人民保险 服务人民

PICC 中国人民保险集团股份有限公司

THE PEOPLE'S INSURANCE COMPANY (GROUP) OF CHINA LIMITED

H Share Stock Code: 1339

Annual Report 2024

Company Profile

The Company is the first nation-wide insurance company in the PRC, established in October 1949, and has developed into a leading large-scale integrated insurance financial group in the PRC, which listed on the Hong Kong Stock Exchange (H share stock code: 1339) in December 2012 and the SSE (A share stock code: 601319) in November 2018. The Company ranked the 158th in the list of Fortune Global 500 (2024) published by the Fortune magazine.

The Company operates its property and casualty ("P&C") insurance business in the PRC through PICC P&C (listed on the Hong Kong Stock Exchange, stock code: 2328) and in Hong Kong and Macau of China through PICC Hong Kong, in which the Company holds approximately 68.98% and 89.36% equity interests, respectively. The Company operates its life and health insurance businesses through PICC Life and PICC Health, in which the Company, directly and indirectly, holds 80.00% and approximately 95.45% equity interests, respectively. The Company centrally and professionally utilises and manages most of its insurance assets through PICC AMC, in which the Company holds 100% equity interest. The Company engages in corporate annuities and occupational annuities businesses through PICC Pension, in which the Company holds 100% equity interest. The Company takes PICC Investment Holding in which the Company holds 100% equity interest as a professional management platform for real estate and pension industry. The Company takes PICC Capital in which the Company holds 100% equity interest as an insurance asset management company focused on fields of alternative investments such as debt, equity, infrastructure and private equity funds. The Company operates the professional reinsurance business within and outside the Group through PICC Reinsurance in which the Company, directly and indirectly, holds 100% equity interest. The Company coordinates the informatization construction of the Group through PICC Technology in which the Company holds 100% equity interest, to provide group companies better structural management, infrastructure, application R&D, data empowerment, intelligent technology, shared operation and innovative incubation and other technology services, and to empower the digital development of the Group.

The Company's principal competitive strengths include:

We are the first nation-wide insurance company of the PRC, the pioneer and trailblazer of the PRC insurance industry, possessing a well-recognised brand with the longest history in the industry;

We are an integrated insurance financial group on our core business and on the customer-oriented development strategy to achieve co-development of various business segments;

We adhere to serving national strategies, safeguarding real economy, serving people's livelihood, fulfilling social responsibilities, and dedicating to exert the role of economic "dashpot" and social "stabiliser";

We have diversified institutions and service network based in cities and towns spread over the country, as well as extensive and solid customer base, achieving the integration of policy insurance business and commercial insurance business;

We have an internationally first-class and Asia's leading P&C insurance company with distinct advantages in scale, cost and service as well as outstanding profitability;

We have a life insurance company with a layout throughout the country, steady growth, continuous profitability and sound operating platform as well as with great potentials in value creation and profitability;

We have the first nation-wide professional health insurance company with outstanding professional capability to create a featured health management service ability;

We have an industry-leading asset management platform characterised by steady investment and proven performance;

We have advanced applicable information technology to actively define a layout in technology area, and have outstanding ability and potential advantages in data mining, customer identification and intelligent operation;

We have shareholders offering continuous and strong support, an experienced and insightful management team and a high-calibre professional staff team.

Contents

Corporate Information

CHINESE NAME:

中國人民保險集團股份有限公司

Abbreviation of Chinese name: 中國人保集團

ENGLISH NAME:

THE PEOPLE'S INSURANCE COMPANY (GROUP) OF CHINA LIMITED

Abbreviation of English name: PICC Group

LEGAL REPRESENTATIVE:

Ding Xiangqun

SECRETARY OF THE BOARD AND SECURITIES AFFAIRS REPRESENTATIVE:

Zeng Shangyou

COMPANY SECRETARY:

Ng Sau Mei

REGISTERED ADDRESS AND OFFICE ADDRESS

Registered address:

1-13/F, No. 88 West Chang'an Avenue, Xicheng District, Beijing, the PRC

Office address:

No. 88 West Chang'an Avenue, Xicheng District, Beijing, the PRC

Postal code: 100031

Website: www.picc.com.cn

Shareholders' enquiries: the Office of the Board of Directors/Board of Supervisors

Tel: (8610) 6900 9192

Fax: (8610) 6900 8264

Email: ir_group@picc.com.cn

INFORMATION DISCLOSURE AND PLACE FOR REPORT COLLECTION

Newspapers for information disclosure:

China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily

Designated website for the Company's A Share announcement: www.sse.com.cn

Designated website for the Company's H Share announcement: www.hkexnews.hk

Place for report collection:

The Office of the Board of Directors/Board of Supervisors of the Company

STOCKS INFORMATION

A Shares

Place for listing: Shanghai Stock Exchange

Stock name: PICC

Stock code: 601319

H Shares

Place for listing: The Stock Exchange of Hong Kong Limited

Stock name: PICC Group

Stock code: 1339

AUDITORS AND CONSULTING ACTUARY

Domestic Auditor:

Ernst & Young Hua Ming LLP

International Auditor:

Ernst & Young

Consulting Actuary:

Ernst & Young (China) Corporate Consulting Co., Ltd.

LEGAL ADVISORS

As to Hong Kong law:

Clifford Chance

As to PRC law:

Fangda Partners

H SHARE REGISTRAR:

Computershare Hong Kong Investor Services Limited

Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

Definitions

PICC Group, Company	The People's Insurance Company (Group) of China Limited or, where the context so requires, its predecessor
PICC, Group	The People's Insurance Company (Group) of China Limited and all of its subsidiaries
PICC P&C	PICC Property and Casualty Company Limited
PICC Life	PICC Life Insurance Company Limited
PICC AMC	PICC Asset Management Company Limited
PICC Health	PICC Health Insurance Company Limited
PICC Pension	PICC Pension Company Limited
PICC Investment Holding	PICC Investment Holding Co., Ltd.
PICC Capital	PICC Capital Insurance Asset Management Co., Ltd.
PICC Reinsurance	PICC Reinsurance Company Limited
PICC Technology	PICC Information Technology Co., Ltd.
PICC Financial Services	PICC Financial Services Company Limited
PICC Hong Kong	The People's Insurance Company of China (Hong Kong), Limited
MOF	Ministry of Finance of the People's Republic of China
SSF	National Council for Social Security Fund, PRC
CSRC	China Securities Regulatory Commission
CBIRC	China Banking and Insurance Regulatory Commission, on the basis of which the National Financial Regulatory Administration was formed in accordance with the Plan for Reform of Party and Government Institutions in May 2023
NFRA	National Financial Regulatory Administration
SSE	Shanghai Stock Exchange
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
IAC	the Insurance Association of China
LCAB	the Listed Companies Association of Beijing
Prospectus	the Prospectus of The People's Insurance Company (Group) of China Limited for Initial Public Offering of Shares (A Shares) issued by the Company on the websites of the SSE and the Company on 5 November 2018
Company Law	the Company Law of the People's Republic of China
Securities Law	the Securities Law of the People's Republic of China
Insurance Law	the Insurance Law of the People's Republic of China
SSE Listing Rules	the Rules Governing the Listing of Securities on the Shanghai Stock Exchange
Listing Rules of the Stock Exchange	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Articles of Association	the Articles of Association of The People's Insurance Company (Group) of China Limited disclosed by the Company on 26 February 2021
China, PRC	the People's Republic of China, which, for the purposes of this report, excludes the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan of the PRC
RMB	Renminbi

About Us

I. HONOURS AND AWARDS

The Company
15th Jinding Prize
Outstanding Case Award of "Five Priorities" on Finance

The Company
2024 Ark Award of High Quality Development for Insurance Company

The Company
2024 High Quality Development Insurance Company

The Company
"2024 TOP Financial Ranking"
High-quality Development Financial Enterprise of the Year

The Company
Outstanding Social Responsibility Award
Outstanding Innovation Case in Digital Finance

The Company
Most Valuable Brand Company Award of the Year
Annual Value Leader Award

The Company
Best Capital Market Communication Award
Best Information Disclosure Award

The Company
"2024 China ESG Golden Responsibility Award"
Best Insurance Company Award for Responsible Investment

The Company
Jinnuo • 2024
Financial Brand Influential Institution Award of the Year

PICC P&C

2024 "Financial Jinding Prize"

Outstanding Property Insurance Company Award of the Year

PICC P&C

22nd China Finance Billboard

2024 Brand Influential Insurance Company Award

PICC P&C

2024 SSE • Golden Wealth Management

Insurance Coverage Brand Award of the Year

PICC Life

2024 TOP Financial Ranking

Outstanding ESG Financial Enterprise

PICC Life

2024 Outstanding Brand for Pension Finance of Financial Institutions Award

PICC Life

2024 Outstanding Case of Digital Operation in Insurance Industry

PICC Health

Outstanding Case of Financial Consumer Rights Protection

Outstanding Case of Financial Elderly-friendly Services

Outstanding Case of Online Financial Services

PICC Health

2024 China Competitiveness List for Insurance Institutions

First Place among Health Insurance Companies

PICC Health

2024 Inclusive Finance Practice Ark Award in Insurance Industry

PICC AMC

Outstanding Asset Management Institution

PICC AMC

Golden Bull Award for Insurance Asset Management Company

PICC Investment Holding

Data Center Best Management Team Award of the Year

II. FINANCIAL HIGHLIGHTS AND OPERATING HIGHLIGHTS

(I) FINANCIAL HIGHLIGHTS

Highlights of historical financial information of the Company as of the end of the reporting periods:

Unit: RMB million, except for percentages

Name of indicator	2024/31 December 2024	2023/31 December 2023	(% of change)	2022/31 December 2022	2021/31 December 2021	2020/31 December 2020
Total assets	1,766,321	1,556,682	13.5	1,416,287	1,376,857	1,256,064
Total liabilities	1,398,900	1,223,779	14.3	1,111,394	1,079,964	982,508
Equity attributable to owners of the Company	268,866	243,206	10.6	224,153	219,256	202,480
Insurance revenue	537,709	503,900	6.7	468,802	N/A	N/A
Net profit	56,781	30,811	84.3	35,447	30,370	28,233
Net profit attributable to owners of the Company	42,151	22,322	88.8	25,382	21,476	20,036
Earnings per share[Note] (RMB)	0.95	0.50	88.8	0.57	0.49	0.45
Net assets per share[Note] (RMB/Share)	6.08	5.50	10.6	5.07	4.96	4.58
Weighted average return on equity (%)	16.4	9.4	Increased by 7.0 pts	11.6	10.2	10.4

Note: As attributable to owners of the Company. The percentage increase or decrease of earnings per share and net assets per share is calculated based on the data before rounding off.

(II) OPERATING HIGHLIGHTS

1. Significant Growth in Profitability and Continuous Stability in Financial Operations

In 2024, the Group achieved a net profit of RMB56,781 million, representing a year-on-year increase of 84.3%. Net profit attributable to owners of the Company amounted to RMB42,151 million, representing a year-on-year increase of 88.8%. The return on net assets was 16.4%, representing a year-on-year increase of 7.0 percentage points.

The Group has paid an interim dividend for 2024 of RMB0.63 (tax inclusive) per 10 shares, and proposed to distribute a final dividend of RMB1.17 (tax inclusive) per 10 shares. The cash dividend proposed to be paid to shareholders for the year 2024 amounted to RMB1.80 (tax inclusive) per 10 shares[1], so as to share the operating results with the investors.

[1] On 27 March 2025, the Board of the Company proposed to distribute the final dividend of RMB1.17 (tax inclusive) per 10 shares for the year 2024, and the profit distribution plan shall be implemented after approval by shareholders at the general meeting of the Company.

2. Steady Growth in Business Scale with Ample and Robust Capital Strength

The Group's business development continued to improve. In 2024, the insurance revenue recorded RMB537,709 million, representing a year-on-year increase of 6.7%, and the original premiums income[2] recorded RMB693,015 million, representing a year-on-year increase of 4.7%. **In terms of the P&C insurance business,** the business scale of PICC P&C grew steadily. The insurance revenue recorded RMB485,223 million, representing a year-on-year increase of 6.1%, and the original premiums income recorded RMB538,055 million, representing a year-on-year increase of 4.3%. **In terms of the life and health insurance business,** by proactively adapting to market changes and seizing business development opportunities, the insurance revenue of the life and health insurance sector recorded RMB49,601 million, representing a year-on-year increase of 13.2%, and the original premiums income recorded RMB154,699 million, representing a year-on-year increase of 6.1%. **In terms of the investment business,** driven by the cash flows of premiums, the size of investment assets maintained steady growth. As of 31 December 2024, the size of investment assets of the Group exceeded RMB1.6 trillion, representing an increase of 14.6% from the beginning of the year.

As of 31 December 2024, the Group's total assets amounted to RMB1,766,321 million, representing an increase of 13.5% from the end of the previous year. The net assets amounted to RMB367,421 million, representing an increase of 10.4% from the end of the previous year. The comprehensive solvency margin ratio was 281%, and core solvency margin ratio was 225%, indicating ample and robust capital strength of the Group.

[2] The original premiums income was calculated based on the premium data after the significant risk test for written premiums and splitting of mixed insurance contracts in accordance with the Notice of Relevant Issues Regarding the Implementation of the No. 2 Interpretation of Accounting Standards for Business Enterprises in Insurance Industry (Bao Jian Fa [2009] No.1) and the Notice on the Publication of the Regulations on the Accounting Treatment Relating to Insurance Contracts (Cai Kuai [2009] No. 15).

3. High-quality Development in an Orderly Manner and Continuous Optimization of Operating Quality and Efficiency

The Group adhered to high-quality development orientation and continued to optimize its operational efficiency indicators. In 2024, the growth rate of insurance revenue was 2.0 percentage points higher than the growth rate of original premiums income. **In terms of the P&C insurance business,** PICC P&C actively promoted product and service innovations, achieved steady progress in operating quality and efficiency, and maintained the largest market share in P&C insurance sector[3]. The net cash inflow from operating activities increased by 77.5% year-on-year, and the liquidity level significantly improved. The combined ratio was 98.8%, indicating a continuous good profitability. **In terms of the life and health insurance business,** the business structure of the life and health insurance sector was further optimized. The regular premiums of PICC Life accounted for 79.5% of the original premiums income, representing a year-on-year increase of 5.8 percentage points. The 10-year-and-above regular premiums increased by 51.2% year-on-year, with proportion increased by 3.2 percentage points. The value of new business reached RMB5,024 million, representing a year-on-year increase of 114.2% on a like-for-like basis. The 13-month premium persistency ratio reached 96.3%, representing a year-on-year increase of 4.1 percentage points, and the sustainability of business development was significantly enhanced. The first-year regular premiums of PICC Health increased by 50.2% year-on-year, and the value of new business reached RMB6,513 million, representing a year-on-year increase of 143.6% on a like-for-like basis. The nursing insurance premiums increased by 56.8% year-on-year, and the professional capability in health insurance was further consolidated. **In terms of investment business,** the Group adhered to the concept of long-term investment and value investment, proactively supported national strategies, improved investment professional capabilities, and gained a significant increase in investment returns. In 2024, the Group actively responded to challenges of fluctuations in the equity market and low interest rate environment, strengthened asset-liability matching management, optimized the asset allocation structure from a cross cyclical perspective, and actively seized capital market opportunities. The total investment income for the year was RMB82,163 million, representing a year-on-year increase of 86.2%, and the total investment yield was 5.6%, representing a year-on-year increase of 2.3 percentage points.

[3] The market share was independently calculated based on the original premiums income in the PRC (excluding Hong Kong, Macau and Taiwan) published by the NFRA. Starting from June 2021, the summarised data of P&C insurance companies and life and health insurance companies published by the NFRA does not include certain institutions which are in the stage of risk disposal in the insurance industry. The same applies below.

4. Serving the Overall National Development and Demonstrating the Responsibilities of a Central Enterprise

The Group adhered to providing financial services to the real economy, solidly implemented the "Five Priorities" on finance, pragmatically promoted strategic projects, optimized its insurance products, innovated its insurance services, focused on its investment direction, and contributed to the Chinese path to modernization with high-quality development. In 2024, the total amount of the Group's risk protection was RMB3,175 trillion, and the paid claims were RMB448.5 billion, ranking first in the industry.

The quality and efficiency of technology finance were improved continuously. The Group made great efforts in the establishment of its demonstration pool of science and technology insurance products, established the verification and evaluation center of scientific and technological achievements and intellectual property rights, and launched the first pilot comprehensive insurance in China, and issued the first batch of major scientific and technological breakthrough insurance, low-altitude economy exclusive insurance and insurance for loss of overseas patent/trademark deployment expenses in China. The science and technology insurance segment undertook total insurance responsibility valued at RMB31 trillion, providing risk protection for 120,000 high-tech enterprises and 67,000 "enterprises that use special and sophisticated technologies to produce novel and unique products". The total amount of investment in high-tech enterprises reached RMB32.7 billion. **The green financial system was further improved.** The Group signed the Principles for Sustainable Insurance (PSI) of the United Nations, set up a green finance committee, established the first unified green insurance statistics system and the ESG risk evaluation system for insurance clients in the industry, and was granted AA in ESG rating by MSCI. The green insurance segment provided risk protection of RMB184 trillion, and provided insurance services for 11.59 million new energy vehicles, representing a year-on-year increase of 57.3%. The investment scale of serving green development reached RMB100.4 billion. **The supply of inclusive finance was further improved.** The Group accelerated the coverage expansion, product increase and standards improvement of agricultural insurance, and provided risk protection of RMB2.1 trillion for 55.42 million rural households. The Group was the first to issue the agricultural germplasm resource protection insurance, and the full cost insurance and planting income insurance for three major staple foods covered an area of 320 million mu. The Group actively participated in the construction of multi-layer social insurance system, and undertook 1,442 policy-based health insurance projects such as serious critical illness insurance, long-term nursing insurance, and outpatient chronic and special diseases insurance, covering nearly 1.0 billion personnel time, and serving new citizens of 18.18 million personnel time. The Group focused on micro, small, and medium enterprises and private enterprises, and launched the "Zhu Wei Bao (助微保)" exclusive products, providing risk protection of RMB45.0 billion for 97,000 micro-small-and medium-sized enterprises and self-employed individuals. **The pension financial service has been continuously strengthened.** The Group realized premiums of commercial insurance annuities from new policies of RMB23.4 billion, and reinforced the construction of pension service capability. The "Nuan Xin Sui Yue (暖心歲悦)" institutional pension service covered 50 pension institutions in 14 provinces. The Group launched "Hao Yi Bao, Long-term Medical Insurance for the Middle-aged and Elderly (好醫保•中老年長期醫療險)", the first internet long-term medical insurance for the middle-aged and elderly in the industry, which raised the ceiling age of insurance and provided comprehensive protection for the elderly with anamnesis and chronic diseases. **The digital financial innovation continued to accelerate.** The Group innovated the digital economy insurance products, and launched the "Computing Chain Insurance (算鏈保)" portfolio products, the insurance for the computing power industry chain. Many solutions such as the "Worry-free on Cloud (雲上無憂)" were selected into the insurance plan catalog of cyber security insurance pilot work of the Ministry of Industry and Information Technology. The amount of cyber security insurance protection increased by 31% year-on-year. The Group reserved more than 170 general AI capabilities, and vigorously promoted many intelligent services such as agent assistants and intelligent sparring partners.

5. Making Every Effort to Implement Risk Reduction Services and Dedicating to Improve Disaster Prevention, Mitigation and Relief Capabilities

Adhering to the corporate mission of "People's Insurance, Serving the People", the Group built a full-process risk reduction service value chain with a high sense of political responsibility and mission, continued to enhance its disaster prevention, mitigation and relief capabilities by innovation of service models and technology empowerment, and gave full play to the functional role in risk prevention, emergency rescue, loss claims and other aspects.

Strengthening pre-insurance risk survey. In terms of risk identification, the Group issued 4.137 million digital risk survey reports, achieving a full coverage of digital risk survey of legal entity business. **Strengthening early warning in the process of insurance.** The Group provided 1.6069 million risk reduction services in key areas such as safety liability insurance and P&C insurance, and provided 14.6392 million meteorological warnings and over 193.7 thousand IoT warnings. The Group creatively drew a map of emergency response capabilities for catastrophes, organized and carried out emergency drills for catastrophes. **Strengthening pre-disaster investigation.** The Group actively carried out disaster prevention, loss mitigation and risk checks. In response to the rainstorm disaster, the Group deployed and applied water immersion IoT equipment and other equipment in advance, identified and watched over the locations which are easily logged with water, collected and relocated the subject matters of the agricultural insurance, and reserved important resources such as prevention sites and maintenance service organizations. **Strengthening claim settlements for catastrophes.** The Group introduced exclusive policies for "19 Measures to Accelerate Insurance Claims" and other policies including "Heartwarming Claim (暖心賠)" to improve the post-disaster recovery and reconstruction and loss compensation. The Group properly responded to major disasters and accidents, such as freezing rain and snow disasters, heavy rainstorms and floods in South China, road collapse of Meizhou-Dapu Expressway in Guangdong Province, landslides in Zhaotong, Yunnan Province, the Earthquake in Wushi County, Xinjiang Uygur Autonomous Region, the Typhoons "Capricorn", "Bebinca" and "Pulasan", and strived to provide efficient, convenient and warm claims services to the masses. In 2024, the Group actively mobilized social and professional rescue forces to support the disaster-hit areas, provided nearly 7,000 non-discriminated vehicle rescue services and dispatched 26 catastrophe rescue teams, and mobilized nearly 30,000 claim settlement and customer service staff, by which, the Group fulfilled its solemn commitment to ensure a better life of people through practical actions.

6. Establishing Sound Corporate Image and Increasing the Brand Value Significantly

The Group actively practiced the financial culture with Chinese characteristics, carried forward the red tradition, promoted corporate culture, and consolidated consensus on systematic development. The Group made great efforts in brand building, and continuously enhanced its brand value and influence. The Group ranked 158th in the list of Fortune Global 500 in 2024 for 15 consecutive years. The Group ranked 150th in Brand Finance Global 500 2025 in terms of brand value, up by 10 places than last year; and ranked 85th in terms of brand strength, up by 20 places than last year. Among the Chinese insurance brands on the list, the Group's brand value growth ranked first in the industry, and the Group's brand strength improvement remained at forefront steadily in the industry.

In 2024, the Group made great efforts in creating a more communicative and influential brand image to promote the construction of a world-class insurance financial group and serve the high-quality development of the Group. During the 16th Customer Festival, the Group further improved the customer service experience by live video streaming, financial knowledge promotion in communities and sports carnival activities. The "PICC Red (人保紅)" lighted up the core landmarks of 31 key cities, and the image as a financial central enterprise has become more deeply ingrained in people's minds. The Group sponsored the "Xiong'an Marathon", a gold-medal event organized by Chinese Athletics Association, and collaborated with the China Roller Skate Association by sponsoring a number of skateboarding and roller skate events, which further enhanced the influence of the Group's brand among young people. As a diamond sponsor, the Group sponsored the "China Open", the comprehensive international tennis tournament of the highest level and with the largest number of participants in Asia. The Group sponsored the 43rd "Guangdong-Hong Kong Cup", a traditional Guangdong-Hong Kong annual football event, which promoted sports and cultural exchanges and integration in the Guangdong-Hong Kong-Macao Greater Bay Area. The Group sponsored PICC Guangdong-Hong Kong-Macao Greater Bay Area (Guangzhou) New Energy Vehicle Sports Season, which promoted the development of China's new energy vehicle industry and injected new vitality into regional development.

The Group's efforts in further deepening the implementation of strategy and serving the high-quality development of the economy and society were widely publicized and reported by numerous media such as People's Daily, Xinhua News Agency and China Media Group, with over 395 thousand posts published and forwarded across the Internet, which continually enhanced and demonstrated the good corporate image.

The Group accelerated the construction of the "General Consumer Protection (大消保)" pattern, established the consumers' rights and interests protection department, strengthened the top-level planning and coordinated advancement of consumer protection, unified the release of the Group's consumer protection culture, established a comprehensive customer experience management system, and innovatively applied customer experience management instruments. In 2024, the net promoter score of PICC P&C, PICC Life and PICC Health increased by 6.0%, 4.4% and 6.0%, respectively, and customer satisfaction continued to improve. PICC Health was among the first in the insurance industry to obtain ISO9001 quality management system certification for consumers' rights and interests protection. The Group promoted the improvement of elderly-friendly services in a list-based manner, and 95518 customer service hotline provided manual and exclusive services to more than 1.7 million elderly customers throughout the year.

7. Accelerating Digitalization Construction and Supporting the Implementation of Strategies Effectively

The Group strengthened the top-level planning for digital development, formulated action plans for digital construction, introduced corporate structural management, deployed and implemented a number of digital "no regrets (無悔)" projects, among which, the "no regrets (無悔)" projects led by the Group focused on building digital capabilities of value collaboration and shared empowerment of the whole Group, and were designed to consolidate the scientific and technological base for "six unifications" of computing power base, data base, intelligence base, security base, technology route and independent and controllable programme for the entire Group, and the "no regrets (無悔)" projects led by subsidiaries focused on building their respective agile and innovative digital capabilities, so as to collectively create the core technological competitiveness of the Group.

Optimizing layout of computing power resource. The Group launched the construction of Western Data Center, improved the operation of North Center, completed over 300 independent data centers and cloud platforms for application system migration, gradually built a green, low-carbon, intelligently operated, flexible, scalable, secure and reliable data center cluster and backbone network, and established a disaster-tolerant architecture with three centers in two locations. **Insisting on the building of self-reliance and strength in science and technology.** The Group continued to build its unified multi-cloud and multi-core cloud platform, accelerated the distributed transformation of core business systems and the optimization and upgrading of software and hardware infrastructure platforms, promoted the use of various security management platforms, and improved cyber security attack and defense laboratory, so as to improve comprehensive defense capabilities. **Systematically promoting data governance.** By taking advantage of its unified data platform, the Group strengthened data asset accumulation, and the data resources under management by the Group reached 86.7%, accelerating the value release of data elements. **Strengthening technology and innovation empowerment.** The Group built its industry-leading digital innovation capabilities for the front line to enhance customer experience through digitalization. The intelligent technology service platform reserved over 170 general AI capabilities, PICC's exclusive large model products were implemented and applied in more than 10 scenarios including intelligent human resources, digital audit, agent assistance and intelligent sparring partners. The number of patent applications by the Group increased by 64.8% compared to last year, and the Group's "Data Intelligent Decision-making (數聚智策)" risk prevention and control system was awarded the first prize of "2023 Annual Financial Technology Development Award" by The People's Bank of China.

8. Focusing on Upgrade of Comprehensive Risk Management and Improving the Long-Term Risk Prevention and Control Mechanism

Focusing on the overall situation of national security and the overall economic and social development, the Group placed the prevention and defusing of financial risks in a more prominent position, further enhanced the proactivity and foresight of risk prevention and control, strengthened risk awareness within the Group, built a comprehensive, systematic and thorough risk management system, promoted the normal operation of risk prevention and control mechanism, and comprehensively promoted the effective implementation of various risk prevention and control actions to ensure high-quality development with high-level safety.

