directors on 30 March 2023, a final dividend of RMB1.08 per ordinary share (inclusive of tax) totalling RMB3,369 million was proposed, after providing the statutory surplus reserve of RMB1,114 million, discretionary surplus reserve of RMB1,114 million and reserve for general risk of RMB1,114 million. The profit distribution plan shall become effective upon the approval of the shareholders' general meeting.

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Changes in liabilities arising from financing activities are set out below:

	Financial assets sold under through profit or loss agreements	Borrowings	Lease liabilites	Other liabilities -Payables related to asset-backed securities
<b>As at 1 January 2022</b>	<b>55,415</b>	<b>10,000</b>	<b>1,040</b>	<b>2,770</b>
Changes from financing cash flows	(13,221)	–	(528)	6,440
New leases	–	–	317	–
Interest expenses	–	–	26	–
Other non-cash movements	1,423	–	–	–
<b>As at 31 December 2022</b>	<b>43,617</b>	<b>10,000</b>	<b>855</b>	<b>9,210</b>
	Financial assets sold under through profit or loss agreements	Borrowings	Lease liabilites	Other liabilities -Payables related to asset-backed securities
<b>As at 1 January 2021</b>	41,888	10,000	1,064	–
Changes from financing cash flows	13,611	–	(585)	2,770
New leases	–	–	528	–
Interest expenses	–	–	33	–
Other non-cash movements	(84)	–	–	–
<b>As at 31 December 2021</b>	<b>55,415</b>	<b>10,000</b>	<b>1,040</b>	<b>2,770</b>

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 36. SIGNIFICANT RELATED PARTY TRANSACTIONS

#### (1) Related parties

##### (a) Subsidiaries

Refer to Note 39 (5) for the basic and related information of subsidiaries.

##### (b) Associates and joint ventures

Refer to Note 10 for the basic and related information of associates and joint ventures.

##### (c) Other related parties

Significant related parties	Relationships
Central Huijin Investment Ltd. ("Huijin")	Shareholder that has significant influence over the Company
China Baowu Steel Group Corporation Limited ("China Baowu")	Shareholder that has significant influence over the Company
FOSUN International Limited and its subsidiaries ("FOSUN International")	Company under direct or indirect control of shareholder that has significant influence over the Company
Hwabao WP Fund Management Co., Ltd ("Hwabao WP Fund")	Company under indirect control of shareholder that has significant influence over the Company

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 36. SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

#### (2) Transactions with significant related parties

The table set forth below summarizes significant related party transactions:

	For the year ended 31 December	
	2022	2021
<b>Transactions between the Group and other related parties</b>		
– Interests from bonds issued by Huijin (i)	30	35
– Investment income arising from investing financial assets of FOSUN International (ii)	115	106
– Investment income arising from investing trust products related to FOSUN International (iii)	58	75
– Investment income arising from investing funds of Hwabao WP Fund (iv)	53	10
<b>Transactions between the Company and its associates and joint ventures</b>		
– Investment income arising from investing trust plans related to China Jinmao (v)	242	242
– Dividends received from China Jinmao (vi)	203	235
– Health check and service fee paid to New China Health (vii)	22	41
– Cash dividends received from Huixin Investment International (vi)	–	33
– Rent earned from New China Health (viii)	6	10
<b>Transactions between the Company and its subsidiaries</b>		
– Investment management fee to Asset Management Company (ix)	591	677
– Additional capital contribution to Hefei New China Life Supporting Construction Operation Management Co., Ltd. (“Hefei Supporting Operation”) (Note 39 (5)(ii))	274	180
– Investment management fee to New China Asset management (Hong Kong) Co., Ltd. (“Asset Management Company (Hong Kong)”) (ix)	67	67
– Additional capital contribution to Xinhua Village Seniors Operation Management (Beijing) Co., Ltd. (“Xinhua Seniors Operation”) (Note 39(5)(i))	50	–

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 36. SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

#### (2) Transactions with significant related parties (Continued)

	For the year ended 31 December	
	2022	2021
– Rent paid to Xinhua Haoran Property Management (Beijing) Co., Ltd. (“Xinhua Haoran”) (viii)	47	54
– Rent earned from Asset Management Company (viii)	22	15
– Conference and training fees paid to New China Village Health Technology (Beijing) Co., Ltd. (“Health Technology”) (vii)	19	13
– IT service fee paid to New China Electronic Commerce Co., Ltd. (“Electronic Commerce”) (x)	19	16
– Rent earned from New China Pension Co., Ltd. (“New China Pension”) (viii)	6	5
– Medical examination fee paid to New China Excellent Rehabilitation Hospital Co., Ltd. (“Rehabilitation Hospital”) (vii)	3	3
– Payment of management service fee to Guangzhou Yuerong Project Construction Management Co., Ltd. (“Guangzhou Yuerong”)(xi)	2	1
– Pay for Hefei backup housing rental fee (viii)	13	–

The above significant transactions with related parties did not constitute the connected transactions or continuing connected transactions as defined in Chapter 14A of the Hong Kong Listing Rules.

#### (i) Bond interest from Huijin

Huijin became a shareholder of the Company in 2009 and directly held 31.34% of the Company’s shares as at 31 December 2022. Huijin is a state-owned investment company under the Company Law of the PRC, which is approved by the State Council. The function of Huijin is to hold specific equity investments to the extent of capital contributions on behalf of the State Council in order to maintain and increase the value of state-owned assets. Huijin should not undertake any commercial activities or intervene routine operation of the investee. The Group and the Company conduct transactions with other entities that are controlled by, under common control or significant influence of Huijin, including deposit, investment custody, agency sales of insurance products and re-insurance transactions.

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 36. SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

#### (2) Transactions with significant related parties (Continued)

##### (i) *Bond interest from Huijin (Continued)*

At 31 December 2022, the carrying value of bonds issued by Huijin was RMB600 million (as at 31 December 2021: RMB900 million). The recognised bond interest for the year ended 31 December 2022 was RMB30 million (for the year ended 31 December 2021: RMB35 million).

##### (ii) *Investment income arising from investing financial assets of FOSUN International*

In 2022, the Company purchased and redeemed financial assets issued by FOSUN International with insurance fund based on market principle of justice and equity. In 2022, the Company recognised investment income amounted to RMB115 million (for the year ended 31 December 2021: RMB106 million).

##### (iii) *Investment income arising from investing trust plans related to FOSUN International*

On 28 August 2019, the second meeting of the seventh session of the Board of Directors considered and approved the proposal of "The Company's Related Transactions with insurance funds to purchase and redeem all kinds of trust plans related to FOSUN International". As at 31 December 31,2022, the trust plans matured. In 2022, the Company recognised investment income amounted to RMB58 million (for the year ended 31 December 2021: RMB75 million).

##### (iv) *Investment income arising from investing fund of Hwabao WP Fund*

In 2022, the Company redeemed public offered funds of Hwabao WP Fund with insurance capital in either market in the field or over-the-counter market. In 2022, the Company recognised investment income arising from public offered funds of Hwabao WP Fund invested by the Company amounted to RMB53 million (for the year ended 31 December 2021: RMB10 million).

##### (v) *Investment income arising from investing trust plans related to China Jinmao*

On 25 March 2020, the eighth meeting of the seventh session of the Board of Directors considered and approved the proposal of "The Company's Related Transactions with China Jinmao", which enables Asset Management Company to use the entrusted funds of the Company to purchase trust plans guaranteed by China Jinmao. The Company recognised investment income of the above trust plan transaction of RMB242 million (for the year ended 31 December 2021: RMB242 million).