In 2024, the risk preference was implemented well in general, no major risk events have occurred, and risk prevention and control were conducted vigorously and effectively. **The comprehensive risk management system has been further improved.** The Group carried out comprehensive risk management upgrade actions, strengthened the C-ROSS SARMRA assessment, and built the comprehensive risk rating benchmarking, by which, the comprehensive risk ratings of PICC P&C, PICC Life and PICC Health have been improved. **The dynamic risk monitoring and early warning capabilities have been further enhanced.** The Group optimized the risk appetite monitoring index system, and launched the intelligent risk control platform to further promote the transformation of risk management and control from "manual defense" to "technical defense" and "intelligent control". **The risk prevention and control in key areas has been further strengthened.** The Group strengthened the risk management and control of P&C insurance premiums receivable, and the premiums receivable rate of PICC P&C decreased by 1 percentage point year-on-year; in terms of personal insurance, the Group strengthened the risk prevention of interest rate spread loss, which led to a significant improvement of cost-benefit matching; in terms of investment, the Group intensified the risk monitoring in key areas such as real estate and urban investment platforms, and no major credit risk losses have occurred to fixed-income assets; in terms of information security, the special action of cyber security has achieved remarkable results. **The internal control and compliance of institutions at all levels has been further improved.** The Group scientifically and rationally set the business development indicators, and guided institutions at all levels to firmly establish a correct view of business, performance and risk; the Group promoted the compliance culture through innovative forms, and solidly organized and carried out compliance inspections and training; the Group strengthened the construction of execution capabilities, intensified risk compliance performance appraisal, and strictly pursued the responsibility and accountability for risk compliance; the Group improved the case risk prevention and control mechanism, implemented the "downgrading (下評一級)" internal control evaluation system in 50% of provincial branches, and continued to consolidate the foundation of grassroots-level internal control and compliance management.

Chairperson's Statement

2024 is an extraordinary year for China's development process and also a year for the Group to forge ahead. The Group adhered to the general principle of pursuing progress while ensuring stability, comprehensively promoted the "Five Priorities" on finance, actively performed the functions of insurance as an economic shock absorber and social stabilizer, and promoted its own high-quality development while serving the overall economic and social development, achieving good development results.

Steady growth in operating performance. In the face of multiple challenges such as the transformation of old and new driving forces, the decline in interest rates, and fluctuations in the capital market, the Group continuously optimized its development strategy and insisted on promoting high-quality development. Throughout the year, the operating income was RMB622.2 billion, representing a year-on-year increase of 12.4%; the total assets reached RMB1.77 trillion, representing a year-on-year increase of 13.5%; the assets under the management amounted to RMB3.6 trillion, representing a year-on-year increase of 16.7%. The main operating targets were fully achieved with high quality.

Effective exertion of the insurance function. The Group earnestly practiced the notion of politics and serving the people in the financial work, and formulated and implemented the work guidelines for the "Five Priorities" on finance. The Group undertook total insurance responsibility valued at RMB3,175 trillion, and paid claims of RMB448.5 billion throughout the year, representing a year-on-year increase of 9.6%, both ranking the first in the industry; the investment in serving the real economy exceeded RMB1 trillion, representing an increase of 26.6% compared to the beginning of the year, fully demonstrating the responsibility and commitment of a financial central enterprise.

Effective consolidation of the development foundation. The Group accelerated the development of new energy vehicle insurance, science and technology insurance, green insurance, catastrophe insurance and other functional insurance for property insurance, actively promoted the development of long-term regular premium business for life and health insurance, and continuously optimized the business structure. The Group has taken cost reduction and efficiency enhancement as a strategic, long-term and comprehensive task, and established a "5+5" comprehensive cost reduction and efficiency enhancement mechanism, which has resulted in year-on-year improvements in the comprehensive expense ratio of property insurance and the life insurance premiums spread, and significant reduction in the cost of debt capital of personal insurance.

Achievement of innovation-driven progress. The Group strengthened product innovation, established its demonstration projects of new quality productive forces, and developed new products such as the first power battery capacity guarantee insurance, photovoltaic power sales credit compensation insurance and comprehensive catastrophic insurance with all-risk catastrophes and long cycles in China; deepened mode innovation, and actively promoted the new model of property insurance risk reduction management services. PICC P&C provide 1.61 million risk reduction services in key areas and 14.64 million meteorological warnings throughout the year; promoted ecological innovation, steadily promoted the construction of integrated health and inclusive pension ecology, and continuously enriched the "Nuan Xin Sui Yue (暖心歲悅)" service network by connecting with over 4,600 cooperative hospitals and over 217 thousand cooperative pharmacies.

Vigorous and effective risk prevention and control. The Group further upgraded and improved the construction of comprehensive risk management system, optimized the risk compliance performance assessment system, and enhanced the effectiveness of system compliance; strengthened internal control and compliance construction, enhanced operational risk prevention, improved the risk prevention and control system for criminal cases, and enhanced risk penetration management; proactively strengthened risk prevention and control in key areas, and prudently resolved and disposed of risks.

2025 is the Group's final year of the "14th Five-Year Plan" and also the first year for embarking on a new journey to build a world-class insurance and financial group. The central government introduced a full range of unconventional and countercyclical policies, which will surely promote the stabilization and improvement of China's economic development and create a favorable development environment for the insurance industry. The Group will adhere to the original mission of "People's Insurance, Serving the People", insist on the confidence in development, seize development opportunities, actively give full play to the insurance functions, seek impetus from reform, vitality from innovation and efficiency from management, strive to transform all positive factors into tangible development achievements, complete the targets and tasks of the final year of the "14th Five-Year Plan" with high quality, and take solid steps on the new journey of building a world-class insurance and finance group, aiming to reward all shareholders, employees and the society with outstanding results.

Firstly, we will focus on building a first-class company. We will firmly follow the path of financial development with Chinese characteristics, so as to build a world-class insurance financial group with outstanding functions, efficient operation, distinct main business, modern governance and international competitiveness, demonstrate Chinese characteristics, and achieve the "five first-class" development goals of first-class protection function, first-class business performance, first-class comprehensive services, first-class governance capabilities and first-class international influence.

Secondly, we will solidly serve the overall situation. Focusing closely on the "Five Priorities" on finance, we will deepen the structural reform of the financial supply side. We will optimize the science and technology insurance product system to serve the development of new quality productive forces; improve the underwriting capacities and service level of shipping insurance to serve the expansion of high-level opening up; intensify efforts in green insurance and green investment to serve the comprehensive green transformation. We will improve the insurance emergency service mechanism, and actively participate in the construction of a multi-level social security system, to serve to guarantee and improve people's livelihood.

Thirdly, we will focus on deepening reforms. We will implement the guiding principles of the Third Plenary Session of the 20th CPC Central Committee, further deepen the "six reforms" of corporate governance, strategic management and control, empowerment of grassroots, resource sharing, digitization and cadre and personnel system, so as to lead and drive the optimization of the Group's institutional mechanism and the enhancement of management efficiency.

Fourthly, we will improve the quality of development. We will insist on the principle of high-quality development, promote high-quality product supply, promote high-quality upgrading of services, promote high-quality structural optimization, and promote high-quality profit, so as to strive to achieve effective improvement in quality and reasonable growth in quantity.

Fifthly, we will solidly prevent and control risks. We will adhere to equal emphasis on development and safety, and effectively respond to various risks and challenges. We will strengthen risk prevention in key areas such as insurance and investment, improve the construction of a risk prevention and control system, strengthen the construction of risk compliance culture, and take the lead in compliant operation of the industry.

Ding Xiangqun
Chairperson

Beijing, PRC
27 March 2025

Management Discussion and Analysis

The year of 2024 marks the 75th anniversary of the People's Republic of China, and is a crucial year for achieving the objectives and tasks laid down in the "14th Five-Year Plan". Faced with the complex and severe situation of increasing external pressure and internal difficulties, the Party Central Committee with Comrade Xi Jinping at its core, united and led the entire Party and all ethnic groups to respond to the changes calmly and take a full range of steps, ensured overall stable performance and steady growth of the economy, solidly promoted high-quality development, and successfully completed major objectives and tasks of economic and social development. New quality productive forces developed steadily, reform and opening up continued to deepen, risks in key areas have been mitigated in an orderly and effective manner, solid progress was made in the protection of people's livelihoods, and new and solid steps were taken towards Chinese path to modernization. The Party committee of the Group earnestly implemented the decisions and arrangements of the Party Central Committee, comprehensively implemented the guiding principles of the 20th CPC National Congress, the Second and Third Plenary Sessions of the 20th Central Committee, implemented the guiding principles of the Central Financial Work Conference and the Central Economic Work Conference, stuck to the notion of politics and serving the people in the financial work, and promoted new progress in high-quality development. The Group's insurance functions were effectively utilised, leading to steady progress in operating performance and a solid foundation for operations. The results of reform and innovation became evident, and risk prevention and control were strong and effective, resulting in excellent operating performance. The insurance segment adhered to high-quality development, continued to cultivate new growth points in serving the overall economic and social development, and effectively consolidated its market position. The investment segment strengthened market research and judgment, enhanced its active management capabilities, and achieved a rapid growth in investment returns. The Group accelerated the institutional reform of technology and digital transformation, and achieved tangible results in empowering with technology. In 2025 and afterwards, the Group will earnestly implement the guiding principles of the 20th CPC National Congress, the Second and Third Plenary Sessions of the 20th CPC Central Committee, and solidly promote and comprehensively deepen the reform to serve the Chinese path to modernization with high-quality development.

I. BUSINESS OVERVIEW OF THE COMPANY

(I) Review of Our Industry

In 2024, the insurance industry conscientiously implemented the guiding principles of the Third Plenary Session of the 20th CPC Central Committee to further comprehensively deepen reforms and promote high-quality development. The "Several Opinions of the State Council on Strengthening Regulation, Preventing Risks and Promoting High-Quality Development in the Insurance Industry" provides a new direction for the industry for upholding the principles of integrity and innovation, reform and transformation for better serving the economic and social development under the new situation. The insurance industry achieved original premiums income of RMB5.69 trillion for the year, representing a year-on-year increase of 5.7%; the "Five Priorities" on finance have been fully implemented and detailed, and the amount of insurance liability undertaken was RMB17,890 trillion; the Group actively responded to natural disasters such as typhoons, rainstorms and floods, launched catastrophe contingency claim settlement, and effectively protected the safety of people's lives and property. The original policyholders' benefits and claims were RMB2.3 trillion.

In 2024, the NFRA proactively promoted the high-quality development of the insurance industry, and guided the industry to establish the principle insurance concept to make contributions to the construction of Chinese path to modernization. **In terms of serving economic and social development,** NFRA implemented the key tasks of comprehensively promoting rural revitalization, promoted the coverage expansion, product increase, standards improvement and protection improvement of agricultural insurance, promoted the nationwide implementation of full cost insurance and planting income insurance policies for three major staple foods, provided diversified agricultural insurance products with local characteristics, and ensured precise agricultural insurance claim settlement to improve the quality and efficiency of insurance services and better safeguard the interests of rural households; NFRA provided diversified inclusive insurance products and services, increased the supply of insurance protection for specific groups, improved the risk resistance ability of small and micro enterprises, individual industrial and commercial households and new agricultural business entities, and promoted the development of exclusive inclusive insurance; NFRA strengthened the supply-side structural reform of the insurance industry, built a green insurance service system, ensured green and low-carbon technological innovation, promoted a green and low-carbon energy transformation, pushed ahead the consolidation and improvement of carbon sink capabilities, served the development of green and low-carbon and green manufacturing projects in industrial sector, and improved the quality and efficiency of green insurance in serving the green economic and social transformation; NFRA accelerated the development of pension finance, continued to promote the reform of the third pillar pension insurance, better participated in and served the construction of a multi-layer and multi-pillar pension insurance system, guided the industry to further optimize the supply of health insurance and commercial insurance annuity products, improved long-term protection capabilities, improved the elderly-friendly level of financial service and supported the development of silver economy; NFRA improved the "first (set of)" insurance compensation policy mechanism, guided insurance funds to increase the investment in strategic emerging industries, advanced manufacturing industry, new infrastructures and other fields, and accelerated the improvement of the insurance product system covering the entire life cycle of technology-based enterprises; NFRA expanded the coverage of catastrophe insurance for residential buildings of urban and rural residents, improved the catastrophe insurance system and enhanced risk-resistance resilience of the society. **In terms of promoting the high-**

quality transformation of the industry, NFRA improved and optimized the pricing mechanism of life and health insurance products, established a linkage and dynamic adjustment mechanism between predetermined interest rates and market interest rates, and guided the industry to actively respond to the challenge brought about by declining interest rate and prevent the spread loss risks; NFRA promoted the implementation of consistency between regulatory filings and actual underwriting, guided the insurance institutions to adjust product structure, optimize fees and costs, and strengthen the interaction between the assets and liabilities in a planned manner, improved the level of refined management and guided the industry to reduce costs and improve efficiency so as to pass on benefits to consumers; NFRA promoted the connotative development, featured business operation and refined management of the industry, guided the insurance institutions to build a sound business, performance and risk concept, diversify their product supply and improve their insurance services, and urged the insurance intermediaries to clear away the deficiencies and improve the service quality; NFRA strengthened counter-cyclical supervision, improved the regulation of solvency and reserves, and broadened capital replenishment channels of the insurance institutions. **In terms of regulation strengthening, prevention and mitigation of risks,** NFRA comprehensively strengthened the "five major regulations", made efforts to improve financial governance, and vigorously promoted the coordination and linkage to form a "four-hierarchy vertical management" structure; NFRA promoted the legislation of and amendment to the Insurance Law and other important laws, formulated various measures for compliance management of financial institutions, and encouraged the insurance institutions to transform to proactive compliance governance; NFRA amended the administrative measures for risk classification of insurance assets, expanded the coverage of asset risk classification, and comprehensively and accurately assessed the risk levels; NFRA deepened internal control and compliance governance, continued to improve the accuracy and effectiveness of regulation, investigated into and dealt with violations of laws and regulations in accordance with laws and regulations, and maintained the financial market order; NFRA strengthened the rectification of major non-compliance, seriously investigated and dealt with major cases of violation of laws and regulations, implemented risk monitoring, prevention and disposal, sped up the resolution of existing risks and effectively prevented the incremental non-compliances; NFRA improved the financial consumers' rights and interests protection system and mechanism to safeguard the legitimate rights and interests of financial consumers.

(II) Principal Businesses

In 2024, faced with the complex and severe situation of increasing external pressure and internal difficulties, the Group has strengthened its confidence, made new progress in persistently promoting high-quality development. The insurance function has been effectively exerted. In 2024, the Group undertook an insurance protection amount of RMB3,175 trillion in total and paid claims[4] of RMB448.5 billion, ranking the first in the industry. Business development advanced steadily. The Group achieved original premiums income of RMB693,015 million, representing a year-on-year increase of 4.7% with the growth rate remained at the forefront among major insurance groups; and achieved insurance revenue of RMB537,709 million, representing a year-on-year increase of 6.7%. The Group's operating benefits increased significantly, proactively responded to multiple challenges, proactively seized market opportunities and achieved a net profit attributable to owners of the Company of RMB42,151 million, representing a year-on-year increase of 88.8%, demonstrating strong development resilience.

As of 31 December 2024, the market share of PICC P&C in the P&C insurance market was 31.8%, and the aggregate market share of PICC Life and PICC Health in the life and health insurance market was 3.8%.

1. *P&C Insurance Segment: Steady Progress in Operating Benefits and Continuous Consolidation of Core Business*

In 2024, PICC P&C continued to consolidate the role of its core business role and strengthened product and service innovation and channel specialization construction, and achieved original premiums income of RMB538,055 million, representing a year-on-year increase of 4.3% with a market share of 31.8%, maintaining its industry leading position. PICC P&C achieved insurance revenue of RMB485,223 million, representing a year-on-year increase of 6.1%. PICC P&C continued to optimize its vehicle insurance business structure and vigorously expanded the market share of new household-use vehicles with a market share of 38.8%. The vehicle insurance business achieved insurance revenue of RMB294,701 million, representing a year-on-year increase of 4.5%. PICC P&C continued to deepen its professional operation capabilities, improved risk pricing levels, accelerated the layout of personal non-vehicle insurance business, improved the corporate business structure and improved its ability to serve the real economy. The non-vehicle insurance business achieved insurance revenue of RMB190,522 million, representing a year-on-year increase of 8.8%, accounting for 39.3% of the total insurance revenue, up by 1.0 percentage point year-on-year.

4 The amount of paid claims data was based on the line item "Claims Expense" in the PRC Accounting Standards for Business Enterprises No.25 – Original Insurance Contracts issued in 2006.

2. *Life and Health Insurance Segment: Focusing on Main Responsibilities and Businesses with Improvement in Operation Quality and Efficiency*

The life and health insurance segment persisted in returning to the origin of protection, focused on main responsibilities and businesses, and the people's livelihood and well-being. PICC Life's business maintained steady progress, with a steady enhancement in value creation capability and significant optimisation in business quality. In 2024, the original premiums income amounted to RMB106,004 million, representing a year-on-year increase of 5.3%. The regular premiums amounted to RMB84,257 million, representing a year-on-year increase of 13.5%. PICC Life's value of new business amounted to RMB5,024 million, representing a year-on-year increase of 114.2% on a like-for-like basis. PICC Health adhered to high-quality and sustainable development, and achieved an original premiums income of RMB48,695 million, representing a year-on-year increase of 7.7%. PICC Health achieved the first-year regular premiums of RMB6,650 million, representing a year-on-year increase of 50.2%. PICC Health's value of new business amounted to RMB6,513 million, representing a year-on-year increase of 143.6% on a like-for-like basis. The growth rate of health insurance premiums was 4.9 percentage points ahead of life and health insurance companies in the health insurance market. The original premiums income of Internet health insurance business was RMB17,784 million, which continued to maintain the market leading position among life and health insurance companies.

3. *Investment Segment: Significant Growth in Investment Returns and Continuing Improvement in Strategic Service Capability*

The investment segment implemented the high-quality development requirements of the Group, enhanced its capabilities and level to serve national strategies and satisfy the wealth management needs of the people, strengthened its asset-liability matching management, strengthened the construction of professional capability and promoted the improvement of investment performance significantly. In 2024, the Group achieved a total investment income of RMB82,163 million, representing a year-on-year increase of 86.2%; the total investment yield amounted to 5.6%, representing a year-on-year increase of 2.3 percentage points. The investment segment leveraged the advantages of core competency in multi-asset allocation, increased product innovation, actively explored the new model of serving national strategies by establishing the East Guangdong-West Guangdong-North Guangdong Industrial Transfer Fund and the PICC Modernized Industry Investment Funds. The Group proactively expanded the development of third-party business through serving the people's wealth management, and created a well-established and influential PICC brand. As of 31 December 2024, the scale of third-party assets under management of the Group amounted to RMB1,110,575 million, representing an increase of 3.5% from the beginning of the year.

4. *Technology Segment: Accelerating Construction of the Data Platforms, and Technology Empowerment at the Grassroot Level Achieving Results*

The technology segment actively promoted the technological reform and construction of the Group, exerted significant efforts in supporting the priority on digital finance, and contributed science and technological strength to the high-quality development of the Group. The technology segment coordinated the construction of 9 key technology projects and 22 sub-projects of the Group, facilitated the implementation of key initiatives in technology management work, accelerated the construction and application of data platforms, strengthened the management and control of scientific and technological risks such as cyber security, data security, production security, supply chain security and business continuity, and continued to enhance the independent and controllable level of science and technology, with the construction of various scientific and technological infrastructures steadily advancing.

At the same time, technological empowerment at the grassroots level achieved new results. The technology segment continued to optimize and upgrade sales order tools. The "PICC e-Tong" served nearly 110 million personnel time, and achieved the original premiums income of RMB145 billion. The technology segment deepened the research and promotion of intelligent technology, with over 35.70 million intelligent outbound calls for P&C insurance business, supporting 22 types of business scenarios such as renewal and follow-up. The technology segment completed the construction of intelligent underwriting expert system for health group insurance, improved professional underwriting capabilities and full-process response processing times, and optimized customer experience. The technology segment continued to promote online customer service. The monthly average activity of the "PICC" APP reached 3.35 million, the 95518 inbound manual connection rate of P&C insurance business reached 99.41%, and the service satisfaction rate of customer service representatives was 99.99%.

(III) Key Operating Data

The Group primarily engages in three main businesses, namely P&C insurance business, life and health insurance business and asset management business. The Group's businesses are composed of four main operating segments: the P&C insurance business consists of the Group's P&C insurance segment and includes PICC P&C and PICC Hong Kong, in which the Company holds 68.98% and 89.36% equity interests, respectively; the life and health insurance business consists of two separate operating segments, including the life insurance segment and the health insurance segment, among which the life insurance segment includes PICC Life, in which the Company holds 80.00% equity interest directly and indirectly, and the health insurance segment includes PICC Health, in which the Company holds 95.45% equity interest directly and indirectly; and the asset management business consists of the asset management segment of the Group and primarily includes PICC AMC, PICC Investment Holding and PICC Capital, which are all wholly owned by the Company. The Company also holds 100.00% equity interest in PICC Pension and PICC Technology and directly and indirectly holds 100.00% equity interest in PICC Reinsurance and PICC Financial Services.

Unit: RMB million

	The Group	PICC P&C	PICC Life	PICC Health
Actual capital	533,773	265,560	153,488	40,616
Core capital	427,564	240,863	103,291	21,338
Minimum capital	190,100	114,171	55,731	11,911
Comprehensive solvency margin ratio (%)	281	233	275	341
Core solvency margin ratio (%)	225	211	185	179

The solvency results of the Group and major subsidiaries as at 31 December 2024 were calculated in accordance with the Regulatory Rules on the Solvency of Insurance Companies (II) and the relevant notices issued by the NFRA (the former CBIRC).

(IV) Key Financial Indicators

Unit: RMB million

	2024	2023	(% of change)
Total operating revenue	622,220	553,467	12.4
Insurance revenue	537,709	503,900	6.7
Total operating expenses	552,988	519,910	6.4
Insurance services expenses	492,837	473,436	4.1
Profit before tax	69,232	33,557	106.3
Net profit	56,781	30,811	84.3
Net profit attributable to owners of the Company	42,151	22,322	88.8
Earnings per share(Note) (RMB/share)	0.95	0.50	88.8
Weighted average return on equity (%)	16.4	9.4	Increased by 7.0 pt
Net cash flows from operating activities	87,990	70,549	24.7

Note: The percentage increase or decrease of earnings per share was calculated based on the data before rounding off.

Unit: RMB million

	As of 31 December 2024	As of 31 December 2023	(% of change)
Total assets	1,766,321	1,556,682	13.5
Total liabilities	1,398,900	1,223,779	14.3
Equity attributable to owners of the Company	268,866	243,206	10.6
Total share capital	44,224	44,224	–
Net assets per share(Note) (RMB/share)	6.08	5.50	10.6

Note: The percentage increase or decrease of net assets per share was calculated based on the data before rounding off.

(V) Explanation for the Differences between Domestic and Overseas Accounting Standards

Unit: RMB million

	Net profit attributable to owners of the Company		Equity attributable to owners of the Company	
	2024	2023	As of 31 December 2024	As of 31 December 2023
Under the China Accounting Standards for Business Enterprises	42,869	22,773	268,733	242,355
Items and amounts adjusted in accordance with the IFRSs:				
Catastrophic risk reserve of agricultural insurance	(957)	(602)	178	1,135
Impact of above adjustment on deferred income tax	239	151	(45)	(284)
Under the IFRSs	42,151	22,322	268,866	243,206

Explanation for major adjustments:

According to the provisions of Cai Kuai [2014] No. 12, in addition to the liabilities for insurance contracts provided under the Accounting Standards for Business Enterprises No. 25 – Insurance Contract, PICC P&C made provision for catastrophic risk reserve of agricultural insurance based on a certain proportion of the retained premiums of agricultural insurance, and included premium reserves appropriately provided and utilised into the gain or losses for the period.

There is no provision regarding thereof under the IFRSs, hence there exist differences between such standards. The liabilities for insurance contracts provided under the IFRS No. 17 are the same as those provided under the Accounting Standards for Business Enterprises No. 25 – Insurance Contract.

(VI) Other Major Financial and Regulatory Indicators

Unit: RMB million

	31 December 2024/2024	31 December 2023/2023
Consolidated		
Insurance contract liabilities	1,122,797	980,730
Including: Liability for incurred claims	243,144	224,764
Liability for remaining coverage	879,653	755,966
Reinsurance contract assets	39,762	39,259
Reinsurance contract liabilities	71	118
Net expenses from reinsurance contracts held	7,464	5,961
Finance expenses from insurance contracts issued	43,329	27,651
Finance income from reinsurance contracts held	(1,264)	(1,251)
Investment assets	1,641,756	1,433,131
Total investment yield (%)	5.6	3.3
Gearing ratio(1) (%)	79.2	78.6
PICC P&C		
Insurance revenue	485,223	457,203
Insurance service expenses	465,392	431,991
Combined ratio(2) (%)	98.8	97.8
Comprehensive loss ratio(3) (%)	73.0	70.6
PICC Life		
Insurance revenue	22,384	18,204
Insurance service expenses	7,483	16,859
Contractual service margin for issued insurance contracts	92,555	75,633
Contractual service margin for insurance contracts issued on initial recognition in the current period	14,151	9,237
Value of new business(4)	5,024	3,664
Embedded value(4)	119,731	101,470
Lapse rate(5) (%)	3.6	5.1
PICC Health		
Insurance revenue	27,217	25,619
Insurance service expenses	17,752	23,109
Contractual service margin for issued insurance contracts	20,189	16,979
Contractual service margin for insurance contracts issued on initial recognition in the current period	10,979	6,361
Value of new business(6)	6,513	2,826
Embedded value(6)	30,117	22,495
Lapse rate(5) (%)	1.0	1.0

Notes:

(1) The gearing ratio refers to the ratio of total liabilities to total assets.

(2) Combined ratio = (insurance service expenses + net expenses from reinsurance contracts held + finance expenses from insurance contracts issued – finance income from reinsurance contracts held)/insurance revenue.

(3) Comprehensive loss ratio = (incurred claims and loss adjustment expenses for the period+ change in fulfilment cash flows related to liability incurred claims + finance expenses from insurance contracts issued + (recognition and reversal of losses – allocation of losses) + net expenses from reinsurance contracts held – finance income from reinsurance contracts held)/insurance revenue.

(4) Based on economic assumptions such as investment yield and risk discount rate at 31 December 2023, the value of new business in 2024 and embedded value of PICC Life as at 31 December 2024 were RMB7,849 million and RMB149,872 million, respectively.

(5) Lapse rate = surrender value for the period/(opening balance of long-term insurance liability reserves + long-term insurance original premiums income for the period) x 100%.

(6) Based on economic assumptions such as investment yield and risk discount rate as at 31 December 2023, the value of new business in 2024 and embedded value of PICC Health as at 31 December 2024 were RMB6,883 million and RMB32,019 million, respectively.

(7) Comparison period data for contractual service margin for issued insurance contracts and embedded value represent the data as at 31 December 2023, while comparison period data for other indices represent the data for 2023.

II. PERFORMANCE ANALYSIS

(I) Insurance Business

P&C Insurance Business

1. PICC P&C

PICC P&C resolutely implemented the decisions and deployments of the Party Central Committee, fully implemented the strategic arrangements of the Group, adhered to the original mission of "People's Insurance, Serving the People", adhered to the general principle of pursuing progress while ensuring stability, and solidified the "Five Priorities" on finance. It continued to deepen reform and innovation, improved the operation and management system, proactively prevented and resolved risks, cultivated and built new growth drivers and strengths, and actively performed the functions of insurance as an economic shock absorber and social stabilizer, promoted its own high-quality development while serving the overall goal of Chinese path to modernization and building a strong financial sector. In 2024, the combined ratio of PICC P&C was 98.8%, the three-year average combined ratio[5] was 97.7%, the comprehensive loss ratio was 73.0%, and the three-year average comprehensive loss ratio[6] was 71.0%.

(1) Analysis of operating conditions and results

In 2024, PICC P&C realized insurance revenue of RMB485,223 million, representing a year-on-year increase of 6.1%, with positive growth in insurance revenue of all operating segments. PICC P&C deepened comprehensive cost reduction and efficiency enhancement, and proactively implemented the consistency between regulatory filings and actual underwriting. The comprehensive expense ratio was 25.8%, representing a year-on-year decrease of 1.4 percentage points. Affected by severe catastrophes, accidents and declining interest rates leading to an increase in debt costs, the comprehensive loss ratio of PICC P&C was 73.0%, representing a year-on-year increase of 2.4 percentage points, with the net loss from catastrophe exceeded the average level of 50.9% of the past five years, which was the highest in recent years; the combined ratio was 98.8%, representing a year-on-year increase of 1.0 percentage point; the insurance service performance was RMB14,380 million, the underwriting profit was RMB5,713 million, and the net profit was RMB32,161 million.

5 The three-year average combined ratio represents the average of the combined ratios for the last three complete years (2022 to 2024).

6 The three-year average comprehensive loss ratio represents the average of the comprehensive loss ratios for the last three complete years (2022 to 2024).

The following table sets out the underwriting profits of PICC P&C during the reporting period:

Unit: RMB million

Indicator	2024	2023	(% of change)
Insurance revenue	485,223	457,203	6.1
Less: Insurance service expenses	465,392	431,991	7.7
Less: Net expenses of reinsurance contracts ceded	5,451	6,142	(11.3)
Less: Finance expenses from insurance contracts issued	9,901	10,127	(2.2)
Add: Finance income from reinsurance contracts held	1,234	1,246	(1.0)
Underwriting profits	**5,713**	**10,189**	**(43.9)**

In order to facilitate investors' understanding of the operating results of major insurance types, PICC P&C has simulated and calculated the operating results of each insurance type after reinsurance by allocating the insurance revenue, insurance service expenses and other profit and loss accounts corresponding to reinsurance business to each insurance type. The following table sets out the selected operating information on each insurance type of PICC P&C for the reporting period:

Unit: RMB million

Insurance type	Insurance revenue	Insurance service expenses	Underwriting profits	Combined ratio (%)	Insurance amount
Motor vehicle insurance	294,701	278,658	9,285	96.8	281,552,399
Agricultural insurance	55,466	55,993	158	99.7	2,101,746
Accidental injury and health insurance	48,918	47,292	242	99.5	1,983,902,330
Liability insurance	37,112	37,622	(1,914)	105.2	577,885,868
Commercial property insurance	18,042	18,278	(2,420)	113.4	46,802,399
Other insurances	30,984	27,549	362	98.8	95,569,148
Total	**485,223**	**465,392**	**5,713**	**98.8**	**2,987,813,890**

Note: Figures may not add up to total due to rounding, similarly hereinafter.

- Motor vehicle insurance

PICC P&C has always adhered to the concept of high-quality development, continuously strengthened risk selection, and continued to promote construction of professional channels, and effectively consolidated its market share. The insurance revenue from motor vehicle insurance was RMB294,701 million, representing a year-on-year increase of 4.5%.

PICC P&C dynamically adjusted its pricing policy, improved the quality and efficiency of its claims service, and implemented risk reduction services by optimizing its risk assessment model. However, due to the frequent occurrence of catastrophic accidents caused by rain, snow, ice and extreme weather, the popularity of new energy vehicles, the increase in labour costs for automobile spare parts and the rise in standard of compensation for personal injuries, the comprehensive loss ratio of motor vehicle insurance was 72.6%, representing a year-on-year increase of 2.2 percentage points. PICC P&C deepened expense management of motor vehicle insurance, strictly implemented the policy of consistency between regulatory filings and actual underwriting for motor vehicle insurance, enhanced sales capacity and strengthened cost management and control. The comprehensive expense ratio of motor vehicle insurance was 24.2%, representing a year-on-year decrease of 2.3 percentage points; the combined ratio was 96.8%, representing a year-on-year decrease of 0.1 percentage point; and the underwriting profit was RMB9,285 million.

- Agricultural insurance

PICC P&C focused on national strategic deployments such as all-round rural revitalization and the building of a strong agricultural sector, and promoted the expansion of agricultural insurance, the increase of products, and the improvement of standards. It fully implemented the policy of expanding the scope of the full cost and planting income insurance for the three main cereal crops, and increased agricultural insurance coverage, and achieved insurance revenue from agricultural insurance of RMB55,466 million, representing a year-on-year increase of 4.9%.

PICC P&C strengthened underwriting risk management, optimized product pricing, continued to improve its business structure, enriched its product offerings, promoted the separation of agricultural insurance claims and underwriting, and created a service model of embedded risk reduction in agricultural insurance products, which realized accurate identification, early warning, detection, and assessment of agricultural risks, and carried out emergency response to catastrophe claims and disaster mitigation services. Due to the year-on-year increase in losses from disasters such as cold wave, freezing, heavy rainfall, drought and typhoon in 2024, the comprehensive loss ratio of agricultural insurance was 84.2% and the combined ratio was 99.7%, both representing a year-on-year increase of 3.9 percentage points; and the underwriting profit was RMB158 million.

- Accidental injury and health insurance

PICC P&C actively practiced "serving to enhance people's well-being", comprehensively promoted the upgrading and expansion of accidental injury and health insurance business, actively participated in the construction of the "1+3+N" multi-level medical insurance system, and vigorously expanded the service areas, fields and groups of universal health insurance. It continuously innovated the supply of products in potential areas and increased the market penetration rate of the vehicle-relevant accident insurance, realized insurance revenue of RMB48,918 million, representing a year-on-year increase of 11.8%.

PICC P&C strengthened underwriting control, expense control and claims cost management, optimized the claims process, continuously improved the quality of its business, and established a risk reduction service model for health insurance fund supervision, and enhanced its ability to reduce and control the risk of the total expenditure of the health insurance fund. However, due to factors such as the continuous rise in medical expenses and the increase in compensation standards, the comprehensive loss ratio was 62.1%, representing a year-on-year increase of 2.8 percentage points; the comprehensive expense ratio was 37.4%, representing a year-on-year decrease of 1.0 percentage point, and the underwriting profit was RMB242 million.

- Liability insurance

PICC P&C upgraded its business acquisition capability, optimized resource allocation, proactively adjusted the structure of liability insurance business, and coordinated the simultaneous development of traditional liability insurance and emerging liability insurance. Its liability insurance achieved insurance revenue of RMB37,112 million, representing a year-on-year increase of 12.8%.

PICC P&C upgraded digital risk management and control, strengthened the centralized audit of high-risk liability insurance business, promoted the standardization of claim settlement, and strengthened the detailed management of expenses, and the liability insurance business maintained a positive development. The comprehensive expense ratio was 31.2%, representing a year-on-year decrease of 2.2 percentage points; the combined ratio was 105.2%, representing a year-on-year decrease of 1.8 percentage points, realized a year-on-year loss reduction of RMB385 million.

- Commercial property insurance

PICC P&C focused on serving the construction of a modernized industrial system, increased the depth and breadth of its services to the real economy, enhanced the insurance coverage for high-tech enterprises and specialized, sophisticated, distinctive and innovative enterprises, increased the supply of exclusive insurance products for micro, small, and medium enterprises, and satisfied the diversified and personalized risk protection needs of enterprises. Its commercial property insurance achieved insurance revenue of RMB18,042 million, representing a year-on-year increase of 4.7%.

PICC P&C conducted high-risk business management for commercial property insurance, strengthened pre-insurance risk identification and in-insurance risk prevention, and endeavored to enhance the level of risk reduction services. However, with the severe disaster situation in 2024, PICC P&C made every effort to cope with the impacts of disasters and accidents and practically fulfilled its insurance liabilities. The comprehensive loss ratio of commercial property insurance was 85.8%, representing a year-on-year increase of 9.6 percentage points, and the combined ratio was 113.4%.

- Other insurances

PICC P&C actively promoted the upgrading of the liability protection of its vehicle-relevant property insurance, improved the comprehensive catastrophic insurance system, seized the market opportunities in freight transportation and logistics, served the construction of the "Belt and Road", and provided risk protection for cross-border trade. The insurance revenue of other insurances was RMB30,984 million, representing a year-on-year increase of 9.3%.

PICC P&C continued to strengthen risk control and claims management of key businesses and key segments, enhanced expense refinement management, optimized differentiated allocation of resources, and improved the effectiveness of expense investment. However, due to the impact of disasters and accidents, the comprehensive loss ratio of other insurances was 65.5%, representing a year-on-year increase of 1.0 percentage point. Due to the adjustment of business structure, the comprehensive expense ratio was 33.3%, representing a year-on-year increase of 2.3 percentage points, and the combined ratio was 98.8%, representing a year-on-year increase of 3.3 percentage points. The underwriting profit was RMB362 million.

(2) Analysis from the business perspective

① Analysis by Insurance Type

The following table sets forth the original premiums income of PICC P&C by insurance type for the reporting period:

Unit: RMB million

	2024	2023	(% of change)
Motor vehicle insurance	297,394	285,626	4.1
Accidental injury and health insurance	101,160	92,228	9.7
Agricultural insurance	54,919	58,229	(5.7)
Liability insurance	37,583	34,208	9.9
Commercial property insurance	16,909	16,585	2.0
Other insurances	30,090	28,931	4.0
Total	**538,055**	**515,807**	**4.3**

② Analysis by Channel

The following table sets forth a breakdown of the original premiums income of PICC P&C by distribution channel for the reporting period, which can be further divided into insurance agents channel, direct sales channel and insurance brokerage channel.

Unit: RMB million

	2024			2023	
	Amount	(% of total)	(% of change)	Amount	(% of total)
Insurance agents channel	325,754	60.5	1.3	321,632	62.4
Among which:					
Individual insurance agents	166,194	30.8	(4.9)	174,713	33.9
Ancillary insurance agents	28,470	5.3	(6.7)	30,518	5.9
Professional insurance agents	131,090	24.4	12.6	116,401	22.6
Direct sales channel	168,315	31.3	10.3	152,613	29.6
Insurance brokerage channel	43,986	8.2	5.8	41,562	8.0
Total	**538,055**	**100.0**	**4.3**	**515,807**	**100.0**

In 2024, PICC P&C continued to strengthen the construction of its own channels and to enhance the comprehensive sales service capabilities of the direct sales team, and promoted the integration and development of its businesses. The original premiums income of direct sales channel recorded a year-on-year increase of 10.3%.

③ Analysis by Region

The following table sets forth the original premiums income of PICC P&C in the top ten regions for the reporting period:

Unit: RMB million

	2024	2023	(% of change)
Guangdong Province	57,022	54,496	4.6
Jiangsu Province	55,342	51,935	6.6
Zhejiang Province	45,627	42,398	7.6
Shandong Province	32,905	31,243	5.3
Hebei Province	28,846	26,035	10.8
Sichuan Province	26,799	24,920	7.5
Hubei Province	23,463	22,898	2.5
Hunan Province	22,373	21,388	4.6
Anhui Province	21,855	21,417	2.0
Fujian Province	21,370	20,613	3.7
Other regions	202,453	198,464	2.0
Total	**538,055**	**515,807**	**4.3**

(3) Insurance contract liabilities

As of 31 December 2024, net insurance contract liabilities increased by 8.5% as compared to the end of last year, primarily due to business growth, while net reinsurance contract assets increased by 4.1% as compared to the end of last year, primarily due to the change in the net balance of receivables from and payables to reinsurers.

The following table sets forth the insurance contract liabilities of PICC P&C measured by the premium allocation approach during the reporting period:

Unit: RMB million

	As of 31 December 2024	As of 31 December 2023	(% of change)
Insurance contract liabilities (assets)	348,680	307,928	13.2
Remaining coverage liabilities	170,658	153,468	11.2
Liability for incurred claims	178,022	154,460	15.3
Reinsurance contract assets (liabilities)	36,263	32,504	11.6
Remaining coverage assets recovered under reinsurance policies	(681)	(464)	46.8
Incurred claims assets recovered under reinsurance policies	36,944	32,968	12.1

The following table sets forth the insurance contract liabilities of PICC P&C that were not measured by the premium allocation approach during the reporting period:

Unit: RMB million

	As of 31 December 2024	As of 31 December 2023	(% of change)
Insurance contract liabilities (assets)	51,444	61,016	(15.7)
Remaining coverage liabilities	4,936	5,146	(4.1)
Liability for incurred claims	46,508	55,870	(16.8)
Reinsurance contract assets (liabilities)	4,184	6,366	(34.3)
Remaining coverage assets recovered under reinsurance policies	48	(146)	–
Incurred claims assets recovered under reinsurance policies	4,136	6,512	(36.5)

(4) Reinsurance business

PICC P&C has been adhering to a prudent reinsurance policy, utilizing the reinsurance mechanism to disperse operational risks, safeguarding the Company's operating results, enhancing risk control techniques and expanding underwriting capacity. PICC P&C maintained close cooperation with a number of industry-leading international reinsurance companies. In addition to state-owned reinsurance companies, PICC P&C mainly cooperated with reinsurance companies that have Standard & Poor's credit rating of A- (or equivalent ratings from other international rating agencies, such as A.M. Best, Fitch, and Moody's) and above. It regularly evaluates the creditworthiness of reinsurers to update the reinsurance strategy and to determine a reasonable provision for impairment of reinsurance assets.

2. *PICC Hong Kong*

In 2024, PICC Hong Kong continued to adhere to the path of high-quality development, realized insurance revenue equivalent to RMB1,570 million, with a combined ratio of 100.4%. It actively played its role as an important window on the internationalization of the Group, strongly escorted the "going out" of Chinese-funded enterprises and Chinese-funded overseas projects. Its international business service network covered more than 80 countries and regions around the world, and the number of global reinsurance qualification registrations has increased to 8 countries. It played its functional role, supported the Hong Kong Special Administrative Region in consolidating and enhancing its status as an international financial center, integrated into the construction of the Guangdong-Hong Kong-Macao Greater Bay Area, responded to and served the logistics and passenger flow insurance needs of the interconnection in the Guangdong-Hong Kong-Macao region, and achieved a net profit equivalent to RMB86 million in 2024.

Reinsurance Business

PICC Reinsurance

PICC Reinsurance provided reinsurance protection and risk solutions based on the Group's strategies, focused on the construction of professional, innovative, service and risk management capabilities, and strived to build a boutique company with first-class efficiency. In 2024, PICC Reinsurance achieved full coverage of the major domestic market entities for the first time. PICC Reinsurance successfully organized the first overseas technical forum for Chinese insurance companies, and participated in more than 30 "Belt and Road" reinsurance community projects, serving a high level of opening-up. PICC Reinsurance has obtained a consolidate risk rating of Class AA, maintaining a leading level in the industry. In 2024, PICC Reinsurance achieved insurance revenue of RMB5,252 million, representing a year-on-year increase of 7.5%, and achieved a net profit of RMB520 million, reaching a historic high.

Life and Health Insurance

1. PICC Life

(1) Analysis of operating conditions and results

PICC Life proactively served the overall national situation, stringently executed the regulatory policies, adhered to the main work lines of "stabilizing growth, adjusting structure, enhancing value, optimizing services and preventing risks", initiatively responded to the market changes, and adhered to the value- and benefit-oriented approach, made new breakthroughs in high-quality development. Its business development has achieved steady progress, value creation capacity has been steadily strengthened and business quality has been significantly optimized. In 2024, PICC Life achieved insurance revenue of RMB22,384 million, representing a year-on-year increase of 23.0%; its original premiums income achieved a year-on-year growth of 5.3%; and the regular premiums achieved a year-on-year growth of 13.5%; the value of new business amounted to RMB5,024 million, representing a year-on-year increase of 114.2% on a like-for-like basis; and it achieved a net profit of RMB17,098 million, which was mainly due to the fact that the capital market returns in 2024 were better than the same period of the previous year, and it continued to optimize its business structure, proactively reduced costs and increased efficiency, actively implemented the consistency between regulatory filings and actual underwriting, effectively reduced debt costs, and steadily improved operating performance.

The following table sets out PICC Life's insurance revenue, insurance service expenses, profit or loss, and operating position and results for the reporting period by category of aggregated insurance contract portfolios:

Unit: RMB million

	2024	2023	(% of change)
Insurance revenue	22,384	18,204	23.0
Contracts measured under the premium allocation approach	3,064	3,012	1.7
Contracts not measured under the premium allocation approach	19,319	15,192	27.2
Insurance services expenses	7,483	16,859	(55.6)
Contracts measured under the premium allocation approach	3,440	3,068	12.1
Contracts not measured under the premium allocation approach	4,044	13,791	(70.7)
Insurance service performance	14,900	1,345	1,007.8
Contracts measured under the premium allocation approach	(375)	(56)	569.6
Contracts not measured under the premium allocation approach	15,276	1,401	990.4

(2) Analysis from the business perspective

① Analysis by Insurance Type

The following table sets forth the original premiums income of PICC Life by insurance type for the reporting period:

Unit: RMB million

	2024			2023	
	Amount	(% of total)	(% of change)	Amount	(% of total)
Life insurance	89,070	84.0	6.2	83,837	83.3
General life insurance	55,934	52.8	29.7	43,125	42.9
Participating life insurance	33,010	31.1	(18.7)	40,597	40.3
Universal life insurance	126	0.1	9.6	115	0.1
Health insurance	15,779	14.9	0.7	15,668	15.6
Accident insurance	1,155	1.1	2.3	1,129	1.1
Total	**106,004**	**100.0**	**5.3**	**100,634**	**100.0**

Note: Figures may not directly add up to total due to rounding, similarly hereinafter.

In 2024, PICC Life made great efforts to optimize its business structure and improve the quality of development, and increased the proportion of value-added regular products. PICC Life recorded the original premiums income of RMB106,004 million, representing a year-on-year increase of 5.3%. PICC Life achieved an original premiums income from general life insurance of RMB55,934 million, representing a year-on-year increase of 29.7%.

② Analysis by Channel

Income of PICC Life classified by channel for the purpose of original premiums income for the reporting period is as follows, which can be further divided into individual insurance channel, bancassurance channel and group insurance channel.

Unit: RMB million

	2024			2023	
	Amount	(% of total)	(% of change)	Amount	(% of total)
Individual Insurance Channel	51,247	48.3	6.8	47,992	47.7
First-year business of long-term insurance	16,439	15.5	(0.3)	16,496	16.4
Single premiums	5,460	5.2	(6.9)	5,862	5.8
First-year regular premiums	10,980	10.4	3.3	10,634	10.6
Renewal business	34,115	32.2	10.8	30,795	30.6
Short-term insurance	693	0.7	(1.0)	700	0.7
Bancassurance Channel	51,156	48.3	4.3	49,064	48.8
First-year business of long-term insurance	27,224	25.7	(13.3)	31,383	31.2
Single premiums	12,844	12.1	(24.8)	17,085	17.0
First-year regular premiums	14,380	13.6	0.6	14,298	14.2
Renewal business	23,926	22.6	35.6	17,645	17.5
Short-term insurance	5	0.0	(86.1)	36	0.0
Group Insurance Channel	3,601	3.4	0.6	3,578	3.6
First-year business of long-term insurance	158	0.1	(64.3)	442	0.4
Single premiums	103	0.1	(70.7)	352	0.3
First-year regular premiums	55	0.1	(38.9)	90	0.1
Renewal business	801	0.8	6.9	749	0.7
Short-term insurance	2,642	2.5	10.6	2,388	2.4
Total	**106,004**	**100.0**	**5.3**	**100,634**	**100.0**

PICC Life insisted on promoting the optimization of the structure of the individual insurance team. As of 31 December 2024, the number of marketing personnel was 82,796; the number of monthly average effective personnel was 21,851, representing a year-on-year increase of 9.2%; and the regular premiums payment from new clients per capita per month was RMB9,921, representing a year-on-year increase of 13.1%. The original premiums income of individual insurance channel was RMB51,247 million, representing a year-on-year increase of 6.8%.

As for bancassurance channel, PICC Life strived to enhance the value of new business of the bancassurance channel, and strictly implemented the requirement of consistency between regulatory filings and actual underwriting of regulatory authorities by improving systems and strengthening rigid control, so as to promote high-quality development of channel transformation. The value of new business reached RMB2,341 million.

As for group insurance channel, PICC Life continued to deepen the business philosophy of "stabilizing existing customers and developing new customers", focused on maintaining existing customers and exploring new customers. The original premiums income from group insurance channel amounted to RMB3,601 million, representing a year-on-year increase of 0.6%, of which the original premiums income from short-term insurance amounted to RMB2,642 million, representing a year-on-year increase of 10.6%.

③ Analysis by Region

The following table sets forth the original premiums income of PICC Life in the top ten regions for the reporting period:

Unit: RMB million

	2024	2023	(% of change)
Zhejiang Province	14,205	13,446	5.6
Sichuan Province	8,581	8,722	(1.6)
Jiangsu Province	6,971	6,641	5.0
Guangdong Province	6,087	4,834	25.9
Beijing City	5,137	4,435	15.8
Hubei Province	4,026	3,930	2.4
Hebei Province	3,644	3,142	16.0
Shandong Province	3,520	2,939	19.8
Henan Province	3,485	3,608	(3.4)
Yunnan Province	3,292	3,001	9.7
Other regions	47,058	45,935	2.4
Total	**106,004**	**100,634**	**5.3**

④ Persistency Ratios of Premiums

PICC Life continued to carry out customer segmentation operations, improved management methods, and continuously improved the persistency ratios of insurance policies. The 13-month premium persistency ratio for omnichannel individual customers of PICC Life increased by 4.1 percentage points year-on-year, and the 25-month premium persistency ratio increased by 9.6 percentage points year-on-year.

The following table sets forth the 13-month and 25-month premium persistency ratios for individual customers of PICC Life for the reporting period:

Item	2024	2023
13-month premium persistency ratio(1) (%)	96.3	92.2
25-month premium persistency ratio(2) (%)	89.9	80.3

Notes:

(1) The 13-month premium persistency ratio for a given year is the proportion of the actual TWPs for the 13th month after the long-term regular premium individual life insurance policies newly issued in the preceding year were issued and came into effect, and the actual TWPs of such policies in the year of their issuance;

(2) The 25-month premium persistency ratio for a given year is the proportion of the actual TWPs for the 25th month after the long-term regular premium individual life insurance policies newly issued in the penultimate year were issued and came into effect, and the actual TWPs of such policies in the year of their issuance.

⑤ Top Five Products

The following table sets forth the operating results of PICC Life's top five insurance products in terms of original premiums income for the reporting period:

Unit: RMB million

Insurance product	Type of insurance	Sales channels	Original premiums income
PICC Life Ru Yi Bao Endowment Insurance (Participating)	Participating life insurance	Individual insurance/ Bancassurance	11,808
PICC Life Xin An Endowment Insurance (Participating) (Type C)	Participating life insurance	Bancassurance	11,455
PICC Life Zhen Xin Yi Sheng Whole Life Insurance	General life insurance	Individual insurance/ Bancassurance	11,085
PICC Life Zhen Ying Yi Sheng Whole Life Insurance	General life insurance	Individual insurance/ Bancassurance	9,718
PICC Life Ju Cai Bao Retirement Annuity Insurance (Participating)	Participating life insurance	Individual insurance	4,835

(3) Insurance contract liabilities

As of 31 December 2024, the net insurance contract liabilities increased by 17.5% compared with the end of last year, mainly due to the accumulation of insurance liabilities and the increase in the size of business; the net reinsurance contract assets increased by RMB86 million compared with the end of last year, mainly due to the newly signed reinsurance contracts.

The following table sets forth the liabilities of insurance contracts of PICC Life measured under the premium allocation approach for the reporting period:

Unit: RMB million

	As of 31 December 2024	As of 31 December 2023	(% of change)
Insurance contract liabilities (assets)	2,765	2,302	20.1
Remaining coverage liabilities	1,707	1,151	48.3
Liability for incurred claims	1,057	1,152	(8.2)
Reinsurance contract assets (liabilities)	20	4	400.0
Remaining coverage assets recovered under reinsurance policies	5	(2)	–
Incurred claims assets recovered under reinsurance policies	15	6	150.0

Note: Figures may not directly add up to total due to rounding.

The following table sets forth the liabilities of insurance contracts of PICC Life not measured under the premium allocation approach for the reporting period:

Unit: RMB million

	As of 31 December 2024	As of 31 December 2023	(% of change)
Insurance contract liabilities (assets)	618,107	525,988	17.5
Remaining coverage liabilities	612,539	524,157	16.9
Liability for incurred claims	5,569	1,830	204.3
Reinsurance contract assets (liabilities)	9	(62)	–
Remaining coverage assets recovered under reinsurance policies	(355)	(446)	(20.4)
Incurred claims assets recovered under reinsurance policies	364	384	(5.2)

Note: Figures may not directly add up to total due to rounding.

2. PICC Health

(1) Analysis of operating conditions and results

In 2024, PICC Health actively served the Healthy China strategy and the construction of a multi-level social security system, focused on its main responsibilities and businesses, accelerated the construction of the "6+1"[7] business pattern, aimed at specialization and refinement, made every effort to implement the "Health Project", and continued to strengthen corporate governance and compliant operation. The company's operation and development continued to maintain a good momentum. In 2024, PICC Health achieved insurance revenue of RMB27,217 million, representing a year-on-year increase of 6.2%, which was mainly due to the increase in marginal release of long-term medical insurance contractual services. The net profit was RMB5,730 million. In 2024, PICC Health realized new business value of RMB6,513 million, representing a year-on-year increase of 143.6% on a like-for-like basis. The Internet health insurance business continued to maintain the market-leading position among life insurance companies. The original premiums income of commercial group insurance for projects with over RMB1 million increased by 21.3% year-on-year. Based on the integrated development of "health insurance + health management", PICC Health provided health management services to 8.1478 million personnel times, representing a year-on-year increase of 20.1%. The revenue of the health management business was RMB434 million, representing a year-on-year increase of 63.3%.