## Notes to Consolidated Financial Statements (Continued)

*For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)*

### 36. SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

#### (2) Transactions with significant related parties (Continued)

##### **(vi) Dividends received**

In 2022, the Company received stock dividends amounted to RMB203 million from China Jinmao. In 2021, the Company received cash dividends amounted to RMB235 million from China Jinmao.

In 2022, the Company didn't receive cash dividends from Huixin Investment International (for the year ended 31 December 2021: RMB33 million).

##### **(vii) Conference and training fees paid to Health Technology, Health check and service fee paid to New China Health and Medical examination fee paid to Rehabilitation Hospital**

The Company entered into a contract with New China Health. According to the contract, the Company purchased health services from New China Health for underwriting review, employee welfare, marketing and agent incentive plan, etc. Approximately RMB22 million of expenses incurred in 2022 (for the year ended 31 December 2021: RMB41 million).

The Company paid for conference and training service fees to Health Technology. Approximately RMB19 million of expenses incurred in 2022 (for the year ended 31 December 2021: RMB13 million).

The Company paid medical examination fee to Rehabilitation Hospital. Approximately RMB3 million of expenses incurred in 2022 (for the year ended 31 December 2021: RMB3 million).

##### **(viii) Office rental contracts**

The Company leased part of the office building located in International City Unit AB at Wuhan, Blue Ocean Unit A, Green Central Plaza at Hohhot, European City at Nanjing, and Xianglong Building at Yantai to New China Health. The annual rentals were about RMB6 million for the year ended 31 December 2022 (for the year ended 31 December 2021: RMB10 million).

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 36. SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

#### (2) Transactions with significant related parties (Continued)

##### (viii) Office rental contracts (Continued)

The Company entered into a one-year lease contract of rent and property management for 2022 with Xinhua Haoran in February 2022. According to the contract, the Company rents part of the office building located at No.137 Jinghaisan Avenue, Yi Zhuang, Daxing District, Beijing from Xinhua Haoran, as well as receives property management services. The annual rent expenses and property management fees incurred in administrative expense were RMB47 million in 2022 (2021: RMB54 million).

The Company leased part of the New China Life Building at 12 Jianguomenwai Avenue, Chaoyang District, Beijing to Asset Management Company as its office. The annual rentals were approximately RMB22 million for the year ended 31 December 2022 (for the year ended 31 December 2021: RMB15 million).

The Company leased part of the New China Life Building at 12 Jianguomenwai Avenue, Chaoyang District, Beijing to New China Pension as its office. The annual rentals were approximately RMB6 million for the year ended 31 December 2022 (for the year ended 31 December 2021: RMB5 million).

In 2022, Hefei Supporting Operation signed a new lease contract with the Company, and leased the 1#5-6 floors of its office building to the Company. The expenses incurred for the year ended 31 December 2021 was RMB13 million (for the year ended 31 December 2021: None).

##### (ix) Investment management service agreement

The Company and Asset Management Company entered into an annual investment management and consulting service agreement for entrusted investments in 2022. According to this agreement, Asset Management Company provides investment management services to the Company and independently makes investment decisions in accordance with investment guidance stipulated by the Company. The Company is entitled to all investment returns and bears all losses (subject to negotiation on a case by case basis) from the entrusted investment funds. The Company pays the basic service fee, floating management fee and performance management fee to Asset Management Company. The Company has the right to deduct fees based on the performance of Asset Management Company or other reasons such as the violation of the agreement.

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 36. SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

#### (2) Transactions with significant related parties (Continued)

##### (ix) *Investment management service agreement (Continued)*

The Company and Asset Management Company (Hong Kong) entered into an annual investment management service agreement for entrusted investments in 2022. According to this agreement, Asset Management Company (Hong Kong) provides investment management services to the Company and independently makes investment decisions in accordance with investment guidance stipulated by the Company. The Company is entitled to all investment returns and bears all losses (subject to negotiation on a case by case basis) from the entrusted investment funds. The Company pays the basic service fee, floating management fee and performance management fee to Asset Management Company (Hong Kong). The Company has the right to deduct fees based on the performance of Asset Management Company (Hong Kong) or other reasons such as the violation of the agreement.

The Company entrusted Asset Management Company to manage domestic entrusted funds, and the investment management fee was RMB591 million (for the year ended 31 December 2021: RMB677 million).

The Company entrusted Asset Management Company (Hong Kong) to manage overseas entrusted funds, and the investment management fee was RMB67 million (for the year ended 31 December 2021: RMB67 million).

##### (x) *IT service fee paid to Electronic Commerce*

The Company paid for IT service fee to Electronic Commerce, for providing online shop and web portal services including applications, software, products platforms, customized development and maintenance. Approximately RMB19 millions of IT service fee which needed to be paid to Electronic Commerce incurred in 2022 (for the year ended 31 December 2021: RMB16 million).

##### (xi) *Construction management service fee paid to Guangzhou Yuerong*

In 2022, the Company signed a new service management contract with Guangzhou Yuerong, and entrusted Guangzhou Yuerong to manage the project construction process, including but not limited to survey management, bidding and procurement management, project construction management, and completion acceptance management. The Company recognised the expenses totaling RMB2 million (for the year ended 31 December 2021: RMB1 million).

The office rentals of New China Health, Asset Management Company and New China Pension are based on the prices agreed by both parties of the deal. The investment management fee to Asset Management Company and Asset Management Company (Hong Kong) is calculated based on the negotiated service charge rate and the scale of investments. The health service fee and examination fee to New China Health and Rehabilitation Hospital is calculated based on market price. The rent paid to Xinhua Haoran is based on the price agreed by both of the deal. The IT service fee to Electronic Commerce, the conference and training fees to Health Technology are based on the prices agreed by transaction parties. All other transactions are calculated based on the negotiated price between transaction parties.

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 36. SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

#### (3) Related party balances

	As at 31 December 2022	As at 31 December 2021
Transactions between the Group and other related parties		
Interest receivable		
Huijin	7	12
FOSUN International	55	59
Held-to-maturity		
Huijin	600	900
Available-for-sale financial assets		
FOSUN International	97	1,182
Hwabao WP Fund	–	456
Financial assets at fair value through profit or loss		
FOSUN International	1,269	1,773
Transactions between the Company and its associates and joint ventures		
Other receivables		
New China Health	–	1
Other payables		
New China Health	5	7
Available-for-sale financial assets		
China Jinmao	4,509	4,499
Balances between the Company and its subsidiaries		
Asset Management Company	55	193
Asset Management Company (Hong Kong)	17	17
Electronic Commerce	20	16
Xinhua Haoran	6	1

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 36. SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

#### (3) Related party balances (Continued)

No provision has been made for receivables from related parties as at 31 December 2022 (as at 31 December 2021: Same).

The balances between the Company and its subsidiaries have been eliminated in the consolidated statement of financial position.

#### (4) Key management's remuneration

Key management members include directors, supervisors and senior management team members. Key management members' remuneration incurred by the Company is as follows:

	For the year ended 31 December	
	2022	2021 (restated)
Payroll and welfare	27	42

The total compensation amounts for key management personnel for the year ended 31 December 2022 have not yet been finalised in accordance with regulations of the PRC relevant authorities. Management of the Group believes that the difference between the final remunerations and that disclosed above will not have significant impact on the consolidated financial statements.