The following table sets forth PICC Health's insurance revenue, insurance service expenses, profit or loss, and operating position and results for the reporting period by category of aggregated insurance contract portfolios:

Unit: RMB million

	2024	2023	(% of change)
Insurance revenue	27,217	25,619	6.2
Contracts measured under the premium allocation approach	–	–	–
Contracts not measured under the premium allocation approach	27,217	25,619	6.2
Insurance service expenses	17,752	23,109	(23.2)
Contracts measured under the premium allocation approach	–	–	–
Contracts not measured under the premium allocation approach	17,752	23,109	(23.2)
Insurance service results	9,465	2,510	277.1
Contracts measured under the premium allocation approach	–	–	–
Contracts not measured under the premium allocation approach	9,465	2,510	277.1

7 It refers to the construction of building a "6+1" business pattern of integration and mutual promotion between six main channels, namely social insurance business, Internet business, group customer business, business collaboration, individual insurance business and bancassurance business, and health management.

(2) Analysis from the business perspective

① Analysis by Insurance Type

The following table sets forth the original premiums income of PICC Health by insurance types for the reporting period:

Unit: RMB million

	2024			2023	
	Amount	(% of total)	(% of change)	Amount	(% of total)
Medical insurance	26,899	55.3	5.0	25,607	56.6
Participating endowment insurance	9,796	20.1	(4.1)	10,214	22.6
Illness insurance	5,517	11.3	8.3	5,096	11.3
Nursing care insurance	5,715	11.7	56.8	3,645	8.1
Accidental injury insurance	625	1.3	15.3	542	1.2
Disability losses insurance	143	0.3	37.5	104	0.2
Total	**48,695**	**100.0**	**7.7**	**45,208**	**100.0**

In 2024, PICC Health grasped the development opportunities arising from the continuous improvement of the multi-level social security system, focused on the development of the health insurance business, continued to enrich the commercial medical insurance products, and realised an original premiums income of medical insurance of RMB26,899 million, representing a year-on-year increase of 5.0%. PICC Health stepped up the efforts in developing both policy-related and commercial nursing care insurance business, and realized an original premiums income of RMB5,715 million from nursing care insurance, representing a year-on-year increase of 56.8%.

② Analysis by Channel

Income of PICC Health by distribution channels in terms of original premiums income for the reporting period is as follows, which can further be divided into individual insurance channel, bancassurance channel and group insurance channel.

Unit: RMB million

	2024			2023	
	Amount	(% of total)	(% of change)	Amount	(% of total)
Individual insurance channel	20,039	41.2	6.7	18,772	41.5
First-year business of long-term insurance	4,384	9.0	104.3	2,146	4.7
Single premiums	179	0.4	(3.8)	186	0.4
First-year regular premiums	4,205	8.6	114.5	1,960	4.3
Renewal business	10,963	22.5	(15.3)	12,944	28.6
Short-term insurance	4,692	9.6	27.4	3,682	8.1
Bancassurance channel	13,280	27.3	13.9	11,655	25.8
First-year business of long-term insurance	10,206	21.0	(3.4)	10,564	23.4
Single premiums	7,779	16.0	(4.2)	8,122	18.0
First-year regular premiums	2,427	5.0	(0.6)	2,442	5.4
Renewal business	3,074	6.3	181.8	1,091	2.4
Short-term insurance	–	–	–	–	–
Group insurance channel	15,376	31.5	4.0	14,781	32.7
First-year business of long-term insurance	42	–	(42.5)	73	0.2
Single premiums	24	–	(51.0)	49	0.1
First-year regular premiums	18	–	(25.0)	24	0.1
Renewal business	84	0.2	12.0	75	0.2
Short-term insurance	15,250	31.3	4.2	14,633	32.4
Total	**48,695**	**100.0**	**7.7**	**45,208**	**100.0**

PICC Health continued to focus on Internet Insurance business and personal agent business. In terms of Internet Insurance business, PICC Health focused on market demand, iterated the supply of inclusive health insurance, and innovatively developed the disability income loss insurance named "Everlasting Income Protection Insurance (青山在 • 收入保障險)", which provides disability income loss protection for multiple scenarios such as hospitalisation, specific illnesses and functional injuries; integrated Millions Medical Insurance with Cancer Prevention Medical Insurance, and launched "Hao Yi Bao, Long-term Medical Insurance (Flagship Edition) (好醫保 • 長期醫療(旗艦版))"; pioneered the long-term millions critical illness products at natural rates, achieving a dual-million health guarantee of "millions medical insurance + millions critical illness insurance"; launched the first Internet long-term medical insurance for the middle-aged and elderly in the industry, providing long-term comprehensive protection for the elderly with anamnesis and chronic diseases; jointly launched the industry's first commercial medical insurance customer research blue book – China Commercial Medical Insurance Development Research Blue Book (《中國商業醫療險發展研究藍皮書》) with Ant Insurance and Nankai University, and cobranded with the IP of Journey to the West of CCTV to launch the consumer insurance compliance and Internet product promotion animation, so as to step up publicity and promotion through "online + offline". In terms of personal agent business, PICC Health solidly promoted the elite development route, deepened the exploration and promotion of innovative smart marketing models, focused on cultivation of sales elite, and promoted steady growth in new regular premiums for individual insurance. In 2024, the original premiums income of individual insurance channel was RMB20,039 million, representing a year-on-year increase of 6.7%.

PICC Health continued to strengthen its cooperation with the bancassurance channel, strictly enforced regulatory requirements, optimized business structure, vigorously developed the long-term nursing care insurance business, strengthened training supervision, nurtured high performing teams, enhanced professional competence, and dug up channel resources, achieving steady growth in bancassurance business. In 2024, the original premiums income of bancassurance channel was RMB13,280 million, representing a year-on-year increase of 13.9%.

PICC Health actively served the construction of a multi-level social security system, focused on "stabilizing growth, adjusting structure, enhancing value, building ecosystem, strengthening grassroots and tightening compliance", consolidating and expanding new traditional security services, accelerated breakthroughs in social and commercial integration business, expanded and specialized in entrusted business, and strengthened fine management of the entire process. The insurance premiums scale continued to remain over RMB11.0 billion, and the comprehensive loss ratio decreased by 2.48 percentage points. In terms of commercial group insurance business, it promoted the implementation of the "Healthy Enterprise" project, focused on the development of corporate customers and social and commercial integration business, enhanced its service operation capability, provided integrated workplace medical and healthcare service solutions, and promoted the high-quality development of the group insurance business. In 2024, group insurance channel achieved an original premiums income of RMB15,376 million, representing a year-on-year increase of 4.0%.

③ Analysis by Region

The following table sets forth the original premiums income of PICC Health in the top ten regions for the reporting period:

Unit: RMB million

	2024	2023	(% of change)
Guangdong Province	20,870	19,801	5.4
Shaanxi Province	2,537	1,943	30.6
Henan Province	2,309	2,422	(4.7)
Liaoning Province	2,303	2,171	6.1
Hubei Province	2,072	1,961	5.7
Anhui Province	1,973	1,937	1.9
Jiangxi Province	1,819	1,976	(7.9)
Shanxi Province	1,690	1,593	6.1
Shandong Province	1,686	1,368	23.2
Jiangsu Province	1,386	1,340	3.4
Other regions	10,050	8,696	15.6
Total	**48,695**	**45,208**	**7.7**

④ Persistency Ratios of Premiums

The following table sets forth the 13-month and 25-month premium persistency ratios for individual customers of PICC Health for the reporting period:

Item	2024	2023
13-month premium persistency ratio(1) (%)	93.9	88.8
25-month premium persistency ratio(2) (%)	86.3	83.6

Notes:

(1) The 13-month premium persistency ratio for a given year is the proportion of actual TWPs for the 13th month after the long-term regular premium individual health insurance policies newly issued in the preceding year were issued and came into effect, and the actual TWPs of such policies in the year of their issuance;

(2) The 25-month premium persistency ratio for a given year is the proportion of actual TWPs for the 25th month after the long-term regular premium individual health insurance policies newly issued in the penultimate year were issued and came into effect, and the actual TWPs of such policies in the year of their issuance.

⑤ Top Five Products

The following table sets forth the operating results of PICC Health's top five insurance products in terms of original premiums income for the reporting period:

Unit: RMB million

Insurance product	Type of insurance	Sales channels	Original premiums income
Kang Li Ren Sheng Endowment Insurance (Participating)	Participating endowment insurance	Bancassurance/ Individual insurance/ Group insurance	9,768
PICC Health You Xiang Bao Internet Medical Insurance	Medical insurance	Individual insurance	6,764
Group Critical Illness Medical Insurance for Urban and Rural Residents (Type A)	Medical insurance	Group insurance	4,482
He Xie Sheng Shi Large Amount Supplementary Group Medical Insurance for Urban Employees	Medical insurance	Group insurance	3,654
PICC Health You Xiang Health Internet Medical Insurance	Medical insurance	Individual insurance	1,849

(3) Insurance Contract Liabilities

As of 31 December 2024, the net insurance contract liabilities increased by 22.1% compared with the end of the previous year, primarily due to the growth in business; the net reinsurance contract assets decreased by 40.4% from the end of last year, primarily due to the impact of the successive maturity of the ceded direct insurance business.

The following table sets forth PICC Health's insurance contract liabilities measured by the premium allocation approach during the reporting period:

Unit: RMB million

	As of 31 December 2024	As of 31 December 2023	(% of change)
Insurance contract liabilities (assets)	–	–	–
Remaining coverage liabilities	–	–	–
Incurred claims liabilities	–	–	–
Reinsurance contract assets (liabilities)	13	(1)	–
Remaining coverage assets recovered under reinsurance policies	21	(1)	–
Incurred claims assets recovered under reinsurance policies	(8)	–	–

The following table sets forth PICC Health's insurance contract liabilities not measured by the premium allocation approach during the reporting period:

Unit: RMB million

	As of 31 December 2024	As of 31 December 2023	(% of change)
Insurance contract liabilities (assets)	92,376	75,668	22.1
Remaining coverage liabilities	78,860	61,270	28.7
Incurred claims liabilities	13,516	14,398	(6.1)
Reinsurance contract assets (liabilities)	1,608	2,722	(40.9)
Remaining coverage assets recovered under reinsurance policies	(4,295)	(3,428)	25.3
Incurred claims assets recovered under reinsurance policies	5,903	6,150	(4.0)

(II) Asset Management Business

In 2024, the investment segment actively implemented the Group's strategy, strengthened professional capacity building, promoted investment business innovation, and supported the high-quality development of the Group with high-quality investment work.

1. *PICC AMC*

In 2024, PICC AMC aimed at the development goal of building a first-class comprehensive asset management company that serves the overall situation and has outstanding performance and leading comprehensive strength, promoted the development of insurance business with good investment performance, and actively expanded third-party business development with the service of wealth management for the people. Based on the "PICC Coordinate" of serving the Chinese path to modernization, PICC AMC enhanced product innovation, and continued to enhance its efforts in serving national strategies and supporting the real economy. As of 31 December 2024, the assets under the management of PICC AMC amounted to RMB1.9 trillion, representing an increase of 12.4% compared to the beginning of the year; the operating income for the year was RMB1.66 billion, and net profit was RMB635 million.

In 2024, in the face of challenges such as the rapid decline in interest rate, the intensified fragmentation in the equity market and the insufficient supply of high-quality non-standard products, PICC AMC adhered to the concept of long-term investment and value investment, implemented the requirements of asset liability matching management, promoted innovation in investment strategies and models, and stabilized the Group's investment returns. For fixed-income investment, PICC AMC continuously strengthened allocation and trading capabilities to play its role of ballast for returns. For equity investment, PICC AMC built proactive investment management capabilities with absolute returns as the core, actively seized phased and structural market opportunities, and reduced the volatility of investment performance. For alternative investments, PICC AMC actively promoted the development and investment of innovative products such as high-quality ABS, CMBS and quasi-REITs. In 2024, PICC AMC, in the capacity as manager, successfully issued PICC's first exchange-traded asset securitization product, the "PICC AMC – PICC Life Insurance Policy Pledge Loan Phase 1 Asset-backed Special Plan", pioneered a new model of insurance collaboration, and completed the establishment and issuance of the Company's first SMIE CMBS project, the "PICC AMC – CR Land 2024 No. 1 Consumer Infrastructure Asset-backed Plan", which was the largest CMBS project in terms of issuance scale in the industry at the time of issuance.

2. *PICC Pension*

In 2024, PICC Pension focused on building a first-class pension financial institution with stable and leading investment returns, competitive products and services, and sustained growth in scale and strength, and assisted in the construction of the national multi-pillar pension security system. The coverage of annuity business continued to expand, and commercial pension business improved steadily. As of 31 December 2024, the assets under the management of PICC Pension amounted to RMB653,167 million, the operating income for the year was RMB977 million, and the net profit was RMB266 million.

PICC Pension continued to make efforts on the priority on pension finance. The service coverage of annuity business grew steadily. As of 31 December 2024, the total assets under the management of the corporate annuities and occupational annuities amounted to RMB645,663 million, representing an increase of 12.9% compared to the beginning of the year. PICC Pension served 2,465 corporate annuity customers. In 2024, PICC Pension won 607 new bids for corporate annuity collective plan clients. The third pillar commercial pension pilot has improved steadily, and has become an important tool for innovation and transformation of the business model of PICC Pension. As of 31 December 2024, the commercial pension of PICC Pension has covered ten pilot regions, and the assets under the management amounted to RMB7,504 million, representing an increase of 82.7% compared to the beginning of the year, serving 156.8 thousand customers, representing an increase of 136.9% compared to the beginning of the year.

3. *PICC Investment Holding*

In 2024, PICC Investment Holding focused on the development goal of building an industry service company with outstanding professional capabilities and a complete service system, continued to promote industrial construction, maintained steady growth in operating results, continued to optimize business quality and structure, constantly improved management system and mechanism, and took effective risk prevention and control measures. PICC Investment Holding achieved a net profit of RMB139 million for the year.

PICC Investment Holding practically served the Group's strategy. Based on its own mission of industrialization construction, PICC Investment Holding promoted the continuous improvement of development and quality, served the construction of the Group's integrated health and inclusive pension ecology, and conducted in-depth research on the community pension model. The sample project layout of three levels, including Heng Yi (恆頤) – institutional pension, Yansheng (延生) – total disability care and Tianqiao (天橋) – home-based pension, has initially formed.

4. *PICC Capital*

In 2024, PICC Capital aimed at the development goal of building a first-class alternative investment institution with advanced professional capabilities, outstanding innovation capabilities and leading investment returns. With the fundamental purpose of serving the real economy, PICC Capital actively promoted the innovative development of the alternative investment business, and focused on transforming towards more diversified investment strategies, so as to better meet the development needs of new quality productive forces. Focusing on investing in new fields and new logics, PICC Capital strengthened investment and research drive, deepened its understanding of the design of new product structure, strengthened its ability to analyze and price the value of underlying assets, continuously strengthened risk prevention and control, improved management efficiency. As of 31 December 2024, the scale of assets under management of PICC Capital was RMB153,445 million. The operating income for the year was RMB417 million, and the net profit was RMB101 million.

In 2024, the "PICC Capital – Cainiao Logistics High Standard Warehouse Equity Investment Plan" was awarded the "Ark Award for Insurance Fund Supporting Corporate Innovation". PICC Capital Equity Investment Company Limited, a subsidiary of PICC Capital, successfully established a ten-billion-level modern industry fund, focused on investing in high-quality "enterprises that use special and sophisticated technologies to produce novel and unique products", and was awarded honors such as the "Golden Eagle Award – Annual PE Institution".

(III) Investment Portfolio and Investment Income

In 2024, the Group actively fulfilled its social responsibility as a financial central enterprise, continuously strengthened the ability to serve the national strategies, proactively responded to changes in the market environment, and coordinated business development and risk prevention and control. From the perspective of asset liability matching management, the Group insisted on the strength of strategic asset allocation, maintained flexible and effective allocation of strategic assets, and dynamically optimized the allocation structure of major assets in response to changes in market environment and economic cycles, and enhanced the stability and sustainability of investment returns.

1. *Investment Portfolio*

The following table sets forth information of the investment portfolio of the Group as of the dates indicated:

Unit: RMB million

	As of 31 December 2024		As of 31 December 2023	
	Amount	(% of total)	Amount	(% of total)
Investment assets	1,641,756	100.0	1,433,131	100.0
Classified by investment object				
Cash and cash equivalents	44,147	2.7	28,878	2.0
Fixed-income investments	1,115,058	67.9	924,210	64.5
Term deposits	126,556	7.7	81,487	5.7
Treasury bonds and government bonds	424,006	25.8	228,542	15.9
Financial bonds	191,187	11.6	211,153	14.7
Corporate bonds	188,505	11.5	186,807	13.0
Other fixed-income investments(1)	184,804	11.3	216,221	15.1
Equity investments at fair value	299,503	18.2	307,593	21.5
Fund	86,642	5.3	117,375	8.2
Share	60,249	3.7	45,505	3.2
Permanent financial products	76,898	4.7	69,022	4.8
Other equity investments	75,714	4.6	75,691	5.3
Other investments	183,048	11.1	172,450	12.0
Investment in associates and joint ventures	167,816	10.2	156,665	10.9
Others(2)	15,232	0.9	15,785	1.1
Classified by accounting method				
Financial assets held for trading	317,670	19.3	383,020	26.7
Debt investments	316,231	19.3	318,605	22.2
Other debt investments	523,581	31.9	338,717	23.6
Other equity instruments investments	115,778	7.1	96,541	6.7
Long-term equity investments	167,816	10.2	156,665	10.9
Others(3)	200,680	12.2	139,583	9.7

Notes:

(1) Other fixed-income investments consist of Tier 2 capital instruments, wealth management products, restricted statutory deposits, trust products and asset management products.

(2) Others consist of investment real estate.

(3) Others primarily consist of monetary capital, term deposits, financial assets purchased under resale agreements, restricted statutory deposits, and investment real estate.

(1) Classified by investment object

In terms of fixed-income investments, the Group maintained the "foundation" of asset allocation, strengthened active management, seized the stage high of interest rate, increased allocation of long-term government bonds, increased the allocation ratio of other debt investment bonds, and increased the contribution of investment returns; stepped up the transformation and innovation of non-standard products, actively seized investment opportunities of innovative products such as ABS, CMBS and quasi-REITs to satisfy the allocation needs of insurance funds; and strengthened credit risk management, optimized the credit quality of existing assets, and prevented potential credit risks.

As of 31 December 2024, the bond investment accounted for 48.9%. Among corporate bonds and non-policy bank financial bonds, the proportion with an external credit rating of AAA reached 98.2%, which were mainly distributed in the fields such as bank, transportation and public utilities. The ability of entities to repay debt is generally strong and the credit risks are controllable as a whole. The Group paid close attention to the prevention and control of credit risks, strictly followed relevant regulatory requirements, and established investment management process and risk control mechanisms in line with market practices and features of insurance funds, and strengthened early warning, analysis and disposal of credit risk.

The overall credit risk of investment in non-standard financial products invested by the funds in the Group's system is controllable, with an external credit rating of AAA accounting for 99.7%, which was further improved. The non-standard asset industry covers non-bank finance, transportation and other fields, which has played a positive role in serving the development of real economy and supporting the implementation of major national strategies. In addition to strictly selecting core counterparties with reliable credit qualifications as financing entities/guarantors, the Group took effective credit enhancement measures, together with stringent terms regarding accelerated expiry/fund misappropriation protection, to provide a sound guarantee for the repayment of the principal and investment income.

In terms of equity investment, the Group gave full play to the advantages of insurance funds in terms of patient capital, strengthened the absolute return orientation, optimized the equity position structure, gradually increased the scale of other equity instrument investment types that are in line with the long-term investment and value investment philosophy of insurance funds with absolute returns as the core, and enhanced the stability of investment performance under the new standards; strengthened investment trading capabilities, actively seized structural and volatile investment opportunities in the market, proactively added positions at the bottom of the market, and achieved the positive interaction between stabilizing the asset market and improving insurance fund investment returns.

(2) *Classified by accounting method*

The investment assets of the Group are mainly distributed in financial assets held for trading, debt assets and other debt investments. The proportion of financial assets held for trading decreased by 7.4 percentage points compared to the end of last year, mainly due to the fact that the Company actively optimized the position structure, and moderately reduced the bond scale of financial assets held for trading. The proportion of debt assets decreased by 2.9 percentage points compared to the end of last year, mainly due to the decrease in the scale of non-standard assets as a result of the maturity of existing products. The proportion of other debt investments increased by 8.3 percentage points compared to the end of last year, mainly due to the further increase in the bond allocation proportion of other debt investments from the perspective of asset-liability matching. The proportion of term deposits increased by 2.0 percentage points compared to the end of last year, mainly due to the stabilization of yields on fixed income positions in response to the decline in interest rates.

2. *Investment Income*

The following table sets forth information relating to the investment income of the Group for the reporting period:

Unit: RMB million

Item	2024	2023
Cash and cash equivalents	258	433
Fixed-income investments	48,288	38,884
Interest income	36,361	34,837
Gains and losses from disposal of financial instruments	8,546	1,637
Gains and losses on fair value changes	1,692	3,844
Impairment	1,689	(1,434)
Equity investments at fair value	19,684	(10,162)
Dividends and bonus income	6,294	7,560
Gains and losses from disposal of financial instruments	(9,164)	(4,429)
Gains and losses on fair value changes	22,554	(13,293)
Impairment	–	–
Other investments	13,933	14,960
Investment income from associates and joint ventures	13,720	14,938
Other gains and losses	213	22
Total investment income	82,163	44,115
Net investment income(1)	57,318	58,425
Total investment yield(2) (%)	5.6	3.3
Net investment yield(3) (%)	3.9	4.5

Notes:

(1) Net investment income = total investment income – gains and losses from the disposal of investment assets – gains and losses on fair value changes of investment assets – impairment losses of investment assets

(2) Total investment yield = (total investment income – interest expenses on securities sold under agreements to repurchase)/(average total investment assets as of the beginning and end of the period – average amount of financial assets sold under agreement to repurchase as of the beginning and end of the period)

(3) Net investment yield = (net investment income – interest expenses on securities sold under agreements to repurchase)/(average total investment assets as of the beginning and end of the period – average amount of financial assets sold under agreement to repurchase as of the beginning and end of the period)

In 2024, the total investment income of the Group amounted to RMB82,163 million, representing a year-on-year increase of 86.2%; net investment income amounted to RMB57,318 million, representing a year-on-year decrease of 1.9%; total investment yield was 5.6%, representing a year-on-year increase of 2.3 percentage points; and net investment yield was 3.9%, representing a year-on-year decrease of 0.6 percentage point. The Group's three-year average total investment yield[8] was 4.5%.

III. SPECIFIC ANALYSIS

(I) Liquidity Analysis

1. Liquidity Analysis

The liquidity of the Group is mainly derived from the issuance of insurance contracts, investment income, cash from disposals or maturity of investment assets and its own financing activities. The demand for liquidity primarily arises from insurance claims or benefits, surrenders, withdrawals or other forms of early termination of insurance policies for insurance contracts, payment of dividends to shareholders and cash required for payment of various ordinary expenses.

The Group generally collects premiums before the payment of insurance claims or benefits. At the same time, the Group maintains a certain proportion of assets with high liquidity within its investment assets to respond to liquidity demand. In addition, the Group could also obtain additional liquidity from the arrangements of securities sold under agreements to repurchase, interbank borrowings and other financing activities.

As a holding company, the Company's cash flows are mainly derived from the investment income arising from investment activities and cash flows generated by financing activities. The Company believes that it has adequate liquidity to meet foreseeable liquidity needs of the Group and the Company.

[8] The three-year average total investment yield is the average of the annualized total investment yields for the last three complete years (2022-2024). The Group has implemented the new financial instruments standards since 1 January 2023, and the annualized total investment yield for 2024 and 2023 represents the information under the new financial instruments standards, and the annualized total investment yield for 2022 represents the information under the old financial instruments standards.

2. *Statement of Cash Flows*

The Group has established a cash flow monitoring mechanism, regularly conducted cash flow rolling analysis and forecasting, and actively took initiatives to develop management plans and contingencies to effectively prevent liquidity risks.

Unit: RMB million

	2024	2023	(% of change)
Net cash flows generated from operating activities	87,990	70,549	24.7
Net cash flows used in investing activities	(77,599)	(70,927)	9.4
Net cash flows generated from/(used in) financing activities	4,860	(11,483)	–

The Group's net cash flows generated from operating activities changed from a net inflow of RMB70,549 million in 2023 to a net inflow of RMB87,990 million in 2024, mainly due to the increase in cash received from premiums for issued insurance contracts.

The Group's net cash flows used in investing activities changed from a net outflow of RMB70,927 million in 2023 to a net outflow of RMB77,599 million in 2024, mainly due to the increase in cash paid for the investments.

The Group's net cash flows generated from/(used in) financing activities changed from a net outflow of RMB11,483 million in 2023 to a net inflow of RMB4,860 million in 2024, mainly due to the significant decrease in cash paid for debts repayment.

(II) Capital Expenditure

The capital expenditure of the Group primarily consists of property construction, acquisition of motor vehicles for business needs and development of information systems. Capital expenditure of the Group amounted to RMB4,397 million in 2024.

(III) Pledge of Assets

Certain subsidiaries of the Company sold and repurchased securities in the market for liquidity management. During the course of transactions, securities held by the Company's subsidiaries were pledged for such transactions. The carrying amount of relevant securities as at 31 December 2024 is set out in Note 30(b) to the consolidated financial statements of this annual report.

(IV) Bank Borrowings

In addition to the capital supplementary bonds issued by the Group and the repurchase business disposed of in the investment business, the Group had bank borrowings of RMB357 million at the end of 2024. Details of the capital supplementary bonds are set out in Note 33 to the consolidated financial statements of this annual report.

(V) Contingencies

Due to the nature of the insurance business, the Group is subject to legal proceedings pending in the ordinary course of business, including being the plaintiff or the defendant in litigation and arbitration. Such legal proceedings mostly involve claims on the Group's insurance policies and the losses incurred will be partly indemnified by reinsurers or other recoveries including salvage and subrogation. The Group took into account potential losses arising from these proceedings when measuring insurance contract liabilities.

(VI) Major Acquisitions and Disposals

During the reporting period, the Group had no major acquisitions and disposals.

(VII) Events After the Balance Sheet Date

On 24 March 2025, PICC P&C fully redeemed the RMB8 billion capital supplementary bonds which were issued on 23 March 2020.

On 27 March 2025, the Board of the Company proposed a final dividend of RMB1.17 per 10 shares (tax inclusive) for the year 2024. The above profit distribution proposal will be implemented after consideration and approval at the Company's general meeting.

IV. RISK MANAGEMENT

(I) Risk Management Objectives and Strategies

The overall objectives of the Group's comprehensive risk management in 2024 are: to implement the guiding principles of the Group's annual work meeting, to continuously promote high-quality development of the Group from the perspective of overall development and safety, to optimize and upgrade the comprehensive risk management system, to further strengthen risk awareness, to establish a long-term mechanism for risk prevention and control, to continuously improve professional risk management capabilities, and to firmly safeguard the bottom line of no systemic risks.

The Group's risk management strategies include: risk preference, risk tolerance and risk limit; risk identification, assessment and monitoring tools; risk countermeasures and contingency management strategies; effectiveness assessment of risk management; prevention mechanism of risk contagion and transmission; human, financial and organizational resource allocation for risk management.

(II) Risk Management Organisational Structure

The Group has established a vertical and horizontal risk management structure as well as an operational system. Vertically, they run through the Board, management and all functional departments of the Company and each subsidiary, and cover all business segments of the Group and branches at all levels. Horizontally, according to the "three lines of defense" in risk management, all functional organisations shall perform their respective functions and cooperate, and are responsible for the risk management work and its effectiveness within the scope of responsibilities.

The Board of Directors of the Company is the highest decision-making body for the Group's comprehensive risk management, and is responsible for the effectiveness of the comprehensive risk management work, approving the medium and long-term plans for the Group's risk management, as well as the overall objectives, risk management strategies, fundamental systems and major risk solutions for the Group's comprehensive risk management; approving the overall risk management policy of the Group, risk appetite, risk tolerance, the establishment of the risk management organisational structure and its responsibilities; approving the risk assessment report, solvency report and capital planning of the Group; continuously focusing on the Group's risk profile; supervising the management to effectively manage and control the Group's risks, etc.

A risk and compliance committee was established under the management of the Company as a comprehensive coordination organisation for risk management, which is responsible for guiding, coordinating and supervising the development of risk management, internal control and compliance by the Company and all our subsidiaries.

The business, finance, investment and other functional departments or operating units of the Company and its subsidiaries assume primary responsibilities in their respective risk management and internal control systems; specialised organisations or departments such as the risk management department and the internal control and compliance department are responsible for the overall planning and organisation of implementation of risk management, internal control and compliance. Internal audit organisations or departments are responsible for supervising and auditing in relation to the effectiveness of risk management, internal control and compliance, and carrying out responsibility investigation for behaviors that violate requirements and cause risk losses.

(III) Construction of Risk Management System

Under the vertical and horizontal risk management structure within the whole system, the Group continued to optimize the construction of the risk management system and improve the risk management ability. Under the Group's unified risk management system framework, each subsidiary has established the corresponding risk management mechanism and risk management system in accordance with the Group's risk management policies and relevant management requirements. The Group has established a risk management system consisting of three levels, including the basic risk management system, special risk and special work system, practical regulations and operating rules, and has established a complete set of risk management and control mechanisms covering the entire risk management process, including risk policy formulation, responsibility implementation, comprehensive coordination, monitoring, identification, analysis, evaluation and reporting, risk investigation, supervision and inspection, emergency and risk disposal, risk performance assessment and risk accountability.

In 2024, the Company continued to strengthen the construction of risk management system. On the basis of the Group's comprehensive risk management upgraded action plan, the Company, by means of grassroot research and supervision, continued to promote the Group's comprehensive risk management to vertically advance, to extend to the grassroots level, and to form a comprehensive, sustainable and effective risk management system.

(IV) Key Methods and Procedures of Risk Management

The Company has established a complete set of relatively mature risk monitoring and assessment mechanism, which is conducive to ensuring the effectiveness of risk management. In 2024, the Company continued to optimize the professional tools and methods of risk management, constantly improved the whole process of risk identification, evaluation, analysis and reporting, and improved the efficiency of risk management.

In terms of risk management environment construction, the Company continued to optimize the Group's risk preference management, formulated the Group's risk preference management measures, standardized and refined the risk preference management process, and solidified effective practices into long-term mechanism; optimized the stress testing model and threshold setting based on the economic situation and changes in the capital market, prepared the risk preference statement of the Group, and enhanced the transmission of the Group's risk preference to subsidiaries; supervised and guided subsidiaries to formulate and amend risk preference management measures and related systems to ensure the transmission and implementation of the Group's risk preference; tracked the implementation of risk preference of subsidiaries on a quarterly basis, and promoted corrective actions and supervised the implementation of control measures.

In terms of risk information management, the Company has completed the online application of the intelligent risk control platform, strengthened automatic risk scanning and comprehensive investigation through the application of intelligent technology, carried out risk early warning, strengthened risk monitoring and multi-dimensional display of risk status, promoted risk control in advance, and effectively enhanced the forward-looking and proactive level of risk management. As the core system of the Group's "Data Intelligent Decision-making (數聚智策)" risk prevention and control system project, the platform was awarded the first prize of Financial Technology Development Award by the People's Bank of China.

In terms of risk monitoring and investigation, the Company carried out risk monitoring and investigation work on a regular basis, formed a risk monitoring and early warning mechanism with different frequencies, such as on daily, weekly, monthly, quarterly or annual basis, dynamically grasped the risk changes in key areas, key businesses and important risk matters, strengthened the identification and early warning of potential risks and tendencies, and promoted the establishment of an early hard constraint mechanism for risks; established a risk investigation mechanism combining regular investigation with special investigation in key risk areas, and carried out the normalization and special risk investigation of investment assets and insurance business according to the market risk monitoring and the changes in the business environment, so as to effectively prevent related risks.

In terms of comprehensive risk assessment, the Company regularly organized and carried out comprehensive risk assessment throughout the Group, and evaluated the construction of the Group's risk management system, the actual risk profile and the effectiveness of risk management, so as to ensure the effectiveness of the implementation of risk management. In 2024, the management of the Company continued to organize and lead the comprehensive risk assessment, carried out the annual risk assessment, and submitted the annual risk assessment report to the Board of Directors, its Risk Management & Consumers' Rights and Interests Protection Committee and the Audit Committee of the Group for consideration. In addition to the annual report to the Board of Directors, the Company also conducted an in-depth assessment of the overall risk profile semiannually and reported to the Risk Management and Consumers' Rights & Interests Protection Committee under the Board of Directors. Furthermore, the Company, in combination with the risk monitoring and investigation mechanism, regularly conducted special assessments and reports on overseas institutions and overseas investment risks.

(V) Risk Analysis and Control

In 2024, the Group has sufficient solvency, the risk preference was implemented well in general, the matching of benefits and costs was improved, the risk management work was progressed steadily, and the implementation of all aspects of risk management was effective. In terms of specialized risks, the Group strictly implemented relevant requirements and managed the four unique risks and seven specialized risks of the Group.

1. Unique risks of the Group

The unique risks of the Group include: risk contagion, organisational opacity risk, concentration risk and non-insurance field risk.

In terms of risk contagion, the Group continued to enhance the daily management of related party transactions and internal transactions, and the Board of Directors, the Related Party Transactions Control Committee and the management of the Company managed and approved related party transactions according to their respective authority; issued the Guidelines for Data Filling in Related Party Transaction Management System, which has initially established a unified operation standard for data filling in respect of related party transactions across the Group; promoted the official launch of the new management system for related party transactions, fully aligned with regulatory reporting standards, and enhanced the automated extraction of related party transaction data, thereby effectively improving the efficiency and accuracy of related party transaction statistics and reporting of the Group. The Group actively adopted control measures for related party transactions and internal transactions, implemented monitoring and statistics on transactions, and analyzed relevant accounts receivable and payable transactions, the background of business transactions and the impact of transactions on assets, liabilities, revenue and regulatory indicators. For intra-group transactions that also constitute related party transactions, both the Company and its subsidiaries strictly implemented the related party transaction management system. The pricing of the Group's related party transactions and internal transactions did not deviate from the prices or charge standards of independent third parties in the market, and complied with the requirement of fairness. In terms of firewalls, the Group continuously improved management measures and work mechanisms in the areas of legal persons, finance and capital, business, information, personnel and outsourcing.

In terms of the organisational opacity risk, the Group continued to optimize the set-up of functional institutions, fully identified and evaluated the organisational opacity risk of its subsidiaries, regularly evaluated its equity structure, management structure, operational processes, business types, etc., and reported the evaluation and management of organisational opacity risk to the senior management and the Risk Management and Consumers' Rights & Interests Protection Committee under the Board of Directors on a half-yearly basis. There was no subscription of capital instruments between the Company and its member companies, or between member companies and other related companies.

In terms of concentration risk, the Group attached great importance to the prevention and control of concentration risk, further improved the construction of the concentration risk management system and mechanism, and constantly strengthened the concentration risk management and control from four aspects of counterparties, industry, customers and business, so as to prevent the aggregation of risks at the Group level. Based on the Group's actual management situation and the latest regulatory requirements, the Group optimized and updated the Concentration Risk Indicator Limit Table, and improved the index limits and criteria, so as to continuously enhance the scientific management; further improved the Group's concentration risk management system and mechanism, formulated and issued the Implementation Rules for Concentration Risk Management, supplemented operational rules and specific specifications, and continuously enhanced management effectiveness; continued to promote its subsidiaries to improve the concentration risk control mechanism, regularly organized concentration risk assessments and indicator limit monitoring, and continuously strengthened concentration risk control.

In terms of non-insurance field risk, the Group continued to strengthen risk management in the non-insurance field, formulated management measures for non-insurance subsidiaries, equity management measures for non-insurance subsidiaries and relevant systems, and prevented the business activities of non-insurance subsidiaries from having adverse impact on the solvency of the Group and insurance subsidiaries. The Group supervised non-insurance subsidiaries to strengthen the internal control management and post-investment risk management, continuously improved the Group's management and control level, and promoted effective risk isolation. According to the C-ROSS Phase II rules, the Group continued to carry out risk monitoring and regular reporting work, strengthened dynamic risk monitoring of non-insurance subsidiaries, enhanced the foresight of risk prevention, and continuously improved the timeliness and effectiveness of risk management and control.

2. Specialized risks

In terms of strategic risk, the Group, in the face of multiple challenges such as the transformation of old and new driving forces, the declining interest rates and fluctuations in the capital market, continued to strengthen the co-ordination and scheduling, implemented process management with high-quality operational analysis, and continuously improved management level, achieving stable and improving operating results. In 2024, the Group established and improved its ESG work mechanism and governance system, strengthened ESG risk management, and continuously enhanced its sustainable operation and management capabilities.

In terms of insurance risk, with a focus on the key businesses of each subsidiary, the Group constantly deepened the liability-side coordinated management, continued to promote actuarial management of its products, catastrophic risk control and insurance risk monitoring. In 2024, the implementation of insurance risk indicators of major subsidiaries was relatively stable, the combined ratio was effectively controlled, the lapse rate remained stable with a slight decrease, and the persistency ratio of premiums increased.

In terms of market risk, the Group closely monitored the macro situation and changes in the domestic and overseas capital markets, constantly strengthened the tracking and analysis of investment risk exposure and evaluated and analysed market risk regularly by using sensitivity analysis, value at risk and stress testing, and scenario analysis. The Group also promptly adjusted the allocation strategy according to changes in the market, and enhanced market risk management performance with digital and intelligent systems. In 2024, the value of the listed equity investment assets held by the Group recovered significantly, and the returns on domestic and foreign fixed income investment assets remained stable.

In terms of credit risk, the Group continued to strengthen credit risk management and control, enhance the management of premiums receivables and reinsurance counterparties of insurance subsidiaries, and improved the evaluation and monitoring level of investment credit risk. In respect of investment business, the Group continuously paid attention to the changes in the credit market environment, improved the guarantee of main responsibility of subsidiaries, credit risk monitoring and warnings, and strengthened the post-investment management of investment projects. As of the end of 2024, the premiums receivables of insurance subsidiaries decreased year-on-year, and the credit ratings of reinsurance counterparties were in compliance with regulatory requirements and internal regulations of the Company. No investment credit risk events have occurred in respect of the investment assets of major subsidiaries.

In terms of liquidity risk, the Group continued to strengthen liquidity management, enhanced risk monitoring and analysis, regularly coordinated and organized subsidiaries to conduct liquidity risk assessments, strengthened cash flow monitoring and early warning, and urged subsidiaries to formulate management plans and countermeasures for risk points and problems identified during monitoring, to improve liquidity risk management level, provide proper early warning of and prevention of liquidity risks, and maintain a reasonable and moderate liquidity level.

In terms of operational risk, in accordance with the principles of prudence, comprehensiveness, compatibility and effectiveness, the Group continuously improved its operational risk management system and mechanism, continuously optimized its operational risk management processes and methods, and strengthened the use of the three major basic management tools for operational risk, thereby continuously enhancing its operational risk management capabilities.

In terms of reputational risk, the Group implemented full process management of reputational risk, continuously improved the reputational risk system, continuously optimized the normalized monitoring and early warning mechanism for sensitive public opinions, and strived to improve the quality and efficiency of public opinion handling. In 2024, the reputational risk of the Group remained stable in general, and no significant reputational events occurred, effectively maintaining the Group’s brand and industry reputation.

V. FUTURE PROSPECTS

(I) Industry Landscape and Trend

2025 is the final year of the "14th Five-Year Plan" and a crucial year for deepening reform comprehensively. The central government introduced a full range of unconventional and counter-cyclical policies, which will surely promote the stabilization and improvement of China's economic development and create a favorable development environment for the insurance industry. The central government attaches great importance to the functions of the insurance industry as an economic shock absorber and social stabilizer, and the "Five Priorities" on finance and the new "Ten National Rules" for the insurance industry have pointed out the direction for high-quality development of the insurance industry. In the process of Chinese path to modernization, there is huge potential for development space for serving expansion of domestic demand, serving development of new quality productive forces, serving expansion of high-level opening up, serving promotion of the integration of urban and rural development, serving enhancement of the vitality of regional development, serving comprehensive green transformation and serving guarantee and improvement of people's livelihood. With the development of the economy and society, the enhanced risk awareness of the people, and the continued upgrade of demand for insurance, the professional underwriting capacity, service supply capacity and risk management capacity of insurance companies will be further tested. The increasingly strict regulation sets higher requirements for compliant operation of insurance companies. The application of new technologies such as artificial intelligence, big data and the Internet of Things will profoundly change the key aspects of operation and management of insurance business. Technology empowerment will help insurance companies better serve customers and manage risks, and the transformation of business models will achieve substantial breakthroughs.

(II) Development Strategy of the Company

In the new journey, the Group will conscientiously implement the guiding principles of the 20th CPC National Congress and the Second and Third Plenary Sessions of the 20th CPC Central Committee, make every effort to serve the development of the "Five Priorities" on finance, and always adhere to the original aspiration and mission of "People's Insurance, Serving the People". Based on the nature and function of risk protection and fund accommodation of insurance, the Group will take the lead in safeguarding people's livelihood and well-being in the insurance industry, and assisting social governance and serving the real economy, and will firmly follow the path of financial development with Chinese characteristics, so as to build a world-class insurance financial group with outstanding functions, efficient operation, distinct main business, modern governance and international competitiveness. This year, the Group will adhere to the general principle of pursuing progress while maintaining stability, serve the overall situation, focus on deepening reforms, strengthen fine management, prevent and control financial risks, strengthen team building and improve development quality, so as to take solid steps in the journey of building a world-class insurance financial group, complete the target for the final year of the "14th Five-Year Plan" with high quality and lay a solid foundation for achieving a good start for the "15th Five-Year Plan".

(III) Operation Plan

The **insurance segment** will accurately identify the demand for economic, social development and safeguarding people's livelihood, continue to improve product supply, strengthen team building and transform development mode, and strive to achieve reasonable growth in business scale and steady improvement in operating efficiency. **PICC P&C** will develop policy-based businesses with high quality, strengthen the acquisition of decentralized businesses, and actively open up development space in new energy vehicle insurance, inclusive insurance, science and technology insurance, catastrophe insurance, green insurance, housing insurance and other fields, to consolidate its leading advantages; attach great importance to the building of direct sales capabilities, proactively respond to challenges brought about by catastrophes, and ensure that the combined rate continues to lead the market. **PICC Life** will lay more emphasis on building of high-performance teams, strengthen foundational management, and accelerate the transformation to floating income products and guaranteed products; deepen cooperation between banks and insurance companies, strengthen urban team building, and consolidate value contributions; actively respond to the consistency between regulatory filings and actual underwriting, and strengthen the fine management of expenses. **PICC Health** will consolidate and deepen the business development pattern, accelerate the development of Internet channels, enrich commercial health insurance products by focusing on specific groups and segments, continue to optimize the quality of short-term insurance business, and cultivate and enhance health management service capabilities. **PICC Reinsurance** will actively participate in the construction of the Shanghai International Reinsurance Center, accurately grasp the market situation, continuously accelerate the development of three-party businesses, and increase the proportion of quality businesses. **PICC Hong Kong** will actively develop the Hong Kong local market and expand cross-border business, and improve the overseas service network.

The **investment segment** will actively adapt to the market situation, deeply implement the decisions and arrangements of the Party Central Committee on promoting the entry of medium and long-term capital into the market, give full play to the advantages of long-term capital and patient capital, enhance proactive investment management capabilities, explore sustainable development models, and strive to achieve the goals of stable investment returns and increased asset size. **PICC AMC** will play the role as an investment flagship, stabilize fixed income asset fundamentals and increase the allocation of long-term assets; focus on increasing the strategic allocation of equity assets, strengthening absolute return orientation and improving long-term return levels; increase the development and investment efforts in innovative products with stable cash flow, such as ABS, CMBS and REITs. **PICC Pension** will adhere to its role as an investment company, strengthen the building of investment and research capabilities, enhance the function of asset allocation in investment management, make every effort to stabilize investment returns, and consolidate and enhance its first-mover advantage in commercial pension. **PICC Investment Holding** will steadily promote the construction of key investment projects, actively cultivate pension operation capabilities, and improve the entrusted operation of non-self-use assets and property services within the Group. **PICC Capital** will give full play to its role as the main force of alternative investment, accelerate transformation and development, increase the variety of asset securitization products based on the needs of insurance fund allocation, strengthen equity investment, optimize physical asset investment, and create new business growth points.

PICC Technology will give full play to its role as the main force of scientific and technological construction of the Group, fully support the construction of digitalization reform and "no regrets (無悔)" projects of the Group, build five 95518 regional centers, continuously promote the comprehensive sharing of 95518 customer services, improve the customer experience of the integrated contact platform, support the Group's efforts in customer resources sharing, and promote the construction of the shared technology base of the Group. It will strengthen the construction of the technology team, improve the management mechanism, establish a data asset operation center and a science and technology innovation laboratory, reduce operating costs, and enhance the building of self-reliance and strength in science and technology.

(IV) Major Potential Risks and Countermeasures

The first is the risk in macro environment. Internationally, the economy will continue to grow moderately, but trade, investment and technological barriers will increase, and international uncertainties will rise; the overall recovery trend of the world economy will continue, but the growth rate may slow down, and the pace of economic growth will be uneven among different countries and regions; rising risks of geopolitical conflicts and trade frictions as well as divergence in monetary policies of major economies may cause disruptions to global financial markets, and trade protectionism measures among countries will pose challenges to global trade recovery. Domestically, the economy is facing challenges such as the transition from old to new driving forces, insufficient effective demand and overcapacity. However, with stronger policies and reforms, the economy is expected to continue to make progress amidst stability.

The Group will pay close attention to global economic dynamics and domestic policy guidance, deepen its analysis, prediction and response capabilities to the macroeconomic environment, actively respond to various uncertainties, continuously improve its ability to serve national strategies, enhance risk resistance and response mechanisms, better coordinate development and security, and firmly safeguard the bottom line of no systemic risks.

The second is the risk in investment business. In 2025, the restoration of endogenous driving forces in the domestic economy and changes in the external political and economic environment will have an impact on the domestic and international investment markets. In terms of market risk, the core driving factors of the capital market will be more focused on the international political, economic and technological development situation. China's strength in the AI field may trigger the capital market to rethink the development stages of domestic and international industrial chains and reprice assets; under the moderately loose monetary policy, the market benchmark interest rate may further decline, and the pace of domestic monetary policy implementation, the interest rate cut plan of the Federal Reserve, market trading behaviors and other factors will exacerbate the volatility of the market interest rate range. In terms of credit risk, domestic credit risk continues to converge, and the default rate is showing a downward trend. However, we still need to pay attention to the progress of debt risk resolution of local government financing platforms and the clearance of risks in the real estate industry.

The Group will highly focus on the risk in investment business, pay close attention to domestic and foreign capital market changes, continuously strengthen asset investment research ability, optimize investment decisions, prudently select investment counterparties, strengthen dynamic monitoring and early warning of the market risk and credit risk, regularly conduct risk classification and valuation of investment assets, continue to carry out risk inspection of capital utilisation, continuously strengthen and improve the post investment risk management, prevent and resolve the risks in key investment fields, and maintain the capital security.

The third is the risk in insurance business. In terms of property insurance, affected by the frequent occurrence of extreme weather events, the disaster situation remains severe, posing challenges to the claims cost control and stable underwriting profits of the Company. In terms of life and health insurance, the cost of liabilities has been effectively reduced, but the rigidity and long term of existing business costs have led to an expansion of the duration gap between assets and liabilities. Besides, due to the impact of "low interest rates + asset shortages", the investment income is also facing certain challenges, and the risk of interest rate spread loss still needs to be continuously monitored.

The Group will continue to pay close attention to insurance risk management, continuously improve its risk reduction service capabilities, reasonably utilize risk mitigation measures, and effectively respond to the impact of frequent disasters; strictly implement regulatory policies, continuously reduce the cost of life and health insurance liabilities, strengthen the linkage management of asset-liability matching, prudently formulate product strategies, and make linkage adjustments to the predetermined interest rates of products and market interest rates, so as to effectively prevent the risk of interest rate spread loss; continue to improve the risk monitoring mechanism for key areas and key businesses, and continuously enhance its ability to early identification, early warning, early exposure and early disposal of risks.

The fourth is the compliance risk. The 2025 Regulatory Work Conference of the NFRA proposed to accelerate the promotion of important legislation and amendments, adhere to problem-oriented approaches, continuously enhance regulatory quality and efficiency, and continuously improve regulatory capabilities. The strong regulatory environment has put forward stricter requirements for the Group's lawful and compliant operation and compliance risk management.

The Group will further promote the improvement of compliance operation level in terms of system and mechanism, strengthen the governance of violations at the source, optimize the risk compliance assessment mechanism, continuously improve the grassroots supervision system, and effectively enhance the level of internal control and compliance operation at the grassroots level.

Embedded Value

Our consolidated financial statements set forth in our annual report are prepared in accordance with the relevant accounting standards. These financial statements measure our results of operations for a specific time period. An alternative method of measuring the value and profitability of a life or health insurance company is the embedded value method. Embedded value is an estimate of the economic value of the life and health insurance businesses of an insurance company that is determined based on a particular set of assumptions and a valuation model-based forecast of future distributable profits, excluding any value attributable to any future new business. While, under the relevant accounting standards, there is a time lag between the sale of policies and the recognition of profits, embedded value recognizes the contribution of future profits from existing policies as at the date of the embedded value calculation. Since life and health insurance policies usually extend over more than one fiscal year, embedded value is a technique that attempts to quantify the total financial impact of these policies, including the impact in future fiscal years, in order to provide an alternative assessment of potential shareholder value.

Embedded value does not include the economic value of future new business. The value of one year's new business provides an indication of the value created for investors by new business activity based on the assumptions used and hence the potential of the business.

Ernst & Young (China) Advisory Limited, independent consulting actuaries, have prepared actuarial consultants' review reports on the estimates of the embedded value of PICC Life and PICC Health, respectively, as at 31 December 2024, and the value of one year's new business of PICC Life and PICC Health, respectively, in respect of our new life and health insurance businesses written as at 31 December 2024, on a range of assumptions. Copies of consulting actuaries' review reports are included in our annual report. These reports do not constitute an audit opinion of the financial information used in the report.

The value of in-force business and the value of one year's new business in respect of new life and health insurance businesses have been calculated using a valuation model under a range of assumptions. Given the uncertainties associated with the future investment environment and future business operations, you should carefully consider the range of values arising from the sensitivity analysis, which reflect the impact of different assumptions on these values. Moreover, the values do not necessarily include the full range of potential outcomes.

The estimates of value of in-force business and the value of one year's new business necessarily make numerous assumptions with respect to industry performance, business and economic conditions, investment returns, reserving standards, taxation, life expectancy and other matters, many of which are beyond our control. As a result, actual future experience may vary from that assumed in the calculation, and these variations may be material. Calculated values will vary, possibly materially, as key assumptions are varied. Moreover, as actual market value is determined by investors based on a variety of information available to them, these calculated values should not be construed as a direct reflection of actual market value. Furthermore, in the current environment of the PRC market, material uncertainty exists with respect to asset valuations, which may have material impact on the embedded value.

INDEPENDENT ACTUARIES REVIEW OPINION REPORT ON EMBEDDED VALUE OF PICC LIFE

Ernst & Young (China) Advisory Limited ("EY", "we" or "our") has been entrusted by PICC Life Insurance Company Limited ("PICC Life", the "company") to review its valuation of embedded value as at 31 December 2024. This report is prepared and to be enclosed in the 2024 annual report of the People's Insurance Company (Group) of China Limited. It summarizes EY's work scope, the valuation methodology of the embedded value, valuation results and assumptions on which the valuation depends.

SCOPE OF WORK

Our scope of work covered:

- Review the valuation methodology for the embedded value and the value of one year's new business as at 31 December 2024;
- Review the assumptions used in the valuation of embedded value and value of one year's new business as at 31 December 2024;
- Review the various valuation results of the embedded value as at 31 December 2024, i.e. the embedded value, value of one year's new business, analysis of embedded value movement from 31 December 2023 to 31 December 2024 and the sensitivity tests results of value of in-force business and value of one year's new business under alternative assumptions;
- Review the breakdown of value of one year's new business as at 31 December 2024 by distribution channels.

BASIS OF OPINION, RELIANCE AND LIMITATION

We carried out our review in accordance with the *Guidance on Actuarial Practice: Valuation of Embedded Value for Life and Health Insurance* ("Valuation Guidance") issued by the China Association of Actuaries ("CAA") in November 2016.

In the process of performing review and preparing this report, we relied on the accuracy and completeness of audited and unaudited data and information provided by PICC Life without independent verification. Where possible, we have reviewed the reasonableness and consistency of the data based on our understanding of insurance industry and PICC Life. Our review opinion herein this report is based on the accuracy and completeness of the data and information provided by PICC Life.

The calculation of embedded value involves expectations and assumptions regarding future experience to a great extent in terms of business operating performance, investment performance, and other economic and financial assumptions, many of which are beyond the company's control. Therefore, the actual results of operation in the future may deviate from the valuation results.