The compensation amounts for the year ended 31 December 2021 were restated based on the finalized amounts determined during 2022. Additionally, pursuant to the PRC relevant regulations, a portion of the performance related bonuses for the year ended 31 December 2021 amounting to RMB14 million for key management personnel had been deferred contingent upon the future performance.

#### (5) Transactions with state-owned enterprises

Under IAS 24 (Amendment), business transactions between state-owned enterprises controlled by the PRC government are within the scope of related party transactions. The Group's key business is insurance 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 were 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 parties and has applied IAS 24 (amendment) exemption and disclosed only qualitative information.

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 36. SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

#### (5) Transactions with state-owned enterprises (Continued)

As at 31 December 2022, most of bank deposits were with state-owned banks; the issuers of debt financial assets held by the Group were mainly state-owned enterprises; most investments were entrusted to state-owned enterprises. For the year ended 31 December 2022, a large portion of its group insurance business of the Group was with state-owned enterprises; the majority of bancassurance brokerage charges were paid to state-owned banks and postal office; almost all of the reinsurance agreements of the Group were entered into with a state-owned reinsurance company; most of the bank deposit interest income was from state-owned banks.

### 37. CONTINGENCIES

The Group is involved in estimates for contingencies and legal proceedings in the ordinary course of business, including, but not limited to, being the plaintiff or the defendant in litigation and arbitration. Legal proceedings mostly involve claims on the Group's insurance policies, other claims, and litigation matters. Provision has been made for probable losses of the Group, including those claims where management can reasonably estimate the outcome of the lawsuits taking into account any legal advice.

No provision has been made for pending assessments, lawsuits or possible violations of contracts when the outcome cannot be reasonably estimated or management believes the probability is low or remote. For these pending lawsuits, management also believes that any resulting liabilities will not have a material adverse effect on the financial position or operating results of the Group or any of its subsidiaries.

As at 31 December 2022, except for the items described above, all kinds of estimations and contingencies resulting from insurance services within the scope of this report, the Group does not have any significant contingency that needs description.

### 38. COMMITMENTS

#### (1) Capital commitments

The Group had capital commitments for the purchase of property, plant and equipment and software, etc. Management confirms that the Group has sufficient future income or funding to fulfil these capital commitments.

	As at 31 December 2022	As at 31 December 2021
Contracted, but not provided for	3,041	3,127
Authorized, but not contracted for	163	163
Total	3,204	3,290

#### (2) Investment commitments

As at 31 December 2022, a total amount of RMB2,171 million was disclosed as investment commitments to certain equity investments contracted but not provided for (as at 31 December 2021: RMB1,968 million).

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 39. STATEMENT OF FINANCIAL POSITION AND NOTES TO KEY ITEMS

#### Statement of Financial Position

	Notes	31 December 2022	31 December 2021
<b>ASSETS</b>			
Property, plant and equipment	39 (1)	12,642	12,497
Investment properties	39 (2)	9,161	9,453
Right-of-use assets	39 (3)	953	1,154
Intangible assets	39 (4)	2,115	1,871
Investments in subsidiaries	39 (5)	58,929	60,041
Investments in associates and joint ventures	39 (6)	5,455	5,111
Debt financial assets		579,895	562,193
– Held-to-maturity	39 (7a)	378,160	300,830
– Available-for-sale	39 (7b)	151,687	180,497
– At fair value through profit or loss	39 (7c)	7,732	26,343
– Loans and receivables	39 (7d)	42,316	54,523
Equity financial assets		261,725	236,438
– Available-for-sale	39 (7b)	221,320	220,884
– At fair value through profit or loss	39 (7c)	40,405	15,554
Term deposits	39 (7e)	193,027	147,580
Statutory deposits	39 (7f)	715	715
Policy loans		43,626	40,806
Financial assets purchased under agreements to resell		4,576	2,086
Derivative Financial Instruments		3	4
Accrued investment income	39 (7g)	15,167	11,299
Premiums receivable	12	3,088	2,867
Reinsurance assets	13	3,933	3,981
Other assets	39 (8)	5,771	4,726
Deferred tax assets	39 (11)	5,919	–
Cash and cash equivalents		15,027	13,458
<b>Total assets</b>		<b>1,221,727</b>	<b>1,116,280</b>

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 39. STATEMENT OF FINANCIAL POSITION AND NOTES TO KEY ITEMS (Continued)

#### Statement of Financial Position (Continued)

	Notes	31 December 2022	31 December 2021
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Insurance contracts			
Long-term insurance contract liabilities	15	966,812	859,926
Short-term insurance contract liabilities			
– Outstanding claims liabilities	15	2,194	2,184
– Unearned premiums liabilities	15	1,150	1,585
Investment contracts	16	69,616	57,915
Policyholder dividends payable		22	9
Borrowings	17	10,000	10,000
Lease liabilities	39 (3)	822	993
Financial assets sold under agreements to repurchase	39 (9)	40,072	52,906
Benefits, claims and surrenders payable		5,960	5,971
Premiums received in advance		3,756	5,095
Reinsurance liabilities		100	504
Other liabilities	39 (10)	20,287	13,395
Deferred tax liabilities	39 (11)	–	603
<b>Total liabilities</b>		<b>1,120,791</b>	1,011,086
<b>Shareholders' equity</b>			
Share capital		3,120	3,120
Reserves	39 (12)	45,720	52,957
Retained earnings		52,096	49,117
<b>Total equity</b>		<b>100,936</b>	105,194
<b>Total liabilities and equity</b>		<b>1,221,727</b>	1,116,280



## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 39. STATEMENT OF FINANCIAL POSITION AND NOTES TO KEY ITEMS (Continued)

#### (1) Property, plant and equipment

	Buildings	Office equipment	Motor vehicles	Construction in progress	Total
<b>Cost</b>					
As at 1 January 2022	11,836	1,241	120	1,547	14,744
Additions	7	99	–	1,009	1,115
Transfers upon completion	653	2	–	(655)	–
Transfer from investment properties (Note 39 (2))	–	–	–	37	37
Transfer to intangible assets (Note 39 (4))	–	–	–	(536)	(536)
Disposals	–	(16)	(10)	–	(26)
As at 31 December 2022	12,496	1,326	110	1,402	15,334
<b>Accumulated depreciation</b>					
As at 1 January 2022	(1,437)	(762)	(48)	–	(2,247)
Charges for the year	(322)	(135)	(10)	–	(467)
Disposals	–	15	7	–	22
As at 31 December 2022	(1,759)	(882)	(51)	–	(2,692)
<b>Net book value</b>					
As at 1 January 2022	10,399	479	72	1,547	12,497
As at 31 December 2022	10,737	444	59	1,402	12,642

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 39. STATEMENT OF FINANCIAL POSITION AND NOTES TO KEY ITEMS (Continued)

#### (1) Property, plant and equipment (Continued)

	Buildings	Office equipment	Motor vehicles	Construction in progress	Total
<b>Cost</b>					
As at 1 January 2021	9,880	1,080	140	1,869	12,969
Additions	15	148	26	2,675	2,864
Transfers upon completion	1,576	39	–	(1,615)	–
Transfer from investment properties (Note 39 (2))	382	–	–	–	382
Transfer to investment properties (Note 39 (2))	(11)	–	–	(1,090)	(1,101)
Transfer to intangible assets (Note 39 (4))	–	–	–	(292)	(292)
Disposals	(2)	(26)	(46)	–	(74)
Others	(4)	–	–	–	(4)
As at 31 December 2021	11,836	1,241	120	1,547	14,744
<b>Accumulated depreciation</b>					
As at 1 January 2021	(1,082)	(663)	(76)	–	(1,821)
Charges for the year	(282)	(123)	(10)	–	(415)
Transfer from investment properties (Note 39 (2))	(74)	–	–	–	(74)
Transfer to investment properties (Note 39 (2))	1	–	–	–	1
Disposals	–	24	38	–	62
As at 31 December 2021	(1,437)	(762)	(48)	–	(2,247)
<b>Net book value</b>					
As at 1 January 2021	8,798	417	64	1,869	11,148
As at 31 December 2021	10,399	479	72	1,547	12,497

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 39. STATEMENT OF FINANCIAL POSITION AND NOTES TO KEY ITEMS (Continued)

#### (2) Investment properties

	For the year ended 31 December	
	2022	2021
<b>Cost</b>		
Beginning of the year	10,674	9,955
Transfers from property, plant and equipment (Note 39 (1))	–	1,101
Transfer to property, plant and equipment (Note 39 (1))	(42)	(382)
End of the year	10,632	10,674
<b>Accumulated depreciation</b>		
Beginning of the year	(1,221)	(1,060)
Transfers from property, plant and equipment (Note 39 (1))	–	(1)
Transfer to property, plant and equipment (Note 39 (1))	5	74
Charges for the year	(255)	(234)
End of the year	(1,471)	(1,221)
<b>Net book value</b>		
Beginning of the year	9,453	8,895
End of the year	9,161	9,453

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 39. STATEMENT OF FINANCIAL POSITION AND NOTES TO KEY ITEMS (Continued)

#### (3) Leases

##### *Right-of-use assets*

The carrying amounts of the Company's right-of-use assets and the movements during the year are as follows:

	Right-of-use assets		
	Buildings	Others	Total
Cost			
<b>As at 1 January 2022</b>	<b>2,068</b>	<b>4</b>	<b>2,072</b>
Additions	626	–	626
Terminations	(817)	(1)	(818)
<b>As at 31 December 2022</b>	<b>1,877</b>	<b>3</b>	<b>1,880</b>
Accumulated depreciation			
<b>As at 1 January 2022</b>	<b>(916)</b>	<b>(2)</b>	<b>(918)</b>
Charges for the year	(509)	(1)	(510)
Terminations	500	1	501
<b>As at 31 December 2022</b>	<b>(925)</b>	<b>(2)</b>	<b>(927)</b>
Net book value			
<b>As at 1 January 2022</b>	<b>1,152</b>	<b>2</b>	<b>1,154</b>
<b>As at 31 December 2022</b>	<b>952</b>	<b>1</b>	<b>953</b>

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 39. STATEMENT OF FINANCIAL POSITION AND NOTES TO KEY ITEMS (Continued)

#### (3) Leases (Continued)

##### Right-of-use assets (Continued)

	Right-of-use assets		Total
	Buildings	Others	
Cost			
<b>As at 1 January 2021</b>	1,999	4	2,003
Additions	580	1	581
Terminations	(511)	(1)	(512)
<b>As at 31 December 2021</b>	2,068	4	2,072
Accumulated depreciation			
<b>As at 1 January 2021</b>	(780)	(1)	(781)
Charges for the year	(549)	(1)	(550)
Terminations	413	–	413
<b>As at 31 December 2021</b>	(916)	(2)	(918)
Net book value			
<b>As at 1 January 2021</b>	1,219	3	1,222
<b>As at 31 December 2021</b>	1,152	2	1,154

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 39. STATEMENT OF FINANCIAL POSITION AND NOTES TO KEY ITEMS (Continued)

#### (3) Leases (Continued)

##### *Lease liabilities*

The carrying amount of lease liabilities and the movements during the year are as follows:

	Lease liabilities		
	Buildings	Others	Total
<b>As at 1 January 2022</b>	<b>992</b>	<b>1</b>	<b>993</b>
Additions	309	–	309
Accretion of interest recognised during the year	26	–	26
Payments	(506)	–	(506)
<b>As at 31 December 2022</b>	<b>821</b>	<b>1</b>	<b>822</b>
Current	386	1	387
Non-current	435	–	435

	Lease liabilities		
	Buildings	Others	Total
<b>As at 1 January 2021</b>	<b>1,041</b>	<b>3</b>	<b>1,044</b>
Additions	482	–	482
Accretion of interest recognised during the year	33	–	33
Payments	(564)	(2)	(566)
<b>As at 31 December 2021</b>	<b>992</b>	<b>1</b>	<b>993</b>
Current	408	1	409
Non-current	584	–	584

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 39. STATEMENT OF FINANCIAL POSITION AND NOTES TO KEY ITEMS (Continued)

#### (3) Leases (Continued)

##### Lease liabilities (Continued)

The amounts recognised in profit or loss in relation to leases are as follows:

	2022	2021
Interest on lease liabilities	26	33
Depreciation expense of right-of-use assets	510	550
Expense relating to short-term leases (included in administrative expenses)	62	64
Total amount recognised in profit or loss	598	647

#### (4) Intangible assets

	Computer software	Land use rights	Total
<b>Cost</b>			
As at 1 January 2022	1,977	1,393	3,370
Additions	26	–	26
Transfers from property, plant and equipment (Note 39 (1))	536	–	536
Disposals	(2)	–	(2)
As at 31 December 2022	2,537	1,393	3,930
<b>Accumulated amortization</b>			
As at 1 January 2022	(1,209)	(290)	(1,499)
Amortization	(284)	(34)	(318)
Disposals	2	–	2
As at 31 December 2022	(1,491)	(324)	(1,815)
<b>Net book value</b>			
As at 1 January 2022	768	1,103	1,871
As at 31 December 2022	1,046	1,069	2,115

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 39. STATEMENT OF FINANCIAL POSITION AND NOTES TO KEY ITEMS (Continued)

#### (4) Intangible assets (Continued)

	Computer software	Land use rights	Total
<b>Cost</b>			
As at 1 January 2021	1,658	1,393	3,051
Additions	28	–	28
Transfers from property, plant and equipment (Note 39 (1))	292	–	292
Disposals	(1)	–	(1)
As at 31 December 2021	1,977	1,393	3,370
<b>Accumulated amortization</b>			
As at 1 January 2021	(999)	(256)	(1,255)
Amortization	(211)	(34)	(245)
Disposals	1	–	1
As at 31 December 2021	(1,209)	(290)	(1,499)
<b>Net book value</b>			
As at 1 January 2021	659	1,137	1,796
As at 31 December 2021	768	1,103	1,871

#### (5) Investments in subsidiaries

	As at 31 December 2022	As at 31 December 2021
Unlisted investments at cost	58,929	60,041



## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 39. STATEMENT OF FINANCIAL POSITION AND NOTES TO KEY ITEMS (Continued)

#### (5) Investments in subsidiaries (Continued)

Details of the Company's subsidiaries as at 31 December 2022 and 2021 are as follows:

	Place of incorporation/ registration and business	Principal activities	Type of legal entity	Registered share capital	Percentage of equity attributable to the Company	
					Direct	Indirect
Asset Management Company	Beijing, China	Asset management	Limited company	RMB500 million	99.40%	-
Asset Management Company (Hong Kong)	Hong Kong, China	Asset management	Limited company	HKD50 million	40%	59.64%
Health Technology	Beijing, China	Real estate property development and training	Limited company	RMB1,575 million	100%	-
Xinhua Village Seniors Service(Beijing) Co., Ltd.	Beijing, China	Service	Limited company	RMB964 million	100%	-
Xinhua Village Seniors OperationManagement (Beijing) Co., Ltd.("Xinhua Seniors Operation") (i)	Beijing, China	Service	Limited company	RMB260 million	100%	-
Electronic Commerce	Beijing, China	Electronic commerce	Limited company	RMB200 million	100%	-
Guangzhou Yuerong	Guangzhou, China	Real estate property investment and management	Limited company	RMB10 million	100%	-
Hefei Supporting Operation (ii)	Hefei, China	Real estate property investment and management	Limited company	RMB3,200 million	100%	-
New China Pension	Shenzhen, China	Insurance service	Limited company	RMB5 billion	99.80%	0.20%
Hainan Seniors	Qionghai, China	Real estate property development and training	Limited company	RMB1,908 million	100%	-
Xinhua Haoran (iii)	Beijing, China	Real estate lease and property management	Limited company	RMB500 million	100%	-
Rehabilitation Hospital	Beijing, China	Medical service	Limited company	RMB170 million	100%	-

## Notes to Consolidated Financial Statements (Continued)

*For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)*

### 39. STATEMENT OF FINANCIAL POSITION AND NOTES TO KEY ITEMS (Continued)

#### (5) Investments in subsidiaries (Continued)

All subsidiaries of the Company are unlisted, there are no issued share capital or debt securities.

All subsidiaries are included in the consolidation. There are no significant restrictions on the use of assets or the discharge of liabilities of all subsidiaries. The non-controlling interests of subsidiaries are immaterial to the Group.

All companies comprising the Group have adopted 31 December as their financial year end date.

The English names of certain subsidiaries represent the best effort by management of the Company in translating their Chinese names as they do not have official English names.

- (i) On 28 April 2020, the ninth meeting of the seventh session of the Board of Directors of the Company considered and approved the proposal of "Adjusting Shanggu Real Estate into a Seniors Operation Management Company and Increasing the Registered Capital – Related Party Transactions", which decided to change the name of Xinhua Village Shanggu (Beijing) Real Estate Co., Ltd. to Xinhua Village Seniors Operation Management (Beijing) Co., Ltd., adjust its business scope, change the representative of corporation and increase the registered capital of RMB245 million. On 7 January 2021, Xinhua Seniors Operation has registered the change, and the registered capital is RMB260 million after the change. In July 2022, the Company paid RMB50 million. As at 31 December 2022, the Company has paid a total amount of RMB65 million.
- (ii) The seventh meeting of the sixth session of the Board of Directors of the Company in 2016 considered and approved the proposal of "Increasing the Registered Capital of Subsidiaries of Hefei Supporting Operation – Related Party Transactions", which decided to increase the registered capital of Hefei Supporting Operation from RMB500 million to RMB3,200 million. Hefei Supporting Operation has registered the change of the registered capital on 25 July 2017. On 19 July 2022, the Company paid a capital increase of RMB274 million to the Hefei Supporting Operation. As at 31 December 2022, the Company's accumulated capital contributions to Hefei Supporting Operation was RMB2,454 million.

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 39. STATEMENT OF FINANCIAL POSITION AND NOTES TO KEY ITEMS (Continued)

#### (5) Investments in subsidiaries (Continued)

Details of the Company's main controlled structured entities at 31 December 2022 are as follows:

	Principal activities	Registered share capital	Percentage of equity attributable to the Group
New China Asset Management – Mingmiao No.3 Asset management plans	Asset management plan	RMB8,029 million	32.18%
New China Asset Management – Mingmiao No.10 Asset management plans	Asset management plan	RMB7,582 million	38.75%
New China Asset Management – Mingmiao No.9 Asset management plans	Asset management plan	RMB6,913 million	61.62%
New China Asset Management – Mingmiao No.4 Asset management plans	Asset management plan	RMB6,515 million	31.50%
New China Asset Management – Mingmiao No.2 Asset management plans	Asset management plan	RMB6,218 million	87.52%
New China Asset Management – Minghui No.1 Asset management plans	Asset management plan	RMB4,743 million	36.63%
New China Asset Management – Mingyan No.1 Asset management plans	Asset management plan	RMB3,983 million	100.00%
New China – Greatwall Group Infrastructure and Property Debt Investment Plan	Debt investment plan	RMB3,000 million	100.00%
New China Asset Management – Jingxing Series Special Products (Third Phase)	Asset management plan	RMB2,635 million	100.00%
New China – Wanke Wuhan Plant and Equipment Debt Investment Plan	Debt investment plan	RMB2,625 million	100.00%
New China – Qingdao Shenlan Center Plant and Equipment Debt Investment Plan	Debt investment plan	RMB2,500 million	100.00%
New China – Urban Construction Infrastructure and Property Debt Investment Plan (Second Phase)	Debt investment plan	RMB2,000 million	100.00%
New China-Urban Construction Development Infrastructure and Property Debt Investment Plan (First Phase)	Debt investment plan	RMB1,800 million	100.00%
New China Asset Management – Mingyi No.17 Asset management plans	Asset management plan	RMB1,676 million	100.00%

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 39. STATEMENT OF FINANCIAL POSITION AND NOTES TO KEY ITEMS (Continued)

#### (5) Investments in subsidiaries (Continued)

	Principal activities	Registered share capital	Percentage of equity attributable to the Group
New China Asset Management – Jingxing Series Special Products (Eighth Phase)	Asset management plan	RMB1,613 million	100.00%
New China-Wanke Logistics Infrastructure and Property Debt Investment Plan (Third Phase)	Debt investment plan	RMB1,577 million	100.00%
New China Asset Management – Mingmiao No.16 Asset management plans	Asset management plan	RMB1,521 million	53.98%
Cigna & CMB Asset Management – Shanghai Binjiang Center Plant and Equipment Debt Investment Plan	Debt investment plan	RMB1,500 million	93.33%
New China-Urban Construction Development Infrastructure and Property Debt Investment Plan (Second Phase)	Debt investment plan	RMB1,500 million	100.00%
New China Asset Management – Select Hong Kong Stock Connect No.1 Asset management plans	Asset management plan	RMB1,422 million	63.33%
New China Asset Management-Mingxin No.5 Asset management plans	Asset management plan	RMB1,078 million	61.15%
New China-Urban Construction Infrastructure and Property Debt Investment Plan (First Phase)	Debt investment plan	RMB1,000 million	100.00%
New China-Urban Construction Infrastructure and Property Debt Investment Plan (Third Phase)	Debt investment plan	RMB1,000 million	70.00%
New China Asset Management-Xi'an Electronic Valley Infrastructure and Property Debt Investment Plan	Debt investment plan	RMB1,000 million	83.80%

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 39. STATEMENT OF FINANCIAL POSITION AND NOTES TO KEY ITEMS (Continued)

#### (6) Investments in associates and joint ventures

	For the year ended 31 December	
	2022	2021
Beginning of the year	5,111	4,630
Additions	866	127
Difference of cost of purchasing associates and the portion of fair value of net identifiable asset	51	111
Share of profit or loss	(30)	347
Cash dividend from investments in associates	(203)	(235)
Share of other comprehensive income	(476)	125
Share of other reserves	136	6
End of the year	5,455	5,111

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 39. STATEMENT OF FINANCIAL POSITION AND NOTES TO KEY ITEMS (Continued)