This report is addressed solely to PICC Life in accordance with the engagement letter signed by PICC Life and us. We have agreed that PICC Life provides the review opinion report to the People's Insurance Company (Group) of China Limited to be disclosed in its 2024 annual report. To the fullest extent permitted by applicable law, we do not accept or assume any responsibility, duty of care or liability to anyone other than PICC Life for or in connection with our review work, the opinions we have formed, or for any statement set forth in this report.

REVIEW OPINION

Based on our review, we concluded that:

- The valuation methodology for embedded value adopted by PICC Life meets the requirements of the *Guidance on Actuarial Practice: Valuation of Embedded Value for Life and Health Insurance* issued by China Association of Actuaries in November 2016;
- The economic assumptions adopted by PICC Life have taken into account the current investment market conditions and the investment strategy of PICC Life;
- The operating assumptions adopted by PICC Life have taken into account the company's historical experience and the expectation of future performance; and
- The embedded value results are consistent with its methodology and assumptions used. The aggregate results are reasonable.

On behalf of Ernst & Young (China) Advisory Limited

Zhenping Fu	Jia Zhang
FSA, FCAA	**FSA, FCAA**

31 DECEMBER 2024 EMBEDDED VALUE REPORT OF PICC LIFE INSURANCE COMPANY LIMITED

1. DEFINITION AND METHODOLOGY

1.1. Definition

A number of specific terms are used in this report. They are defined as follows:

- **Embedded Value ("EV"):** this is the sum of the adjusted net worth and value of in-force business as at the valuation date;
- **Adjusted Net Worth ("ANW"):** this is the fair value of the assets attributable to shareholders in excess of liabilities of the business as at the valuation date;
- **Value of In-Force Business ("VIF"):** this is the present value of future cash flows attributable to shareholders arising from the in-force business and the corresponding assets as at the valuation date. The assets contributing to the cash flows are those supporting the corresponding liabilities of in-force business;
- **Cost of Required Capital ("CoC"):** this is defined as the amount of capital required from shareholders at the valuation date and the present value of future movements of such capital (end of period value less start of period value), and the calculation should take into account the after-tax investment earnings on the assets backing such required capital;
- **Value of One year's New Business ("V1NB"):** this is equal to the present value as at the policy issue dates of the future cash flows from the policies issued in the specified one year period and the corresponding assets. The assets contributing to the cash flows are those supporting the corresponding liabilities of new policies. The value associated with top-up premium not expected from the in-force business is included in the value of one year's new business.

1.2. Methodology

China Association of Actuaries ("CAA") issued "Guidance on Actuarial Practice: Valuation of Embedded Value for Life and Health Insurance" in November 2016. PICC Life has determined the embedded value and the value of one year's new business based on "Guidance on Actuarial Practice: Valuation of Embedded Value for Life and Health Insurance".

PICC Life has adopted the commonly used embedded value approach in the industry. Both value of in-force business and value of one year's new business are calculated using the deterministic discounted cash flow method. Such approach is commonly used in the embedded value and value of new business calculated by the insurance companies listed in mainland China and Hong Kong. This approach does not directly calculate the costs of options and guarantees provided to policyholders; instead, it implicitly allows for the time value of options and guarantees and the uncertainty in achieving the projected future profits by risk discount rate.

2. RESULTS SUMMARY

In this section PICC Life has shown the results of this year as well as those of last year for comparison purpose.

2.1. Overall Results

Table 2.1.1 Embedded Value of PICC Life as at 31 December 2024 and 31 December 2023 (Unit: RMB Million)

	31/12/2024	31/12/2024 (Before Adjustment)	31/12/2023
Risk Discount Rate	**8.5%**	**9.0%**	**9.0%**
Adjusted Net Worth	97,494	109,861	71,080
Value of In-Force Business before CoC	45,898	57,656	46,968
Cost of Required Capital	(23,662)	(17,644)	(16,578)
Value of In-Force Business after CoC	22,237	40,011	30,390
Embedded Value	**119,731**	**149,872**	**101,470**

Note: 1. Figures may not add up to total due to rounding;

2. In the table above, the embedded value before adjustment as at 31 December 2024 is recalculated based on the investment and risk discount rate assumptions as at 31 December 2023 while the other assumptions remain unchanged.

Table 2.1.2 Value of One year's New Business of PICC Life as at 31 December 2024 and 31 December 2023 (Unit: RMB Million)

	31/12/2024	31/12/2024 (Before Adjustment)	31/12/2023
Risk Discount Rate	**8.5%**	**9.0%**	**9.0%**
Value of One year's New Business before CoC	7,692	10,802	7,100
Cost of Required Capital	(2,668)	(2,952)	(3,437)
Value of One year's New Business after CoC	**5,024**	**7,849**	**3,664**

Note: 1. Figures may not add up to total due to rounding;

2. In the table above, the value of one year's new business before adjustment as at 31 December 2024 is recalculated based on the investment and risk discount rate assumptions as at 31 December 2023 while the other assumptions remain unchanged.

2.2. Results by Distribution Channels

The results of the value of one year's new business by distribution channel as at 31 December 2024 and 31 December 2023 are summarized in the table below.

Table 2.2.1 Value of One year's New Business of PICC Life as at 31 December 2024 and 31 December 2023 by Distribution Channel (Unit: RMB Million)

Distribution Channel	Risk Discount Rate	Bancassurance	Individual insurance agent	Group sales	Total
Value of One year's New Business after CoC (2024)	**8.5%**	**2,341**	**2,668**	**16**	**5,024**
Value of One year's New Business after CoC (2024 Before Adjustment)	**9.0%**	**3,701**	**4,075**	**73**	**7,849**
Value of One year's New Business after CoC (2023)	9.0%	1,001	2,578	84	3,664

Note: 1. Figures may not add up to total due to rounding;

2. In the table above, the value of one year's new business before adjustment as at 31 December 2024 is recalculated based on the investment and risk discount rate assumptions as at 31 December 2023 while the other assumptions remain unchanged.

3. ASSUMPTIONS

The assumptions below are used for the valuation of the embedded value and value of one year's new business as at 31 December 2024.

3.1. Risk Discount Rate

An 8.5% risk discount rate has been used to calculate the embedded value and value of one year's new business.

3.2. Rate of Investment Return

A 4% p.a. investment return assumption has been used.

3.3. Policy Dividend

The expected level of participating policy dividend is based on the participating policy of PICC Life. The impact on the value of in-force business and value of one year's new business, which may be caused by the change in the level of participating policy dividend, is listed in the sensitivity test results.

3.4. Mortality and Morbidity

The assumptions on mortality and morbidity are set with due consideration of the prevailing experience of the industry, PICC Life's own experience and reasonable expectation on future, and the reinsurance rates obtained by PICC Life.

3.5. Claim Ratio

The claim ratio assumptions are applied to the short-term health, short-term accident and long-term guaranteed renewable health business. The claim ratio assumptions are set based on PICC Life's own experience. They are in the range from 40% to 90% of gross premium depending on the lines of business.

3.6. Lapse Rates

Lapse rate assumptions are based on PICC Life's own lapse experience and expectation of future experience. These assumptions vary by product line, payment mode and policy year. As the terms and conditions of the universal life business allow flexibility in premium payment, premium persistency assumptions are also set for regular premium universal life business.

3.7. Expenses and Commissions

Expense assumptions are set based on the operating experience, expense management approach and the expected future expense level of PICC Life. It is assumed that the future inflation rate is 2% p.a..

Commission assumptions are set based on overall commission level of PICC Life and vary by business lines.

3.8. Tax

The corporate income tax rate is assumed to be 25% of the taxable income. Income on government bonds other than capital gains/losses, dividend income from direct equity interest in domestic corporations and mutual funds are currently exempt from income tax.

4. SENSITIVITY TESTS

PICC Life has conducted sensitivity tests on the value of in-force business and value of one year's new business. In each of these tests, only the assumption referred to is changed, while other assumptions remain unchanged. For the investment return assumption scenarios, the expected participating policyholder dividend will also change. The results of sensitivity tests are summarized in Table 4.1.

Table 4.1 Value of In-Force Business and Value of One year's New Business of PICC Life as at 31 December 2024 under Alternative Assumptions (Unit: RMB Million)

Scenarios	Value of In-Force Business after CoC	Value of One year's New Business after CoC
Base Scenario	22,237	5,024
Risk Discount Rate at 7.5%	28,704	6,107
Risk Discount Rate at 9.5%	17,033	4,145
Rate of investment return increased by 50 bps	42,082	7,993
Rate of investment return decreased by 50 bps	1,921	1,904
Expenses increased by 10%	21,259	4,911
Expenses decreased by 10%	23,214	5,137
Lapse rate increased by 10%	22,443	4,921
Lapse rate decreased by 10%	22,029	5,132
Mortality increased by 10%	21,713	4,961
Mortality reduced by 10%	22,766	5,088
Morbidity increased by 10%	20,905	4,976
Morbidity reduced by 10%	23,591	5,073
Short-term business claim ratio increased by 10%	22,182	4,846
Short-term business claim ratio decreased by 10%	22,291	5,202
Participating Ratio (80/20)	21,085	4,909

Note: Except for the sensitivity scenarios on risk discount rate, the risk discount rate used for other scenarios is 8.5%.

5. MOVEMENT ANALYSIS

Table 5.1 shows the analysis of embedded value movement from 31 December 2023 to 31 December 2024.

Table 5.1 Analysis of Embedded Value Movement from 31 December 2023 to 31 December 2024 (Unit: RMB Million)

Item	Description	Amount
1	Embedded Value as at 31 December 2023	101,470
2	New Business Contribution	5,361
3	Expected Return	6,413
4	Investment Return Variance	18,523
5	Other Experience Variance	4,937
6	Model and Assumption Modification	(26,571)
7	Capital Change and Market Value Adjustment	9,598
8	Embedded Value as at 31 December 2024	119,731

Note: Figures may not add up to total due to rounding.

Explanations on items 2 to 7 above:

2. The contribution of new business sold in 2024 to the embedded value at 31 December 2024;
3. The expected return in 2024 arising from the in-force business and adjusted net worth as at 31 December 2023;
4. Change in embedded value arising from variances between the actual investment return and the related investment return assumption in 2024;
5. Change in embedded value arising from variances between the actual experiences and assumptions other than the related investment return in 2024;
6. The impact on embedded value due to model enhancement and the changes in assumptions during 2024;
7. The impact on embedded value due to dividend distributed to shareholders, capital changes and the changes in market value of held-to-maturity financial assets caused by interest rate fluctuations during 2024.

INDEPENDENT ACTUARIES REVIEW OPINION REPORT ON EMBEDDED VALUE OF PICC HEALTH

Ernst & Young (China) Advisory Limited ("EY", "we" or "our") has been entrusted by PICC Health Insurance Company Limited ("PICC Health", the "company") to review its valuation of embedded value as at 31 December 2024. This report is prepared and to be enclosed in the 2024 annual report of the People's Insurance Company (Group) of China Limited. It summarises EY's work scope, the valuation methodology of the embedded value, valuation results and assumptions on which the valuation depends.

SCOPE OF WORK

Our scope of work covered:

- Review the valuation methodology for the embedded value and the value of one year's new business as at 31 December 2024;
- Review the assumptions used in the valuation of embedded value and value of one year's new business as at 31 December 2024;
- Review the various valuation results of the embedded value as at 31 December 2024, i.e. the embedded value, value of one year's new business, analysis of embedded value movement from 31 December 2023 to 31 December 2024 and the sensitivity tests results of value of in-force business and value of one year's new business under alternative assumptions;
- Review the breakdown of value of one year's new business as at 31 December 2024 by distribution channels.

BASIS OF OPINION, RELIANCE AND LIMITATION

We carried out our review in accordance with the *Guidance on Actuarial Practice: Valuation of Embedded Value for Life and Health Insurance* ("Valuation Guidance") issued by the China Association of Actuaries ("CAA") in November 2016.

In the process of performing review and preparing this report, we relied on the accuracy and completeness of audited and unaudited data and information provided by PICC Health without independent verification. Where possible, we have reviewed the reasonableness and consistency of the data based on our understanding of insurance industry and PICC Health. Our review opinion herein this report is based on the accuracy and completeness of the data and information provided by PICC Health.

The calculation of embedded value involves expectations and assumptions regarding future experience to a great extent in terms of business operating performance, investment performance, and other economic and financial assumptions, many of which are beyond the company's control. Therefore, the actual results of operation in the future may deviate from the valuation results.

This report is addressed solely to PICC Health in accordance with the engagement letter signed by PICC Health and us. We have agreed that PICC Health provides the review opinion report to the People's Insurance Company (Group) of China Limited to be disclosed in its 2024 annual report. To the fullest extent permitted by applicable law, we do not accept or assume any responsibility, duty of care or liability to anyone other than PICC Health for or in connection with our review work, the opinions we have formed, or for any statement set forth in this report.

REVIEW OPINION

Based on our review, we concluded that:

- The valuation methodology for embedded value adopted by PICC Health meets the requirements of the *Guidance on Actuarial Practice: Valuation of Embedded Value for Life and Health Insurance* issued by China Association of Actuaries in November 2016;
- The economic assumptions adopted by PICC Health have taken into account the current investment market conditions and the investment strategy of PICC Health;
- The operating assumptions adopted by PICC Health have taken into account the company's historical experience and the expectation of future performance; and
- The embedded value results are consistent with its methodology and assumptions used. The aggregate results are reasonable.

On behalf of Ernst & Young (China) Advisory Limited

Zhenping Fu	Jia Zhang
FSA, FCAA	**FSA, FCAA**

31 December 2024 EMBEDDED VALUE REPORT OF PICC HEALTH INSURANCE COMPANY LIMITED

1. DEFINITION AND METHODOLOGY

1.1. Definition

A number of specific terms are used in this report. They are defined as follows:

- **Embedded Value ("EV"):** this is the sum of the adjusted net worth and value of in-force business as at the valuation date;
- **Adjusted Net Worth ("ANW"):** this is the fair value of the assets attributable to shareholders in excess of liabilities of the business as at the valuation date;
- **Value of In-Force Business ("VIF"):** this is the present value of future cash flows attributable to shareholders arising from the in-force business and the corresponding assets as at the valuation date. The assets contributing to the cash flows are those supporting the corresponding liabilities of in-force business;
- **Cost of Required Capital ("CoC"):** this is defined as the amount of capital required from shareholders at the valuation date and the present value of future movements of such capital (end of period value less start of period value), and the calculation should take into account the after-tax investment earnings on the assets backing such required capital;
- **Value of One year's New Business ("V1NB"):** this is equal to the present value as at the policy issue dates of the future cash flows from the policies issued in the specified one year period and the corresponding assets. The assets contributing to the cash flows are those supporting the corresponding liabilities of new policies.

1.2. Methodology

China Association of Actuaries ("CAA") issued "Guidance on Actuarial Practice: Valuation of Embedded Value for Life and Health Insurance" in November 2016. PICC Health has determined the embedded value and the value of one year's new business based on "Guidance on Actuarial Practice: Valuation of Embedded Value for Life and Health Insurance".

PICC Health has adopted the commonly used embedded value approach in the industry. Both value of in-force business and value of one year's new business are calculated using the deterministic discounted cash flow method. Such approach is commonly used in the embedded value and value of new business calculated by the insurance companies listed in mainland China and Hong Kong. This approach does not directly calculate the costs of options and guarantees provided to policyholders; instead, it implicitly allows for the time value of options and guarantees and the uncertainty in achieving the projected future profits by risk discount rate.

2. RESULTS SUMMARY

In this section PICC Health has shown the results of this year as well as those of last year for comparison purpose.

2.1. Overall Results

Table 2.1.1 Embedded Value of PICC Health as at 31 December 2024 and 31 December 2023 (Unit: RMB Million)

	31/12/2024	31/12/2024 (Before Adjustment)	31/12/2023
Risk Discount Rate	**8.5%**	**9.0%**	**9.0%**
Adjusted Net Worth	12,185	12,549	8,103
Value of In-Force Business before CoC	19,315	20,826	15,560
Cost of Required Capital	(1,383)	(1,356)	(1,169)
Value of In-Force Business after CoC	17,932	19,469	14,392
Embedded Value	**30,117**	**32,019**	**22,495**

Note: 1. Figures may not add up to total due to rounding.
2. In the table above, the embedded value before adjustment as at 31 December 2024 is recalculated based on the investment and risk discount rate assumptions as at 31 December 2023 while the other assumptions remain unchanged.

Table 2.1.2 Value of One year's New Business of PICC Health for the 12 months up to 31 December 2024 and 31 December 2024 (Unit: RMB Million)

	31/12/2024	31/12/2024 (Before Adjustment)	31/12/2023
Risk Discount Rate	**8.5%**	**9.0%**	**9.0%**
Value of One year's New Business before CoC	7,101	7,460	3,331
Cost of Required Capital	(588)	(577)	(505)
Value of One year's New Business after CoC	**6,513**	**6,883**	**2,826**

Note: 1. Figures may not add up to total due to rounding.
2. In the table above, the value of one year's new business before adjustment as at 31 December 2024 is recalculated based on the investment and risk discount rate assumptions as at 31 December 2023 while the other assumptions remain unchanged.

2.2. Results by Distribution Channels

PICC Health split the value of one year's new business by distribution channel. The results of the value of one year's new business by distribution channel as at 31 December 2024 and 31 December 2023 are summarised in the table below.

Table 2.2.1 Value of One year's New Business of PICC Health for the 12 months up to 31 December 2024 and 31 December 2023 by Distribution Channel (Unit: RMB Million)

Distribution Channel	Risk Discount Rate	Bancassurance	Individual insurance agent	Group sales	Total
Value of One year's New Business after CoC	**8.5%**	**621**	**6,032**	**(140)**	**6,513**
Value of One year's New Business after CoC (2024 Before Adjustment)	**9.0%**	**906**	**6,088**	**(112)**	**6,883**
Value of One year's New Business after CoC (2023)	9.0%	425	2,878	(477)	2,826

Note: 1. Figures may not add up to total due to rounding.
2. In the table above, the value of one year's new business before adjustment as at 31 December 2024 is recalculated based on the investment and risk discount rate assumptions as at 31 December 2023 while the other assumptions remain unchanged.

3. ASSUMPTIONS

The assumptions below are used for the valuation of the embedded value and value of one year's new business as at 31 December 2024.

3.1. Risk Discount Rate

A 8.5% risk discount rate has been used to calculate the embedded value and value of one year's new business.

3.2. Rate of Investment Return

A 4.0% p.a. investment return assumption has been used.

3.3. Policy Dividend

The expected level of participating policy dividend is based on the participating policy of PICC Health, whereby 70% of surplus arising from participating business is paid to policyholder. The impact on the value of in-force business and value of one year's new business, which may be caused by the change in the level of participating policy dividend, is listed in the sensitivity test results.

3.4. Mortality and Morbidity

The assumptions on mortality and morbidity are set with due consideration of the prevailing experience of the industry, PICC Health's own experience and the reinsurance rates obtained by PICC Health. Mortality assumptions are expressed as a percentage of the standard industry mortality tables: "China Life Insurance Mortality Table (2010-2013)". Morbidity assumptions are expressed as a percentage of "China Life Insurance Experienced Critical Illness Table (2020)".

Based on recent experience analysis of critical illness. PICC Health includes the long-term deterioration trends in setting of the critical illness rate.

3.5. Claim Ratio

The claim ratio assumptions are applied to the short-term health, short-term accident and long-term guaranteed renewable health business. The claim ratio assumptions are set based on PICC Health's own experience. They are in the range from 3.5% to 150% of gross premium depending on the lines of business.

3.6. Lapse Rates

Lapse rate assumptions are based on PICC Health's own lapse experience and expectation of future experience. These assumptions vary by product line, payment mode and policy year. As the terms and conditions of the universal life business allow flexibility in premium payment, premium persistency assumptions are also set for regular premium universal life business.

3.7. Expenses and Commissions

Expense assumptions are set based on the operating experience, expense management approach and the expected future expense level of PICC Health. It is assumed that the future inflation rate is 2.5% p.a..

Commission assumptions are set based on overall commission level of PICC Health and vary by business lines.

3.8. Tax

The corporate income tax rate is assumed to be 25% of the taxable income. Income on government bonds other than capital gains/losses, dividend income from direct equity interest in domestic corporations and mutual funds are currently exempt from income tax.

VAT for accident insurance and other applicable business is in compliance with the relevant tax regulation.

4. SENSITIVITY TESTS

PICC Health has conducted sensitivity tests on the value of in-force business and value of one year's new business. In each of these tests, only the assumption referred to is changed, while other assumptions remain unchanged. For the investment return assumption scenarios, the expected participating policyholder dividend will also change. The results of sensitivity tests are summarised in Table 4.1.

Table 4.1 Value of In-Force Business and Value of One year's New Business of PICC Health as at 31 December 2024 under Alternative Assumptions (Unit: RMB Million)

Scenarios	Value of In-Force Business after CoC	Value of One year's New Business after CoC
Base Scenario	17,932	6,513
Risk Discount Rate at 7.5%	19,403	6,933
Risk Discount Rate at 9.5%	16,674	6,144
Rate of investment return increased by 50 bps	20,582	7,063
Rate of investment return decreased by 50 bps	15,286	5,963
Expenses increased by 10%	17,820	6,342
Expenses decreased by 10%	18,043	6,684
Lapse rate increased by 10%	17,660	6,386
Lapse rate decreased by 10%	18,195	6,644
Mortality increased by 10%	17,943	6,506
Mortality reduced by 10%	17,920	6,520
Morbidity increased by 10%	18,332	6,251
Morbidity reduced by 10%	17,508	6,768
Short-term business claim ratio increased by 5%	17,870	5,956
Short-term business claim ratio decreased by 5%	17,993	7,070
Participating Ratio (80/20)	17,857	6,476

Note: Except for the sensitivity scenarios on risk discount rate, the risk discount rate used for other scenarios is 8.5%.

5. MOVEMENT ANALYSIS

Table 5.1 shows the analysis of embedded value movement from 31 December 2023 to 31 December 2024.

Table 5.1 Analysis of Embedded Value Movement from 31 December 2023 to 31 December 2024 (Unit: RMB Million)

Item	Description	Amount
1	Embedded Value as at 31 December 2023	22,495
2	New Business Contribution	7,398
3	Expected Return	1,763
4	Investment Return Variance	1,055
5	Other Experience Variance	123
6	Model and Assumption Modification	(2,695)
7	Capital Change and Market Value Adjustment	(23)
8	Embedded Value as at 31 December 2024	30,117

Note: Figures may not add up to total due to rounding.

Explanations on items 2 to 7 above:

2. The contribution of new business sold in 2023 to the embedded value at 31 December 2024;
3. The expected return in 2024 arising from the in-force business and adjusted net worth as at 31 December 2023;
4. Change in embedded value arising from variances between the actual investment return and the related investment return assumption in 2024;
5. Change in embedded value arising from variances between the actual experiences and assumptions other than the related investment return in 2024;
6. The impact on embedded value due to model enhancement and the changes in assumptions during 2024;
7. The impact on embedded value due to dividend distributed to shareholders, capital changes and the changes in market value of held-to-maturity financial assets caused by interest rate fluctuations during 2024.

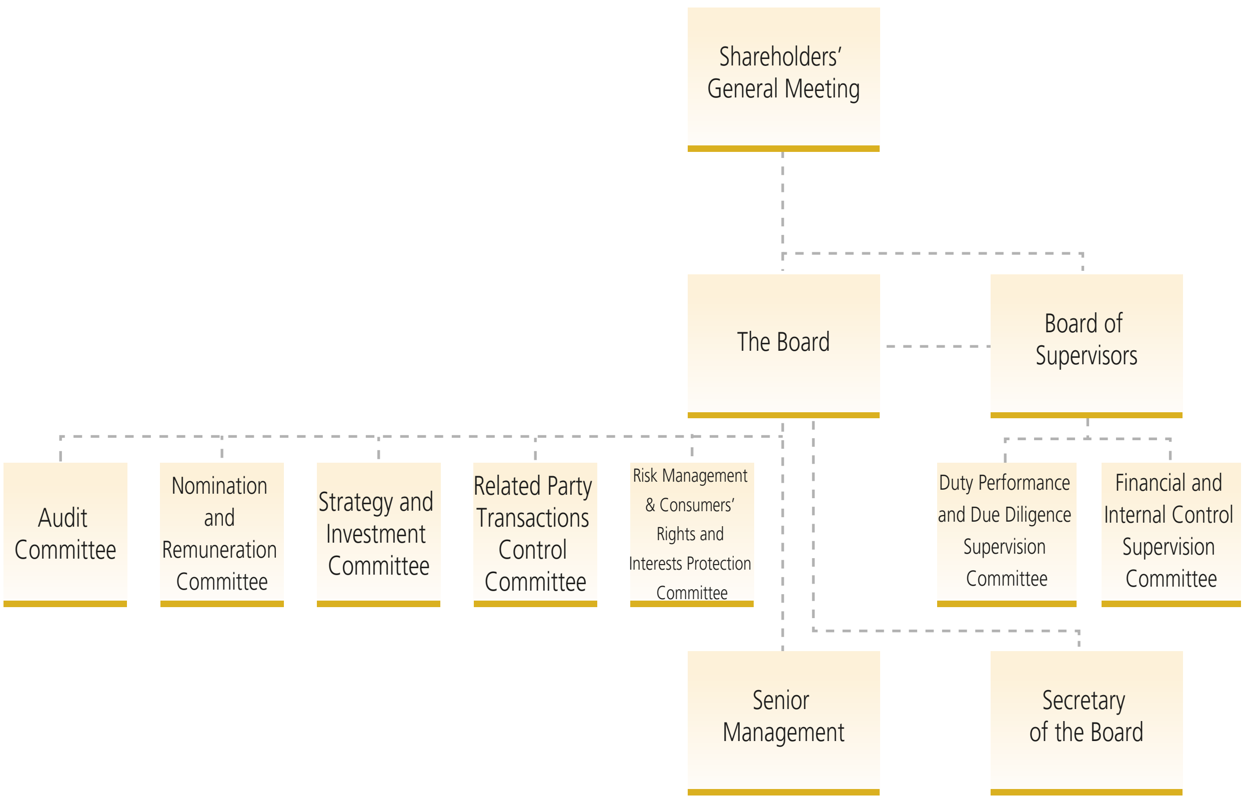
I. CORPORATE GOVERNANCE REPORT

(I) Overview

The Company always abides by the relevant laws such as the Company Law and the Insurance Law, earnestly performs the relevant regulatory requirements, the Articles of Association and other regulations and systems, insists on keeping good corporate governance principles, and strives to enhance the corporate governance standard continuously to ensure the stable development of the Company and to enhance shareholders' value.

In 2024, the Company has complied with the relevant provisions of the SSE on corporate governance for listed companies and Appendix C1 of the Corporate Governance Code of the Listing Rules of the Stock Exchange, and the Company has a complete corporate governance structure. The shareholders' general meeting, the Board, Board of Supervisors and senior management earnestly performed their respective duties pursuant to the aforesaid provisions and the Articles of Association, and operated in compliance with laws and regulatory requirements. There is no material discrepancy between the actual situation of corporate governance of the Company and the laws, regulations and the rules on the governance of listed companies of the CSRC.

The corporate governance structure chart of the Company is set out below. Please refer to the official website of the Company (www.picc.com.cn) for department settings.



(II) Shareholders' General Meeting

The shareholders' general meeting is the highest authority of the Company, and its main responsibilities include the following: (1) decide on the operating policies and material investment plans of the Company; (2) elect and replace the members of the Board and members of the Board of Supervisors who are not employee representatives, and decide on matters related to the remuneration of Directors and Supervisors; (3) consider and approve the report of the Board; (4) consider and approve the report of Board of Supervisors; (5) consider and approve the annual financial budget and final accounts of the Company; (6) consider and approve the Company's profit distribution plan and loss recovery plan; (7) consider matters related to the Company's establishment of legal entities, material external investments, purchase of material assets and disposal of material assets and write-off etc. (except matters authorised to be considered by the Board); (8) consider external donations of the Company (except matters authorised to be considered by the Board); (9) consider matters when the Company acts as the guarantor by law; (10) resolve on the increases or reductions in registered capital of the Company; (11) resolve on the issuance and listing of bonds or other marketable securities of the Company; (12) resolve on matters related to merger, separation, dissolution, liquidation of the Company or alteration in the form of the Company; (13) resolve on matters related to repurchase of shares of the Company; (14) formulate and amend the Articles of Association, the Rules of Procedure of the shareholders' general meeting, the Rules of Procedure of the Board meeting and the Rules of Procedure of the Board of Supervisors meeting; (15) resolve on the appointment or change of the accounting firm performing regular statutory audits for the financial and accounting reports of the Company; (16) consider related party transactions required to be considered and approved by the shareholders' general meeting under the laws, regulations, regulatory documents or requirements of the securities regulatory authorities at the places where the Company's shares are listed, and the authorisation scheme of the Company; (17) consider and approve the change in the use of proceeds; (18) consider and approve the motion raised by the shareholders individually or jointly representing more than 3% of shares with voting rights of the Company; and (19) consider other matters required to be determined by the shareholders' general meeting under the laws, regulations, regulatory documents, the relevant requirements of the securities regulatory authorities at the places where the Company's shares are listed, and the Articles of Association.

During the reporting period, the Company convened three shareholders' general meetings.

No.	Session of the meeting	Date of the meeting	Location of the meeting
1	2024 First Extraordinary General Meeting	23 February 2024	PICC Building, No. 88 West Chang'an Avenue, Xicheng District, Beijing
2	2023 Annual General Meeting	28 June 2024	PICC Building, No. 88 West Chang'an Avenue, Xicheng District, Beijing
3	2024 Second Extraordinary General Meeting	26 November 2024	PICC Building, No. 88 West Chang'an Avenue, Xicheng District, Beijing

Major issues for approval in shareholders' general meetings included:

- Election of Executive Directors, Non-executive Directors and Independent Non-executive Directors;
- Consideration and approval of the report of the Board of Directors and the report of the Board of Supervisors of the Company for the year 2023;
- Consideration and approval of the final financial accounts of the Company for the year 2023;
- Consideration and approval of the profit distribution plan for the year 2023 and the interim profit distribution plan for the year 2024 of the Company;
- Consideration and approval of the 2024 annual charity donation plan of the Group;
- Consideration and approval of the budget of fixed assets investment of the Company for the year 2024;
- Consideration and approval of the capital plan of the Group (2024-2026);
- Consideration and approval of the resolution on the engagement of the accounting firm of the Company for the year 2024;
- Consideration and approval of the remuneration settlement schemes of Directors and Supervisors of the Company for the year 2022.

In addition, the performance report of the Directors of the Company for the year 2023, and the work report (and performance report) of the Independent Non-executive Directors for the year 2023, the report on the overall related party transactions and the evaluation of internal transactions of the Group for the year 2023, the report on the solvency-related condition of the Group for the year 2023, the conditions for the renewal of the liability insurances for Directors, Supervisors and senior management of the Company from 2023 to 2024 were also received at the shareholders' general meeting.

The shareholders' general meetings established an effective communication channel between the Company and shareholders, ensured that the shareholders have the right to know, participate in and vote on major matters of the Company. The shareholders are also familiar with the detailed procedures to vote on resolutions by means of poll.

According to the Articles of Association, shareholders may obtain information such as the register of members, individual profiles of the Directors, Supervisors and senior management, share capital of the Company and minutes of general meetings. Shareholders are entitled to supervise and manage, advise on or enquire about the business and operations of the Company through the Office of the Board/the Board of Supervisors of the Company or at the shareholders' general meeting.

Methods of Convening Extraordinary General Meetings

According to the Articles of Association, any shareholder(s), whether individually or jointly, holding more than 10% of the shares of the Company may request in writing to convene an extraordinary general meeting and clarify the resolution(s) of the proposed meeting. If the Board considers that the resolution(s) complies with the requirements under the laws, regulations and the Articles of Association, it shall issue a notice of convening of an extraordinary general meeting within five days after the resolution of the Board.

Procedures for Proposing Resolutions at General Meetings

When shareholders' general meetings are held by the Company, shareholders who individually or jointly hold more than 3% of the shares of the Company have the right to make proposals to the Company, while provisional proposals shall be made ten days prior to the convening of general meeting and shall be submitted in writing to the convener. The convener shall, within two days after the receipt of such proposal, give supplementary notice of the general meeting on the details of such proposal.

Specific enquiries or suggestions by shareholders can be sent in writing to the Office of the Board of Directors/Board of Supervisors of the Company or by e-mail to our Company. In addition, H Share shareholders can contact Computershare Hong Kong Investor Services Limited, the H Share registrar of the Company, if they have any enquiries about the shareholdings and entitlement to dividend. The specific contact details are set out in "Corporate Information" of this annual report.

(III) The Board

The Board is the decision-making body of the Company. It shall hold at least four regular meetings per year, and hold extraordinary meetings as required. Notice of regular meetings shall be given to all Directors and Supervisors 14 business days before the date of meeting (excluding the date of the meeting). Notice of extraordinary meetings shall be given to all Directors and Supervisors five business days before the date of meeting (excluding the date of the meeting). Detailed minutes shall be kept for every Board meeting. The Directors should have received such notices and information before the meetings to enable them to make informed decisions. Pursuant to the Articles of Association, Independent Non-executive Directors may, if needed, independently engage external intermediaries to obtain independent opinions at the expenses of the Company. The Board has reviewed the mechanism above and is of the view that such mechanism could effectively guarantee the Board's access to independent views and opinions.

1. Composition

As at the date of this report, the Board of the Company comprised 12 Directors (please refer to the section headed "Directors, Supervisors, Senior Management and Employees" in this annual report for the profiles of Directors), consisting of three Executive Directors, five Non-executive Directors and four Independent Non-executive Directors, among which, there are two female Directors on the Board of Directors. Directors serve a term of three years and are eligible for re-election, but Independent Non-executive Directors shall not serve consecutively for more than six years.

There are no financial, business, family or other material relations requiring disclosure among the Directors, Supervisors, senior management of the Company.

The Board of Directors of the Company comprises the following Directors:

Name	Position(s)	Date of Appointment
Executive Directors		
Ding Xiangqun	Chairperson, Executive Director	20 December 2024
Zhao Peng	Vice Chairman, Executive Director	8 November 2023
Xiao Jianyou	Executive Director	28 December 2022
Non-executive Directors		
Wang Qingjian	Non-executive Director	13 July 2017
Miao Fusheng	Non-executive Director	9 December 2020
Wang Shaoqun	Non-executive Director	9 December 2020
Yu Qiang	Non-executive Director	19 August 2021
Song Hongjun	Non-executive Director	21 August 2023
Independent Non-executive Directors		
Shiu Sin Por	Independent Non-executive Director	14 May 2018
Xu Lina	Independent Non-executive Director	23 November 2021
Wang Pengcheng	Independent Non-executive Director	28 August 2023
Gao Pingyang	Independent Non-executive Director	7 February 2025

The changes in the members of the Board of Directors of the Company are as follows:

On 5 September 2024, due to work arrangement, Mr. Wang Tingke resigned as an Executive Director, the chairman of the Board and the chairman of the Strategy and Investment Committee of the Board of Directors of the Company.

On 8 November 2024, at the fourth meeting of the fifth session of the Board of Directors of the Company, Ms. Ding Xiangqun was nominated as a candidate for Executive Director of the fifth session of the Board of Directors of the Company, elected Ms. Ding Xiangqun as the chairperson of the fifth session of the Board of the Company with term of office as the Executive Director and the chairperson commencing on the date on which she was elected as an Executive Director at the general meeting of the Company and on the date on which her qualification for appointment was approved by the NFRA. On 26 November 2024, at the 2024 second extraordinary general meeting of the Company, Ms. Ding Xiangqun was elected as an Executive Director of the fifth session of the Board of Directors of the Company. On 20 December 2024, the NFRA approved Ms. Ding Xiangqun's qualification for serving as an Executive Director and the chairperson of the Company, and from the same date, Ms. Ding Xiangqun has served as the chairperson of the Strategy and Investment Committee of the Board of Directors.

On 18 November 2024, due to the change in her personal work arrangements, Ms. Cui Li resigned as an Independent Non-executive Director, the chairperson of the Nomination and Remuneration Committee of the Board of Directors, a member of the Strategy and Investment Committee of the Board of Directors and a member of the Related Party Transactions Control Committee of the Board of Directors of the Company. Ms. Cui Li continued to perform the relevant duties until 20 January 2025 according to relevant regulations.

On 3 March 2025, due to the change of work, Mr. Li Zhuyong resigned from his positions as an Executive Director, the chairman of the Risk Management & Consumers' Rights and Interests Protection Committee of the Board of Directors and a member of the Related Party Transactions Control Committee of the Board of Directors.

On 29 April 2024, the 25th meeting of the fourth session of the Board of Directors nominated the candidates for Directors of the fifth session of the Board of Directors. According to regulatory requirements and based on the actual condition, Mr. Shiu Sin Por and Mr. Ko Wing Man, the members of the fourth session of the Board of Directors, were no longer nominated as the Independent Non-executive Directors of the fifth session of the Board of Directors of the Company due to serving for 6 consecutive years, provided that they would continue to perform their duties until the performance of newly appointed Independent Non-executive Directors according to regulatory requirements. The Board meeting nominated Mr. Gao Pingyang as the candidate for the Independent Non-executive Director of the fifth session of the Board of Directors of the Company. On 28 June 2024, at the 2023 annual general meeting of the Company, Mr. Gao Pingyang was elected as an Independent Non-executive Director of the fifth session of the Board of Directors of the Company. On 7 February 2025, the NFRA approved Mr. Gao Pingyang's qualification for serving as an Independent Non-executive Director, and from the same date, Mr. Gao Pingyang has served as a member of the Nomination and Remuneration Committee of the Board of Directors and the Risk Management & Consumers' Rights and Interests Protection Committee of the Board of Directors.

Ms. Ding Xiangqun and Mr. Gao Pingyang have obtained the legal opinions as set out in Rule 3.09D of the Listing Rules of the Stock Exchange on 11 November 2024 and 5 July 2024, respectively, and confirmed that they are aware of their obligations as Directors.

Please refer to the section headed "Directors, Supervisors, Senior Management and Employees" of this annual report for the biographical details of the Directors.

2. *Duties and Responsibilities*

The Board shall, according to the Articles of Association, report to the shareholders' general meeting. The primary duties and responsibilities include the following: (1) convene shareholders' general meetings and report to such meeting; (2) implement the resolutions of the shareholders' general meetings; (3) determine the development strategies, annual operation plans and investment plans of the Company; (4) formulate annual financial budget and final accounts of the Company; (5) formulate profit distribution plans and loss recovery plans of the Company; (6) formulate proposals for increases and reductions of the registered capital and the issue of corporate bonds or other securities by the Company and the listing of the Company; (7) formulate plans for significant acquisition and the repurchase of shares of the Company or merger, separation, dissolution and changes of the form of the Company; (8) formulate proposals for any amendment to the Articles of Association, prepare the procedural rules for shareholders' general meeting and the Board meeting, and consider the terms of reference for committees of the Board; (9) consider and approve the related party transactions of the Company, other than related party transactions required to be considered and approved by the shareholders' general meeting under the laws, regulations, regulatory documents or requirements of the securities regulatory authorities at the places where the Company's shares are listed, and required to be filed to the Related Party Transactions Control Committee or the authorisation scheme of the Company; (10) report on related party transactions and the implementation of the related party transaction management system at a shareholders' general meeting every year; (11) consider and approve the non-significant external investments, asset purchase, asset disposal and write-off of the Company; (12) within scope of authorisation at the shareholders' general meeting, consider and approve the Company's external donations (except for matters authorised to be considered by the president); (13) decide or authorise the chairman to decide the establishment of the Company's internal management organisation; (14) appoint or dismiss the president and secretary of the Board of the Company; appoint or dismiss the vice president, assistant to the president, the responsible financial officer, and the responsible compliance officer according to the nomination of the president; appoint or dismiss the responsible audit officer according to the nomination of the chairman or the Audit Committee; according to the proposal of the proposed shareholders, the chairman, more than one third of the Directors or more than half (at least 2) of the Independent Non-executive Directors, elect the chairman and members of the Nomination and Remuneration Committee; according to the nomination of the Nomination and Remuneration Committee, elect chairman and members of other professional committees of the Board (except for chairman of the Strategy and Investment Committee); (15) decide on the Company's risk management, compliance and internal control policies, formulate the Company's internal control compliance management, internal audit and other systems, and approve the Company's annual risk assessment report, compliance report, and internal control assessment report; (16) develop the Company's information disclosure, investor relationship management and other systems for managing information disclosure and investor relationship, etc.; (17) conduct due diligence evaluations on Directors each year, and submit due diligence reports to shareholders' general meetings and the Board of Supervisors; (18) decide on the remuneration, performance appraisal and rewards and punishments of senior management personnel appointed by the Board; (19) review the corporate governance report of the Company; (20) submit to the shareholders' general meeting to appoint or dismiss the accounting firm; (21) listen to the working report of the president of the Company and review the work of the president; (22) select and appoint an external auditor to audit the Directors and senior management of the Company; (23) other authorisations as stipulated in laws, regulations, regulatory documents, the Articles of Association and as conferred by the shareholders' general meeting.

3. Summary of Work Undertaken

During the reporting period, the attendance records of the Directors of the Company attending the shareholders' general meetings, the meetings of the Board and the meetings of committees under the Board were as follows:

	Attendance/scheduled attendance								
	Shareholders' General Meeting		The Board		Board Committees				
Directors	Shareholders' General Meeting	Attendance	The Board	Percentage of attendance in person	Audit Committee	Nomination and Remuneration Committee	Strategy and Investment Committee	Related Party Transactions Control Committee	Risk Management & Consumers' Rights and Interests Protection Committee
Executive Directors									
Ding Xiangqun	0/0	–	1/1	100%	–	–	1/1	–	–
Zhao Peng	3/3	100%	10/10	100%	–	–	7/7	–	–
Xiao Jianyou	3/3	100%	10/10	100%	–	–	7/7	–	–
Non-executive Directors									
Wang Qingjian	3/3	100%	10/10	100%	7/7	–	7/7	–	–
Miao Fusheng	3/3	100%	10/10	100%	–	7/7	–	–	6/6
Wang Shaoqun	3/3	100%	10/10	100%	–	–	7/7	–	6/6
Yu Qiang	3/3	100%	10/10	100%	7/7	–	–	3/3	–
Song Hongjun	3/3	100%	10/10	100%	–	–	–	–	6/6
Independent Non-executive Directors									
Shiu Sin Por	3/3	100%	10/10	100%	7/7	–	–	3/3	6/6
Xu Lina	3/3	100%	10/10	100%	7/7	7/7	–	–	–
Wang Pengcheng	3/3	100%	10/10	100%	7/7	7/7	–	3/3	–
Resigned Directors									
Wang Tingke	2/2	100%	5/6	83.3%	–	–	6/6	–	–
Li Zhuyong	2/3	66.7%	8/10	80.0%	–	–	–	3/3	6/6
Cui Li	3/3	100%	10/10	100%	–	7/7	7/7	3/3	–
Ko Wing Man	2/3	66.7%	8/10	80.0%	–	7/7	–	–	6/6

During the reporting period, the Board convened three shareholders' general meetings in which 25 resolutions were submitted for consideration and approval with 4 reports presented; convened 10 Board meetings in which 79 resolutions were considered and reviewed.

No.	Session of the meeting	Date of the meeting	Location of the meeting
1	23rd meeting of the fourth session of the Board of Directors	23 February 2024	PICC Building, No. 88 West Chang'an Avenue, Xicheng District, Beijing
2	24th meeting of the fourth session of the Board of Directors	26 March 2024	Conrad Hong Kong, PICC Building, No. 88 West Chang'an Avenue, Xicheng District, Beijing
3	25th meeting of the fourth session of the Board of Directors	29 April 2024	PICC Building, No. 88 West Chang'an Avenue, Xicheng District, Beijing
4	26th meeting of the fourth session of the Board of Directors	21 May 2024 to 28 May 2024	Meeting via written resolutions
5	1st meeting of the fifth session of the Board of Directors	28 June 2024	PICC Building, No. 88 West Chang'an Avenue, Xicheng District, Beijing
6	2nd meeting of the fifth session of the Board of Directors	28 August 2024	PICC Building, No. 88 West Chang'an Avenue, Xicheng District, Beijing
7	3rd meeting of the fifth session of the Board of Directors	29 October 2024	PICC Building, No. 88 West Chang'an Avenue, Xicheng District, Beijing
8	4th meeting of the fifth session of the Board of Directors	1 November 2024 to 8 November 2024	Meeting via written resolutions
9	5th meeting of the fifth session of the Board of Directors	26 November 2024	PICC Building, No. 88 West Chang'an Avenue, Xicheng District, Beijing
10	6th meeting of the fifth session of the Board of Directors	27 December 2024	PICC Building, No. 88 West Chang'an Avenue, Xicheng District, Beijing

The main tasks accomplished by the Board included:

- Convened 3 shareholders' general meetings;
- Considered and approved the operating plan for the year 2024, fixed asset investment plan, asset allocation plan, charity donation plan, the capital planning (2024-2026) and the risk appetite statement and the audit plan for the year 2024 of the Group;
- Considered and approved the final financial account, the profit distribution plan for the year 2023 and the interim profit distribution plan for the year 2024 of the Company;

- Considered and approved the annual report, annual results announcement, report of the Board, sustainability report, corporate social responsibility report, solvency report, internal control evaluation report and internal control audit report, risk evaluation report, case risk evaluation report, compliance report, corporate governance report, work report and evaluation result of performance of duties of Directors, assessment report on the implementation of business planning, evaluation and audit report of internal control on the insurance capital use, for the year 2023, and the first quarterly report, interim report, interim results announcement, third quarterly report for the year 2024, and solvency report for the first half of 2024 of the Company;
- Considered and approved the resolutions on the establishment of the western data center, update of recovery plan and the renewal of the liability insurances for the Directors, Supervisors and senior management;
- Considered and approved the formulation of the Risk Appetite Management Measures, the Provisional Rules of Internal Control, the Green Finance Management Measures (Trial) and the Green Finance Development Plan of the Group, the amendments to the Operational Risk Management Measures of the Group and the Work Rules of the Audit Committee, the Work Rules of Independent Non-executive Directors of the Company and other related policies;
- Nominated and elected Directors, the chairman of the Board and Independent Non-executive Directors, elected chairmen and members of relevant special committees;
- Considered and approved the settlement schemes on total salary of the Group for the year 2023, financial budget on total salary of the Group for the year 2024, remuneration settlement scheme of the Company's responsible officers and other senior management members for the year 2023, and remuneration settlement scheme for Directors and Supervisors of the Company for the year 2023;
- Considered and approved resolutions on the recommendation of chairman and non-executive directors to the subsidiaries, amendments to the profit distribution of the subsidiaries;
- Received the work report of the Independent Non-executive Directors of the Company for the year 2023, the report on the overall related party transactions and the evaluation of internal transactions of the Company for the year 2023, the report on the results of the special audit of related party transactions for the year 2023, the report on the assessment of the behavior of major shareholders for the year 2023, and the report on consumers' rights and interests protection work for the year 2024.

4. Directors

(1) Responsibility with respect to Financial Statements

The Directors are responsible for the supervision and preparation of financial statements for every financial year, the interim periods and quarters thereof which shall give a true and fair view of the business operations of the Company subject to compliance with the relevant accounting standards and the implementation of the accounting regulations issued by the MOF and NFRA.

(2) Securities Transactions

The Company has established the Interim Management Measures for Shareholdings and the Changes of Shares of the Company's Directors, Supervisors and Senior Management (the "Measures") to regulate the dealing in securities by Directors, Supervisors and Senior Management. The Measures are no less exacting than those set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules of the Stock Exchange and the relevant regulatory requirements of the SSE Listing Rules. Following enquiries made by the Company, all Directors and Supervisors confirmed that they had complied with the Model Code, the relevant regulatory requirements of the SSE and the standards of the Measures during the reporting period.

(3) Independence of Independent Non-executive Directors

The Company carries out the election and appointment of Independent Non-Executive Directors in strict accordance with the relevant regulatory system and the Articles of Association. The qualifications, size and proportion of Independent Non-Executive Directors of the Company are in compliance with the requirements of regulatory authorities.

The Independent Non-Executive Directors do not have any business or financial interests in the Company and its subsidiaries, nor do they hold any management positions in the Company. The Company has received an annual confirmation of independence from each of the Independent Non-Executive Directors and confirmed their independence.

In 2024, the Independent Non-executive Directors of the Company earnestly participated in meetings of the Board of Directors and various special committees, proactively participated in discussions, reviewed various proposals, put forward professional recommendations, independently expressed opinions on matters under consideration, and proposed to enhance the ability to serve the national strategy, strengthen technological empowerment, improve the overall risk prevention and control level of the Group, and steadily promote high-quality development and other opinions and recommendations. The Independent Non-executive Directors held a special discussion with the chairperson of the Board without the participation of other Directors, and fully communicated and exchanged views on the Company's reform and development and corporate governance. Meanwhile, the Independent Non-executive Directors also actively participated in the research of the special committees of the Board of Directors to gain an in-depth understanding of the Company's sustainable information disclosure, consumer rights and interests protection, investment talent team building, response to interest spread loss risk, and risk prevention and control mechanism of insurance business benefit transfer. The Independent Non-executive Directors put forward a series of constructive suggestions in their performance activities, which were highly valued and actively implemented by the Company.

In 2024, the Independent Non-executive Directors of the Company did not raise objections to the resolutions of the Board and the special committees of the Board. For the annual performance of duties of the Independent Non-executive Directors of the Company, please refer to the Report of Independent Non-executive Directors for 2024 published by the Company on 27 March 2025.

(4) Research and Training of Directors

The Directors of the Company actively conducted research, including visiting internal departments of the Company, the headquarters and branches of subsidiaries; The research topics include the construction of catastrophe system, standardizing the development of agricultural insurance, optimizing the operation of insurance funds, insurance assisting the construction of the "Belt and Road", and the operation and management of headquarters and branches of subsidiaries. The research put forward constructive opinions and suggestions in the form of research report.

The Directors of the Company actively participated in continuous professional development and participated in relevant trainings organized by shareholders, regulators, industries and the Company, including corporate governance, the SSE Listing Rules and the Listing Rules of the Stock Exchange, etc., to update their knowledge and expertise and enhance their ability to perform their duties, so as to ensure that they can contribute to the Board with comprehensive information, if necessary.

5. Chairman/Vice Chairman/President

As at the date of this report, the Chairperson of the Board of the Company is Ms. Ding Xiangqun. The Chairperson is responsible for leading the Board, approving the agenda for each Board meeting, ensuring the Company has good corporate governance practices and procedures, and maintaining the effective operation of the Board. The Vice Chairman will perform the duties of the Chairperson if the Chairperson cannot or does not perform her duties. During the reporting period, a special meeting was convened by the Chairperson and all the Independent Non-executive Directors to communicate in depth on the reform and development of the Group and corporate governance.

The Vice Chairman and President of the Company is Mr. Zhao Peng as at the date of this report. The President is responsible for leading the operation management of the Company, organising the implementation of Board resolutions, annual operation plans and investment proposals, formulating the internal management organisation plan and basic management system, and making recommendations to the Board regarding the appointment or dismissal of other senior management. The Company's senior management team is the Company's execution body and assumes responsibilities to the Board. The powers of the Board and the senior management team are provided in accordance with the Articles of Association. The senior management team's powers in relation to operation, management and decision-making are authorised by the Board.

Details of the duties and responsibilities of the Chairperson, Vice Chairman and President are set out in the Articles of Association.

6. Board Committees

There are five committees under the Board of Directors, namely the Audit Committee, the Nomination and Remuneration Committee, the Strategy and Investment Committee, the Related Party Transactions Control Committee, and the Risk Management & Consumers' Rights and Interests Protection Committee. Each committee provides advice and suggestions to the Board of Directors with respect to the matters within their scopes of responsibilities. The duties and operation process of each committee are explicitly stipulated in the terms of reference of each committee.

(1) Audit Committee

As at the end of the reporting period, the Audit Committee of the Board of the Company comprised five Directors, including three Independent Non-executive Directors and two Non-executive Directors, and an Independent Non-executive Director served as the chairman.

① Composition

Chairman: Wang Pengcheng (Independent Non-executive Director)

Members: Wang Qingjian (Non-executive Director), Yu Qiang (Non-executive Director), Shiu Sin Por (Independent Non-executive Director), Xu Lina (Independent Non-executive Director)

② Duties and Responsibilities

The Audit Committee is mainly responsible for reviewing the Company's internal control system and its implementation, reviewing and monitoring the Company's internal audit system and its implementation, making recommendations on the appointment of an external auditor and overseeing its relationship with the Company, reviewing the Company's financial information and supervising its financial reporting, and making judgements on the truthfulness, completeness and accuracy of the financial information.

The primary duties and responsibilities include the following: (1) review the Company's material financial and accounting policies and their implementation, receive the annual financial budget and final accounts plans and supervise our financial operation; (2) advise on appointment or dismissal of financial officer of the Company; (3) evaluate the responsible audit officer's performance and make recommendations to the Board; (4) review the Company's basic internal audit system and make recommendations to the Board, review and make recommendations to the Board for the Company's annual audit plan and budget, and supervise the Company's internal audit process and monitor its quality; (5) regularly review and assess the soundness and effectiveness of our internal control system on an annual basis; (6) coordinate between the internal and external auditors; (7) make recommendations to the Board on the appointment, removal, and remuneration of the external auditors; (8) develop and implement policies on engaging external auditors to provide non-audit services; (9) ensure that the Board will provide a timely response to the issues raised in the external auditors' management letter; (10) review the annual audit reports of the Company prepared by our external auditors and other specific opinions, annual audited financial reports of the Company, other financial reports and other financial information that are required to be disclosed; provide judgement report to the Board for consideration on the truthfulness, completeness and accuracy of the information in the aforementioned financial reports; (11) perform other duties as required by the laws, regulations, regulatory documents and the Articles of Association, the relevant requirements of the securities regulatory authority at the place where the Company's shares are listed, and other matters as authorised by the Board.