#### (7) Financial assets

##### (a) Held-to-maturity investments

	As at 31 December 2022	As at 31 December 2021
Debt financial assets		
Government bonds	305,959	210,682
Financial bonds	27,959	28,202
Corporate bonds	35,663	35,688
Subordinated bonds	8,579	26,258
<b>Total</b>	<b>378,160</b>	300,830
Debt financial assets		
Listed	130,331	125,172
Unlisted	247,829	175,658
<b>Total</b>	<b>378,160</b>	300,830

The due dates of debt financial assets which are classified as held-to-maturity investments are as follows:

<b>Maturity</b>	As at 31 December 2022	As at 31 December 2021
Within 1 year (including 1 year)	14,589	21,869
After 1 year but within 3 years (including 3 years)	18,019	21,285
After 3 years but within 5 years (including 5 years)	24,268	21,974
After 5 years	321,284	235,702
<b>Total</b>	<b>378,160</b>	300,830

## Notes to Consolidated Financial Statements (Continued)

*For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)*

### 39. STATEMENT OF FINANCIAL POSITION AND NOTES TO KEY ITEMS (Continued)

#### (7) Financial assets (Continued)

##### (b) Available-for-sale financial assets

	As at 31 December 2022	As at 31 December 2021
Debt financial assets		
At fair value		
Government bonds	46,905	59,690
Financial bonds	16,641	17,524
Corporate bonds	8,257	8,841
Subordinated bonds	11,783	11,207
Trust plans	67,423	83,035
Asset funding plans	678	200
Subtotal	151,687	180,497
Equity financial assets		
At fair value		
Funds	77,814	68,400
Stocks	69,145	76,156
Asset management plans	24,277	23,318
Preferred shares	4,850	4,978
Perpetual bonds	3,143	11,524
Trust plans	1,994	–
Equity investment plans	11,804	–
Unlisted equity securities	9,649	–
Other equity investments	–	141
Subtotal	202,676	184,517
At cost		
Private equity	11,519	10,621
Equity investment plans	–	8,290
Unlisted equity securities	7,013	17,426
Asset funding plans	112	30
Subtotal	18,644	36,367
Total	373,007	401,381

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 39. STATEMENT OF FINANCIAL POSITION AND NOTES TO KEY ITEMS (Continued)

#### (7) Financial assets (Continued)

##### (b) Available-for-sale financial assets (Continued)

	As at 31 December 2022	As at 31 December 2021
Debt financial assets		
Listed	23,696	37,808
Unlisted	127,991	142,689
Subtotal	151,687	180,497
Equity financial assets		
Listed	76,603	83,060
Unlisted	144,717	137,824
Subtotal	221,320	220,884
Total	373,007	401,381

The due dates of debt financial assets which are classified as available-for-sale financial assets are as follows:

<b>Maturity</b>	As at 31 December 2022	As at 31 December 2021
Within 1 year (including 1 year)	24,313	16,289
After 1 year but within 3 years (including 3 years)	52,340	52,085
After 3 years but within 5 years (including 5 years)	20,656	50,045
After 5 years	54,378	62,078
Total	151,687	180,497

The unlisted financial assets refer to debt/equity financial assets not traded on stock exchanges and include both debt financial assets traded on the interbank market and financial assets not publicly traded.



## Notes to Consolidated Financial Statements (Continued)

*For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)*

### 39. STATEMENT OF FINANCIAL POSITION AND NOTES TO KEY ITEMS (Continued)

#### (7) Financial assets (Continued)

##### (c) Financial assets at fair value through profit or loss

	As at 31 December 2022	As at 31 December 2021
Debt financial assets		
Financial bonds	343	10
Corporate bonds	5,463	7,697
Subordinated bonds	1,926	1,426
Certificates of deposit	–	17,210
Subtotal	7,732	26,343
Equity financial assets		
Funds	2,394	2,869
Stocks	1,226	970
Asset management plans	35,869	11,404
Perpetual bonds	916	311
Subtotal	40,405	15,554
Total	48,137	41,897
Debt financial assets		
Listed	4,388	5,735
Unlisted	3,344	20,608
Subtotal	7,732	26,343
Equity financial assets		
Listed	1,292	1,169
Unlisted	39,113	14,385
Subtotal	40,405	15,554
Total	48,137	41,897

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 39. STATEMENT OF FINANCIAL POSITION AND NOTES TO KEY ITEMS (Continued)

#### (7) Financial assets (Continued)

##### (c) Financial assets at fair value through profit or loss (Continued)

The unlisted financial assets refer to debt/equity financial assets not traded on stock exchanges and include both debt financial assets traded on the interbank market and financial assets not publicly traded.

##### (d) Loans and receivables

	As at 31 December 2022	As at 31 December 2021
Debt investment plans (i)	41,793	52,623
Asset funding plans	523	1,900
<b>Total</b>	<b>42,316</b>	<b>54,523</b>

(i) Debt investment plans mainly consist of infrastructure and property, plant and equipment funding projects. All projects are with fixed terms, and most of them are usually with a period of 3 years to 10 years.

##### (e) Term deposits

The due dates of the term deposits are as follows:

<b>Maturity</b>	As at 31 December 2022	As at 31 December 2021
Within 1 year (including 1 year)	46,977	27,460
After 1 year but within 3 years (including 3 years)	112,450	84,320
After 3 years but within 5 years (including 5 years)	33,600	33,800
More than 5 years	–	2,000
<b>Total</b>	<b>193,027</b>	<b>147,580</b>

## Notes to Consolidated Financial Statements (Continued)

*For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)*

### 39. STATEMENT OF FINANCIAL POSITION AND NOTES TO KEY ITEMS (Continued)

#### (7) Financial assets (Continued)

##### (f) Statutory deposits

The due dates of the statutory deposits are as follows:

<b>Maturity</b>	<b>As at 31 December 2022</b>	As at 31 December 2021
Within 1 year (including 1 year)	<b>100</b>	615
After 1 year but within 3 years (including 3 years)	<b>615</b>	100
<b>Total</b>	<b>715</b>	715

According to the relevant regulations issued by the CBIRC, statutory deposits can only be used by insurance companies to discharge debt upon liquidation.

##### (g) Accrued investment income

	<b>As at 31 December 2022</b>	As at 31 December 2021
Bank deposits	<b>6,491</b>	3,805
Debt financial assets	<b>6,262</b>	5,943
Dividend	<b>655</b>	44
Others	<b>1,759</b>	1,507
<b>Total</b>	<b>15,167</b>	11,299
Current	<b>11,633</b>	11,292
Non-current	<b>3,534</b>	7
<b>Total</b>	<b>15,167</b>	11,299

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 39. STATEMENT OF FINANCIAL POSITION AND NOTES TO KEY ITEMS (Continued)

#### (8) Other assets

	As at 31 December 2022		
	Book value balance	Provision for impairment	Net book value
Investment clearing account (Note 14 (1))	4,386	–	4,386
Prepaid and deferred expenses	471	–	471
Receivable from off-balance sheet repurchase transactions (Note 3 (7))	874	(874)	–
Prepaid income tax	318	–	318
Prepayment for Heilongjiang branch's office building (Note 14 (2))	37	(37)	–
Entrusted fund receivable from liquidation group of Minfa Securities (Note 14 (3))	16	(16)	–
Receivable from Huaxinrong Company (Note 14 (5))	12	(12)	–
Prepayment for Taizhou and Yongzhou cases (Note 14 (4))	11	(11)	–
Others	634	(38)	596
<b>Total</b>	<b>6,759</b>	<b>(988)</b>	<b>5,771</b>

## Notes to Consolidated Financial Statements (Continued)

*For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)*

### 39. STATEMENT OF FINANCIAL POSITION AND NOTES TO KEY ITEMS (Continued)

#### (8) Other assets (Continued)

	As at 31 December 2021		
	Book value balance	Provision for impairment	Net book value
Investment clearing account (Note 14 (1))	2,522	–	2,522
Prepaid and deferred expenses	914	–	914
Receivable from off-balance sheet repurchase transactions (Note 3 (7))	874	(874)	–
Prepaid income tax	794	–	794
Prepayment for Heilongjiang branch's office building (Note 14 (2))	37	(37)	–
Entrusted fund receivable from liquidation group of Minfa Securities (Note 14 (3))	16	(16)	–
Receivable from Huaxinrong Company (Note 14 (5))	12	(12)	–
Prepayment for Taizhou and Yongzhou cases (Note 14 (4))	11	(11)	–
Others	534	(38)	496
<b>Total</b>	<b>5,714</b>	<b>(988)</b>	<b>4,726</b>

	<b>As at 31 December 2022</b>	As at 31 December 2021
Current	<b>5,534</b>	4,445
Non-current	<b>237</b>	281
<b>Total</b>	<b>5,771</b>	<b>4,726</b>

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 39. STATEMENT OF FINANCIAL POSITION AND NOTES TO KEY ITEMS (Continued)

#### (9) Financial assets sold under agreements to repurchase

	As at 31 December 2022	As at 31 December 2021
By market		
Inter-bank market	6,400	12,800
Stock exchange	33,672	40,106
Total	40,072	52,906
By collateral		
Bonds	40,072	52,906

Maturity:

	As at 31 December 2022	As at 31 December 2021
Within 3 months (including 3 months)	40,072	52,906

As at 31 December 2022, bonds with par value of RMB8,619 million (as at 31 December 2021: RMB13,650 million) were pledged as collateral for financial assets sold under agreements to repurchase resulting from repurchase transactions entered into by the Company in the inter-bank market. The collateral is restricted from trading during the period of the repurchase transaction.

For debt repurchase transactions through the stock exchange, the Company is required to deposit certain exchange-traded bonds into a collateral pool and the fair values converted at a standard rate pursuant to the stock exchange's regulation which should be no less than the balances of the related repurchase transactions.

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 39. STATEMENT OF FINANCIAL POSITION AND NOTES TO KEY ITEMS (Continued)

#### (9) Financial assets sold under agreements to repurchase (Continued)

As at 31 December 2022, the amount of financial assets deposited in the collateral pool amounted to RMB143,142 million (as at 31 December 2021: RMB154,221 million). The collateral is restricted from trading during the period of the repurchase transaction. The Company can withdraw the exchange-traded bonds from the collateral pool in a short period of time under the condition that the value of certain bonds is no less than the balance of the related repurchase transactions.

For the year ended 31 December 2022, the Company's cash outflow arising from financing activities included RMB13,809 million (for the year ended 31 December 2021: RMB12,288 million) from financial assets sold under agreements to repurchase.

#### (10) Other liabilities

	As at 31 December 2022	As at 31 December 2021
Payables related to asset-backed securities	10,000	3,000
Salary and welfare payable	3,714	3,656
Investment clearing account	2,163	1,136
Commission and brokerage payable	1,579	2,081
Repayment payable for non-insurance contracts	399	374
Unallocated receipts	208	52
Taxes payable other than income tax	191	71
Security deposits by agent for holding the Company's documents	166	184
Insurance security fund payable	86	74
Construction cost payable	58	878
Purchase payment for Heilongjiang branch's building (Note 14(2))	37	37
Others	1,686	1,852
<b>Total</b>	<b>20,287</b>	13,395
Current	19,751	12,859
Non-current	536	536
<b>Total</b>	<b>20,287</b>	13,395

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 39. STATEMENT OF FINANCIAL POSITION AND NOTES TO KEY ITEMS (Continued)

#### (11) Taxation

The movements in deferred tax assets and deferred tax liabilities during the year are as follows:

Net deferred tax assets/(liabilities)	Financial assets	Insurance liabilities and others	Total
As at 1 January 2021	(7,162)	5,010	(2,152)
Credit to net profit	327	(37)	290
Credit to other comprehensive income	2,080	(820)	1,260
Credit to other reserve	–	(1)	(1)
As at 31 December 2021	(4,755)	4,152	(603)
As at 1 January 2022	(4,755)	4,152	(603)
Credit to net profit	689	2,198	2,887
Credit to other comprehensive income	3,554	115	3,669
Credit to other reserve	–	(34)	(34)
As at 31 December 2022	(512)	6,431	5,919
	<b>As at 31 December 2022</b>		As at 31 December 2021
Deferred tax assets			
– deferred tax assets to be recovered within 12 months	<b>4,786</b>		3,864
– deferred tax assets to be recovered after 12 months	<b>2,544</b>		1,508
Subtotal	<b>7,330</b>		5,372
Deferred tax liabilities			
– deferred tax liabilities to be settled within 12 months	<b>(497)</b>		(5,135)
– deferred tax liabilities to be settled after 12 months	<b>(914)</b>		(840)
Subtotal	<b>(1,411)</b>		(5,975)
Total net deferred tax assets/(liabilities)	<b>5,919</b>		(603)



## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 39. STATEMENT OF FINANCIAL POSITION AND NOTES TO KEY ITEMS (Continued)

#### (12) Reserves

	Share premium	Other reserve	Other Comprehensive income	Surplus reserve	Reserve for general risk	Total
As at 1 January 2021	23,962	(63)	11,190	10,039	7,389	52,517
Other comprehensive income	-	-	(3,780)	-	-	(3,780)
Others	-	4	-	-	-	4
Appropriation to reserve	-	-	-	2,776	1,440	4,216
As at 31 December 2021	23,962	(59)	7,410	12,815	8,829	52,957
Other comprehensive income	-	-	(11,005)	-	-	(11,005)
Others	-	100	-	-	-	100
Appropriation to reserve	-	-	-	2,554	1,114	3,668
As at 31 December 2022	23,962	41	(3,595)	15,369	9,943	45,720

### 40. DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S REMUNERATION

#### (1) Directors' emoluments

The directors receive compensation in the form of directors' fees, salaries, allowances and benefits in kind, bonuses, pension scheme contributions, employee benefits and others. Bonuses represent the variable components in the directors' compensation which are linked to the performance of the Group and each of the individual directors.

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 40. DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S REMUNERATION (Continued)

#### (1) Directors' emoluments (Continued)

The aggregate amounts of emoluments of directors of the Company for the year ended 31 December 2022 are as follows (in RMB thousands):

Name	2022						Total
	Directors' fees	Salaries, allowances and benefits in kind	Bonuses	Pension scheme contributions	Employee benefits	Others	
Quan Li	-	2,836	-	464	10	-	3,310
Hong Zhang	-	2,366	-	400	10	-	2,776
Yi Yang (v)	-	-	-	-	-	-	-
Xingda He (v)	-	-	-	-	-	-	-
Xue Yang (v)	-	-	-	-	-	-	-
Aimin Hu (v)	-	-	-	-	-	-	-
Qingqiang Li (v)	-	-	-	-	-	-	-
Yulong Peng (i) (v)	-	-	-	-	-	-	-
Zhibin Xu (ii) (v)	-	-	-	-	-	-	-
Edouard SCHMID (iii) (v)	-	-	-	-	-	-	-
Jianxin Geng	320	-	-	-	-	-	320
Yiu Tim Ma	270	-	-	-	-	-	270
Xianglu Li (iii)	320	-	-	-	-	-	320
Wei Zheng (iii)	320	-	-	-	-	-	320
Lie Cheng (iii)	270	-	-	-	-	-	270
Lai Guan Rong (iv)	-	-	-	-	-	-	-
Xu Xu (iv)	-	-	-	-	-	-	-
Guo Yong Qing (iv)	-	-	-	-	-	-	-

During the year, no director waived or has agreed to waive any emoluments.

- (i) Resigned on 20 September 2022.
- (ii) Resigned on 26 September 2022.
- (iii) Resigned on 30 December 2022.
- (iv) The Company held the first extraordinary general meeting of 2022 on 11 November 2022. Lan Guan Rong, Xu Xu and Guo Yong Qing were elected as directors of the eighth session of the Board of Directors.
- (v) These directors did not receive compensations from the Company.

## Notes to Consolidated Financial Statements (Continued)

*For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)*

### 40. DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S REMUNERATION (Continued)

#### (1) Directors' emoluments (Continued)

The aggregate amounts of emoluments of directors of the Company for the year ended 31 December 2021 are as follows (in RMB thousands):

Name	2021 (restated)						Total
	Directors' fees	Salaries, allowances and benefits in kind	Bonuses	Pension scheme contributions	Employee benefits	Others	
Zhibin Xu (i) (vi)	-	-	-	-	-	-	-
Haoling Liu (ii) (vi)	-	-	-	-	-	-	-
Quan Li	-	2,843	1,771	467	9	-	5,090
Hong Zhang (iii)	-	1,386	1,117	321	8	-	2,832
Yi Yang (vi)	-	-	-	-	-	-	-
Ruixiang Guo (iv) (vi)	-	-	-	-	-	-	-
Xingda He (v) (vi)	-	-	-	-	-	-	-
Xue Yang (v) (vi)	-	-	-	-	-	-	-
Aimin Hu (vi)	-	-	-	-	-	-	-
Qingqiang Li (vi)	-	-	-	-	-	-	-
Yulong Peng (vi)	-	-	-	-	-	-	-
Edouard SCHMID (vi)	-	-	-	-	-	-	-
Xianglu Li	320	-	-	-	-	-	320
Wei Zheng	320	-	-	-	-	-	320
Lie Cheng	270	-	-	-	-	-	270
Jianxin Geng	320	-	-	-	-	-	320
Yiu Tim Ma	270	-	-	-	-	-	270

During the year, no director waived or has agreed to waive any emoluments.

The compensations of certain directors, supervisors and senior executives for the year ended 31 December 2021 were restated after finalization in year 2022.

- (i) The Company held the first extraordinary general meeting of 2021 on 19 January 2021. Zhibin Xu was elected as director of the seventh session of the Board of Directors.
- (ii) Resigned on 20 January 2021.
- (iii) The Company held the second extraordinary general meeting of 2021 on 28 April 2021. Hong Zhang was elected as director of the seventh session of the Board of Directors.
- (iv) Resigned on 18 August 2021.
- (v) The Company held the third extraordinary general meeting of 2021 on 23 September 2021. Xingda He and Xue Yang were elected as directors of the seventh session of the Board of Directors.
- (vi) These directors did not receive compensation from the Company.

## Notes to Consolidated Financial Statements (Continued)

For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)

### 40. DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S REMUNERATION (Continued)

#### (2) Supervisors' emoluments

The aggregate amounts of emoluments of supervisors of the Company for the year ended 31 December 2022 are as follows (in RMB thousands):

Name	2022					Total
	Salaries, allowances and benefits in kind	Bonuses	Pension scheme contributions	Employee benefits	Others	
Hongyu Shi (i) (ii)	-	-	-	-	-	-
Debin Liu (ii)	-	-	-	-	-	-
Jiannan Yu (ii)	-	-	-	-	-	-
Chongsong Liu	1,390	1,424	342	5	-	3,161
Zhongzhu Wang	1,085	553	206	2	-	1,846

(i) Resigned on 30 September 2022.

(ii) These supervisors did not receive compensation from the Company.

The aggregate amounts of emoluments of supervisors of the Company for the year ended 31 December 2021 are as follows (in RMB thousands):

Name	2021 (restated)					Total
	Salaries, allowances and benefits in kind	Bonuses	Pension scheme contributions	Employee benefits	Others	
Debin Liu (i) (ii)	-	-	-	-	-	-
Jiannan Yu (i) (ii)	-	-	-	-	-	-
Hongyu Shi (ii)	-	-	-	-	-	-
Chongsong Liu	1,388	1,677	379	9	-	3,453
Zhongzhu Wang	1,134	941	250	8	-	2,333
Chengran Wang (iii)	775	1,357	-	1	-	2,133

(i) The Company held the second extraordinary general meeting of 2021 on 28 April 2021. Debin Liu and Hongyu Shi were elected as supervisors of the seventh session of the Board of Supervisors.

(ii) These supervisors did not receive compensation from the Company.

(iii) Resigned on 8 April 2021.

## Notes to Consolidated Financial Statements (Continued)

*For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)*

### 40. DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S REMUNERATION (Continued)

#### (3) Five highest paid individuals

For the year ended 31 December 2022, the five individuals whose emoluments were the highest in the Group include 0 (for the year ended 31 December 2021: 0) director whose emoluments as the director of the Company were reflected in the analysis presented above.

For the year ended 31 December 2022, details of remuneration of the 5 (for the year ended 31 December 2021: 5) highest paid individuals are as follows (in RMB thousands):

	For the year ended 31 December	
	2022	2021 (restated)
Salaries, allowances and benefits in kind	9,812	11,202
Bonuses	23,299	33,427
Pension scheme contributions	1,818	1,822
Employee benefits	24	25
Others	526	459
<b>Total</b>	<b>35,479</b>	<b>46,935</b>

The emoluments of the 5 highest paid individuals fell within the following bands:

	As at 31 December	
	2022	2021 (restated)
HK\$5,500,001 – HK\$6,000,000	2	–
HK\$7,500,001 – HK\$8,000,000	1	–
HK\$8,000,001 – HK\$8,500,000	–	1
HK\$8,500,001 – HK\$9,000,000	1	–
HK\$9,500,001 – HK\$10,000,000	–	1
HK\$10,500,001 – HK\$11,000,000	–	1
HK\$11,500,001 – HK\$12,000,000	1	–
HK\$13,000,001 – HK\$13,500,000	–	1
HK\$15,000,001 – HK\$15,500,000	–	1

No emoluments have been paid by the Group to the directors, supervisors or highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

## Notes to Consolidated Financial Statements (Continued)

*For the year ended 31 December 2022 (All amounts in RMB millions unless otherwise stated)*

### **41. EVENTS AFTER THE REPORTING PERIOD**

Pursuant to a resolution passed at the meeting of the Board of Directors on 30 March 2023, a final dividend of RMB1.08 per ordinary share (inclusive of tax) totalling RMB3,369 million was proposed, after providing the statutory surplus reserve of RMB1,114 million, discretionary surplus reserve of RMB1,114 million and reserve for general risk of RMB1,114 million. The profit distribution plan shall become effective upon the approval of the shareholders' general meeting.

### **42. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS**

These consolidated financial statements have been approved and authorized for issue by the Board of Directors on 30 March 2023.



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