③ Auditor's Fees

In 2024, the fees in respect of the services including interim financial report review, annual financial report audit and agreed-upon procedures regarding quarterly financial information provided to the Company and its subsidiaries by auditors were RMB36.32 million in total, the fees in respect of internal control audit, other special audit and other assurance engagement were RMB6.98 million in total, and the fees in respect of non-assurance services were RMB0.49 million in total.

④ Summary of Work Undertaken

In 2024, the Audit Committee of the Board held seven meetings on 19 February, 21 March, 25 April, 23 May, 23 August, 25 October and 24 December, respectively, in which 42 proposals were reviewed and discussed. During the year, the main tasks accomplished by the Audit Committee included:

- Reviewed and discussed the annual report, annual results announcement, relevant final account report, internal control evaluation report, internal control audit report, evaluation and audit report of internal control on the insurance capital use, reports on related party transactions and the implementation of its management system and evaluation of internal transactions for the year 2023, and report on audit findings and corrective actions for the year 2023 and the first half of 2024;
- Reviewed and discussed the first quarterly report, interim report, interim results announcement and third quarterly report for the year 2024;
- Reviewed and discussed the audit plan for the year 2024, internal audit report for the year 2023 and internal audit reports for the first quarter, half year and the third quarter of 2024, and the research report of the Audit Committee of the Group;
- Reviewed and discussed the report on special audit results of related party transactions for the first half of 2024, report on audit results of the use of proceeds for 2023 and the first half of 2024, report on special audit results of significant financial information for 2023 and the first half of 2024 and report on the performance of the Audit Committee of the Board;
- Reviewed and discussed the resolution on appointment of accounting firms for the year 2024;
- Received the auditor's report on the annual audit work for 2023 and the interim review for 2024.

In addition, the Audit Committee of the Board and the Independent Non-executive Directors had a face-to-face communication respectively with Ernst & Young, the auditor, in respect of the annual audit work arrangement prior to the commencement of the 2024 annual audit work.

(2) Nomination and Remuneration Committee

As at the end of the reporting period, the Nomination and Remuneration Committee comprised five Directors including four Independent Non-executive Directors and one Non-executive Director, and an Independent Non-executive Director served as the chairman.

① Composition

Chairman: Cui Li (Independent Non-executive Director)

Members: Miao Fusheng (Non-executive Director), Ko Wing Man (Independent Non-executive Director), Xu Lina (Independent Non-executive Director), Wang Pengcheng (Independent Non-executive Director)

On 20 January 2025, Ms. Cui Li ceased to perform the duties and responsibilities as the chairperson of the Nomination and Remuneration Committee.

On 7 February 2025, Mr. Gao Pingyang assumed the position of a member of the Nomination and Remuneration Committee and Mr. Ko Wing Man ceased to perform the corresponding duties and responsibilities.

② Duties and Responsibilities

The Nomination and Remuneration Committee shall, according to its terms of reference, assist the Board in formulating the procedures and criteria for electing and appointing the Directors and senior management of the Company, conducting initial assessments of the qualifications and background of the potential candidates, reviewing and formulating remuneration plans, performance evaluation systems and incentive schemes for the Directors, Supervisors and senior management, making proposals to the Board, and overseeing the implementation of the plans and systems.

The primary duties and responsibilities of the Nomination and Remuneration Committee include the following: (1) analyze the standards and procedures for selection of Directors and senior management hired by the Board, review at least once annually the structure, size and composition of the Board, and make recommendations to the Board regarding any proposed changes in order to comply with our corporate strategy; (2) extensively seek for candidates that are qualified to act as a Director or be hired by the Board as a member of the senior management, and make recommendations to the Board; (3) review the independence of Independent Non-executive Directors; (4) assess and review the candidates for Director and senior management to be potentially hired by the Board, and make recommendations to the Board on plans for appointment, re-appointment and succession of Directors; (5) examine the assessment standards for Directors and senior management hired by the Board, conduct the relevant assessments and make recommendations to the Board; (6) consider, formulate and examine the remuneration policies and proposals for Directors, Supervisors and senior management hired by the Board through formal and transparent procedures based on standards including salaries paid by comparable companies, time commitment and responsibilities concerned, and employment terms of other positions within the Company and its subsidiaries, and make recommendations to the Board; (7) examine the remuneration proposals of Directors and senior management hired by the Board based on the corporate goals and objectives established by the Board; (8) make recommendations to the Board on special remuneration packages of Executive Directors, Supervisors and senior management hired by the Board; (9) make recommendations to the Board on the remuneration of Non-executive Directors and Independent Non-executive Directors; (10) give independent and prudent opinions on removal of Directors; (11) review and approve compensation payable to Executive Directors, Supervisors and senior management hired by the Board for any loss or termination of office or appointment; (12) review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct; (13) perform other duties as required by applicable laws, regulations, other regulatory documents and the Articles of Association, the relevant requirements of the securities regulatory authority at the place where the Company's shares are listed, or other matters as authorised by the Board.

③ Director Nomination

The Nomination and Remuneration Committee conducts a preliminary examination of the potential candidates for directorship of the Company according to laws, regulations, regulatory documents, regulatory requirements and the Articles of Association, and provides recommendation to the Board for determining whether they are submitted to the shareholders' general meeting for election. The Nomination and Remuneration Committee and the Board fully consider and actively promote the board diversity (including but not limited to gender, age, cultural and educational background, expertise experience, skills, knowledge and term of office) and its advantages, and focus on the educational background and working experiences, in particular management and research experiences in finance and insurance industries of the candidates, and also pay special attention to the independence of the candidates of the Independent Non-executive Directors. The Board is of the view that the composition of the Board during the reporting period complied with the requirements of the Board diversity policy and the requirements of the Listing Rules of the Stock Exchange in relation to Board diversity.

As at the date of this report, there were two female members on the Board of the Company and gender diversity on the Board has been achieved. Meanwhile, the Company's Board diversity policy has established a pipeline of potential director successors to achieve and maintain gender diversity.

④ Remuneration of Directors and Other Senior Management

The fixed salary of the Executive Directors and other senior management is determined in accordance with the market and their respective duties and responsibilities, and the amount of their performance related bonuses is determined according to the various factors including the operating results of the Company and scores on relevant performance appraisals. The Non-executive Directors do not receive any Director's fees or remuneration from the Company. The Independent Non-executive Directors receive a basic remuneration from the Company of RMB250,000 per annum (before tax) and an additional remuneration of RMB50,000 per annum (before tax) if they are appointed as the chairman of the Board committee. The amounts of Directors' fees are determined with reference to the market and circumstances of the Company.

For the remuneration details of the Directors, Supervisors and senior management of the Company during the reporting period, please refer to "Directors, Supervisors, Senior Management and Employees" in this annual report.

⑤ Summary of Work Undertaken

In 2024, the Nomination and Remuneration Committee of the Board held seven meetings on 21 March, 25 April, 24 June, 23 August, 8-11 October, 19-25 November and 24 December, respectively, in which 22 proposals were reviewed and discussed. During the year, the main tasks accomplished by the Nomination and Remuneration Committee included:

- Reviewed and discussed the matters in relation to the nomination of the Executive Directors, Independent Non-executive Directors, members of the Board committees of the Company, with recommendations made to and adopted by the Board;
- Reviewed and discussed the settlement schemes on total salary of the Group for the year 2023, financial budget on total salary of the Group for the year 2024, remuneration settlement scheme of the Company's responsible officers and other senior management for the year 2023, and remuneration settlement scheme for Directors and Supervisors of the Company for the year 2023;
- Reviewed and discussed the "Incentive and Restraint Mechanism" section of the corporate governance report for the year 2023;
- Reviewed and discussed performance report and appraisal of performance of the Directors of the Company for the year 2023, the work report of the Independent Non-executive Directors for the year 2023 and the research report of the Nomination and Remuneration Committee;
- Reviewed and discussed the resolutions on the recommendation of candidates of director of related subsidiaries.

(3) Strategy and Investment Committee

As at the end of the reporting period, the Strategy and Investment Committee comprised six Directors, including three Executive Directors, two Non-executive Directors and one Independent Non-executive Director. Pursuant to the Articles of Association, the chairman of the committee should be served by the Chairman of the Board.

① Composition

Chairman: Ding Xiangqun (Chairperson, Executive Director)

Members: Zhao Peng (Executive Director), Xiao Jianyou (Executive Director), Wang Qingjian (Non-executive Director), Wang Shaoqun (Non-executive Director), Cui Li (Independent Non-executive Director)

On 5 September 2024, Mr. Wang Tingke resigned as the chairman of the Strategy and Investment Committee.

On 20 December 2024, Ms. Ding Xiangqun assumed the position of the chairperson of the Strategy and Investment Committee.

On 20 January 2025, Ms. Cui Li ceased to perform the duties and responsibilities as a member of the Strategy and Investment Committee.

② Duties and Responsibilities

The Strategy and Investment Committee of the Board is mainly responsible for studying the mid to long-term development strategies and major investment decisions of the Company and providing advice.

The primary duties and responsibilities of the Strategy and Investment Committee include the following: (1) consider the Company's general strategic development plans and specific strategic development plans, and make recommendations to the Board; (2) evaluate factors that may have an impact on the Company's strategic development plans and their implementation in light of domestic and international economic financial conditions and trend of market changes and make prompt development plans adjustment recommendations on the strategic development plans to the Board; (3) evaluate the overall development of the Company's businesses and make prompt adjustment recommendations on the strategic development plans to the Board; (4) review our annual financial budget and final accounts plans, and make recommendations to the Board; (5) review the matters relating to external investments which require the Board's approval: ① external investment management systems; ② external investment management approaches; ③ decision-making procedures and authorisation mechanisms for external investments; ④ strategic asset allocation plans, annual investment plans, investment guidelines and relevant adjustment plans; ⑤ significant direct investments; ⑥ strategy and operation plans for new investment categories; ⑦ systems for evaluating and examining the performance of external investments; (6) explain the Company's external investment proposals at shareholders' general meetings and Board meetings upon their request; (7) formulate and revise policies related to our corporate governance, and make recommendations to the Board; (8) supervise the Directors and senior management's training and continuing professional development; (9) develop, amend and supervise the internal code of conduct for the Company's staff and Directors; (10) supervise the Company's disclosure on corporate governance in compliance with the relevant requirements of the securities regulatory authority at the place where the Company's shares are listed; (11) develop and amend the Company's policies on corporate social responsibility in regard to environmental, social and governance, consider the following matters, and report and make recommendations to the Board: ① suggestions on the Company's environmental, social and governance management system, including the governance approach and strategy, assessing, prioritising and managing issues related to significant environmental, social and governance (including the process for business risks); ② studies and assessments of factors related to environmental, social and governance that may affect the Company's development; ③ review of planning and implementation of the Company's environmental, social and governance activities; ④ the Company's corporate social responsibility disclosures such as environmental, social and governance information; and (12) perform other duties as required by applicable laws, regulations, other regulatory documents, the Articles of Association, the relevant requirements of the securities regulatory authority at the place where the Company's shares are listed, and other matters as authorised by the Board.

③ Summary of Work Undertaken

In 2024, the Strategy and Investment Committee of the Board held seven meetings on 19 February, 21 March, 25 April, 21-27 May, 24 June, 23 August and 24 December, respectively, in which 30 proposals were studied and considered. During the year, the main tasks accomplished by the Strategy and Investment Committee included:

- Reviewed and discussed the resolutions on the amendments to the "14th Five-Year Plan" strategic goals, the establishment of the western data center and the 2024 charity donation plan of the Group;
- Reviewed and discussed relevant report on the final account for the year 2023, profit distribution plan for the year 2023 and the interim profit distribution plan for the year 2024 of the Company;
- Reviewed and discussed the resolutions on the capital plan (2024-2026), overall asset allocation plan for 2024 to 2026 and asset allocation plan for the year 2024 of the Group;

- Reviewed and discussed the first section "Corporate Governance Operations" under the corporate governance report of the Company for the year 2023, the Sustainability Report, the assessment report on the implementation of the development plan, the Report of the Board of Directors, the corporate governance report, the president's report and management report of 2023, and the research report of the Strategy and Investment Committee;
- Reviewed and discussed the profit distribution of subsidiaries.

(4) Related Party Transactions Control Committee

As at the end of the reporting period, the Related Party Transactions Control Committee comprised five Directors, including one Executive Director, one Non-executive Director and three Independent Non-executive Directors, and an Independent Non-executive Director served as the chairman.

① Composition

Chairman: Shiu Sin Por (Independent Non-executive Director)

Members: Li Zhuyong (Executive Director), Yu Qiang (Non-executive Director), Cui Li (Independent Non-executive Director), Wang Pengcheng (Independent Non-executive Director)

On 20 January 2025, Ms. Cui Li ceased to perform the duties and responsibilities as a member of the Related Party Transactions Control Committee.

On 3 March 2025, Mr. Li Zhuyong resigned as a member of the Related Party Transactions Control Committee.

② Duties and Responsibilities

The primary duties of the Related Party Transactions Control Committee include identification and maintenance of related parties and management, review, approval and risk control of related party transactions.

The primary duties and responsibilities of the Related Party Transactions Control Committee include the following: (1) review the management system of related party transactions and internal transaction of the Company; (2) be responsible for the identification and maintenance of related parties, make confirmation on related parties of the Company and report to the Board and the Board of Supervisors; (3) perform filings of general related party transactions; (4) conduct preliminary examination on the related party transactions approved by the Board of Directors and the shareholders' general meeting; (5) submit special report on the overall situation of the Company's annual related party transactions and assessment report on intragroup transactions to the Board after the end of the operating year; (6) coordinate the management of information disclosure of related party transactions and improve the transparency of related party transactions; (7) make accountability recommendations for failure to report the related parties as required and conduct related party transactions in violation of regulations, make rectification suggestions in the daily supervision or special audit of related party transactions, and make recommendations on removal of Directors and senior management who have misconduct; (8) perform other duties as required by laws, regulations, regulatory documents and the Articles of Association, the relevant requirements of the securities regulatory authority at the place where the Company's shares are listed, and other matters as authorised by the Board.

③ Summary of Work Undertaken

In 2024, the Related Party Transactions Control Committee of the Board held three meetings on 21 March, 25 April and 24 December, respectively, in which four proposals were reviewed and discussed. During the year, the main tasks accomplished by the Related Party Transactions Control Committee included:

- Reviewed and discussed the report on the overall related party transactions of the Company and the evaluation of internal transactions of the Group for the year 2023;
- Reviewed and discussed the report on special audit results of related party transactions of the Company for the year 2023;
- Reviewed and discussed the resolutions on the work report and special research report of the Related Party Transactions Control Committee in 2023.

(5) Risk Management & Consumers' Rights and Interests Protection Committee

As at the end of the reporting period, the Risk Management & Consumers' Rights and Interests Protection Committee comprised six Directors, including one Executive Director, three Non-executive Directors and two Independent Non-executive Directors.

① Composition

Chairman: Li Zhuyong (Executive Director)

Members: Miao Fusheng (Non-executive Director), Wang Shaoqun (Non-executive Director), Song Hongjun (Non-executive Director), Shiu Sin Por (Independent Non-executive Director), Ko Wing Man (Independent Non-executive Director)

On 7 February 2025, Mr. Gao Pingyang served as a member of the Risk Management & Consumers' Rights and Interests Protection Committee, and Mr. Ko Wing Man ceased to perform the corresponding duties and responsibilities.

On 3 March 2025, Mr. Li Zhuyong resigned as the chairman of the Risk Management & Consumers' Rights and Interests Protection Committee.

② Duties and Responsibilities

The Risk Management & Consumers' Rights and Interests Protection Committee is mainly responsible for having a comprehensive understanding of all major risks faced by the Company and their respective management status, and supervising the operational effectiveness of the risk management system. It established and improved the system of consumers' rights and interests protection to ensure effective protection of the legitimate rights and interests of consumers, and ensure that the relevant systems and regulations are in line with corporate governance, corporate culture and construction and business development strategies.

The primary duties and responsibilities of the Risk Management & Consumers' Rights and Interests Protection Committee include the following: (1) be responsible for the Company's risk management, have a full understanding of the Company's various significant risks and the respective management status, and supervise the operational effectiveness of our risk management controls; (2) consider the Company's overall goals, fundamental policies and terms of references for risk management, and make suggestions and recommendations to the Board; (3) review the Company's risk management organisation and corresponding responsibilities, and make suggestions and recommendations to the Board; (4) consider the Company's risk evaluations of material decision and solutions on significant risks, and make suggestions and recommendations to the Board; (5) review the Company's annual risk evaluation report and make suggestions and recommendations to the Board; (6) review and submit the Company's annual compliance report to the Board; (7) receive reports in relation to compliance matters and make recommendations to the Board; (8) formulate and amend the internal compliance code applicable to the Company's staff and Directors, assess and supervise the Company's compliance policies and status, and make recommendations to the Board; (9) carry out relevant work with the authorisation of the Board, discuss and decide relevant matters, study major issues and important policies on the protection of consumers' rights and interests, and submit work report and annual report on the protection of consumers' rights and interests to the Board; (10) guide and supervise the establishment and optimisation of the consumers' rights and interests protection management system, guide the material disclosure in regard to consumers' rights and interests protection work and supervise the comprehensiveness, promptness and effectiveness of the work of the management and consumers' rights and interests protection departments; (11) consider work report of the management and consumers' rights and interests protection departments, study the annual audit report, regulatory reports and internal assessment results in relation to consumers' rights and interests protection, and supervise the management and related departments to timely rectify the issues identified; (12) perform other duties as required by laws, regulations, regulatory documents and the Articles of Association, the relevant requirements of the securities regulatory authority at the place where the Company's shares are listed, and other matters as authorised by the Board.

③ Summary of Work Undertaken

In 2024, the Risk Management & Consumers' Rights and Interests Protection Committee of the Board held six meetings on 19 February, 21 March, 25 April, 24 June, 23 August and 24 December, respectively, in which 23 proposals were reviewed and discussed. During the year, the main tasks accomplished by the Risk Management & Consumers' Rights and Interests Protection Committee included:

- Reviewed and discussed the work report on the protection of consumers' rights and interests in 2024;
- Reviewed and discussed the resolution on the renewal of the liability insurances for the Directors, Supervisors and senior management;
- Reviewed and discussed the Group's Compliance Report, Risk Evaluation Report and Internal Control Evaluation Report for the year 2023 (and the 2023 Corporate Governance Report: Part III "Evaluation of Internal Control"), the Risk Evaluation Report and Non-insurance Risk Evaluation Report for the first half of 2024;
- Reviewed and discussed the solvency report of the Group for the year 2023 and the solvency report of the Group for the first half of 2024;
- Reviewed and discussed the report on the evaluation of the conduct of major shareholders and report of the Group on the implementation of rectification focusing on main businesses and streamlining management hierarchies;
- Reviewed and discussed the Resolution on the Renewal of the Recovery Plan of the Group;
- Reviewed and discussed the special research report of the Risk Management & Consumers' Rights and Interests Protection Committee;
- Reviewed and discussed the risk appetite statement of the Group for the year 2024.

(IV) Board of Supervisors

During the year, the Board of Supervisors performed its duties of supervision according to laws, and earnestly conducted the supervision of the performance of the respective duties by the Directors and senior management and the supervision of the financial conditions, internal control and significant risks of the Company. The Board of Supervisors had no objection to the supervisory matters during the reporting period.

1. *Composition*

As at the date of this report, the Board of Supervisors of the Company was composed of:

Ms. Starry Lee Wai King (independent Supervisor), Mr. Wang Yadong (employee representative Supervisor), Mr. He Zuwang (employee representative Supervisor)

On 3 January 2024, Mr. Xu Yongxian resigned from his position as a shareholder representative Supervisor of the Company due to age reason.

The Board of Supervisors established the Duty Performance and Due Diligence Supervision Committee, and the Financial and Internal Control Supervision Committee. At the date of this report, the composition of the Committees was as follows:

Committee/Role/Name	Starry Lee Wai King	Wang Yadong	He Zuwang
Duty Performance and Due Diligence Supervision Committee			Member
Financial and Internal Control Supervision Committee	Chairman	Member	

In particular, Mr. He Zuwang is a member of the Duty Performance and Due Diligence Supervision Committee of the Board of Supervisors. Ms. Starry Lee Wai King is the chairman of the Financial and Internal Control Supervision Committee and Mr. Wang Yadong is a member. Each committee provides opinions and suggestions to the Board of Supervisors with respect to the matters within their scopes of responsibilities. The duties and operation process of the special committees are explicitly stipulated in the terms of reference of each committee.

Members of the Board of Supervisors of the Company do not have any financial, business, family or other material relations among each other.

2. Duties and Responsibilities

The Board of Supervisors shall report to the shareholders' general meeting, supervise the health and effectiveness of the Company's financial position, compliance status and internal control as well as supervise the performance of specified duties and responsibilities by the Directors and senior management.

The primary duties of the Board of Supervisors include the following: (1) review the periodic reports of the Company prepared by the Board and provide written review opinions; (2) report its work in the shareholders' general meeting; (3) examine the Company's financial conditions; (4) nominate the Independent Non-executive Directors; (5) supervise the conduct of the Directors and senior management in their performance of duties, and propose the removal of Directors and senior management who have contravened any law, regulation, the Articles of Association or resolutions of the shareholders' general meeting; (6) demand rectification from a Director or any senior management when the acts of such persons are harmful to the Company's interest; (7) propose the convening of a shareholders' general meeting and convene and preside over the shareholders' general meeting when the Board fails to or does not perform its duty of convening and presiding over the shareholders' general meeting as required by the Company Law; (8) propose resolutions at the shareholders' general meeting; (9) bring an action against a Director or senior management pursuant to the relevant provisions of the Company Law; (10) hold investigations when uncovering the Company's abnormal operations, and hire accounting firms, law firms or other professional organisations to assist if necessary, with the relevant expenses to be paid by the Company; and (11) other authorisations as stipulated in laws, regulations, regulatory documents, the Articles of Association and as conferred by the shareholders' general meeting.

3. Summary of Work Undertaken

During the year, the Board of Supervisors earnestly fulfilled its supervisory duties, and protected the interests of the Company, shareholders and employees pursuant to the relevant provisions of the Company Law and the Articles of Association. During the year, the Board of Supervisors convened seven meetings, including one on-site meeting, six meetings via written resolutions, and considered, studied and received 64 resolutions. The Financial and Internal Control Supervision Committee of the Board of Supervisors convened seven meetings, of which one was an on-site meeting and six were meetings via written resolutions. The attendance of physical meetings of the Board of Supervisors was as follows:

Name	Starry Lee Wai King	Wang Yadong	He Zuwang
Attendance in person/scheduled attendance	2/2	2/2	1/1
Percentage of attendance in person	100%	100%	100%

Please refer to "Report of the Board of Supervisors" in this annual report for the work of the Board of Supervisors for the year.

(V) Internal Control

The Company established an internal control system with full coverage, key focuses, mutual restrictions, accommodation on the actual conditions, cost efficiency and risk orientation of the Company. The internal control system of the Company covers the whole process from decision-making, implementation to supervision across all businesses and matters of the Company and all subsidiaries. On such basis, it focuses on key business matters and industries with high risks. It conducts mutual restriction and supervision on the governance structure, the organisation structuring, the division of powers and responsibilities as well as business processes while balancing the operation efficiency to adapt to the operation size, business scope, competition situation and risk standards of the Company. It also makes adjustments in time to achieve effective control with appropriate cost and effectively identify, appraise and manage risks and analyse, design and implement internal control. The purpose of the internal control of the Company is to reasonably guarantee the compliance of the operation and management, assets safety, the truthfulness and completeness of financial reports and relevant information, improve the operation efficiency and results and promote the realisation of development strategies. Due to the inherent restrictions on the internal control, it can only provide reasonable guarantee to the realisation of the above targets. The risk management and internal control systems of the Company are designed to manage and reduce rather than to eliminate the risk of failure to achieve business objectives.

The Company has, pursuant to the requirements of risk management and internal control standards such as the Basic Norms for Internal Controls of Enterprises and its supporting guidance jointly issued by five ministries and commissions, the Principal Rules for the Internal Control of Insurance Companies, the Guidelines for Risk Management of Insurance Companies (Trial) and the Second-generation Solvency Regulatory Rules issued by the former CIRC, and the SSE Listing Rules, the Listing Rules of the Stock Exchange, improved the risk management and internal control system, promoted the risk management and internal control of the Company with governing documents such as the Comprehensive Risk Management Measures, the Internal Control Administration Measures, the Internal Control Manual and specific risk management measures, and guided its subsidiaries to promote the construction of risk management and internal control systems in accordance with the foregoing supervisory regulations and requirements.

In terms of internal control, during the reporting period, the Company continued to strengthen the construction of internal control system. A special meeting of the Group's Risk Compliance Committee on "Internal Control Construction" was held to comprehensively investigate problems, analyze the causes, put forward requirements for the reform and development of the Group's internal control construction, and promote the establishment of a coordinated, powerful and efficient internal control system throughout the Company. The Company continued to promote the deepening and implementation of the "downgrading (下評一級)" internal control evaluation work mechanism, promoted PICC Life and PICC Health to continuously update the grassroots internal control framework model, and implemented the "downgrading (下評一級)" evaluation to 50% of provincial institutions. The Company has formulated and introduced the Group's Management Measures for

Risk Prevention and Control of Criminal Cases, the Management Measures for Risk Investigation and Disposal of Criminal Case; and the Management Measures for Preventing Illegal and Criminal Behaviors of Practitioners, improved the case risk prevention and control mechanism, and early conducted risk prevention and control. The Company focused on risks in key areas, guided and urged subsidiaries to formulate case prevention models, and strengthened information application. The Company continued to strengthen professional team building and talent training, and continuously improved the Company's risk management and internal control levels.

PICC P&C continued to improve the internal control and compliance and risk management systems, promoted the standardized and normal operation of risk compliance committees at the head office and provincial levels, strengthened the management of personnel in important positions, carried out the "downgrading (下評一級)" internal control evaluation pilot, and strengthened the supervision, inspection and risk investigation of internal control and compliance of grassroots institutions, strengthened risk management in key areas, promoted the optimization of audit mechanisms, and continuously improved the internal control and compliance management level. **PICC Life** continued to improve the construction of internal control systems and mechanisms, carried out penetrating internal control inspections, deepened the "downgrading (下評一級)" mechanism of internal control evaluation, continuously updated operating procedures, further promoted the construction of grassroots internal control, and promoted standardized and prudent operations of institutions at all levels. **PICC AMC** continued to improve the construction of internal control mechanism, summarized operating procedures, updated the authorization list, improved the case prevention and control mechanism, carried out internal control inspections in multi fields, refined internal control evaluation and rectification, and built an internal control management mechanism in which the first, second and third lines of defense made joint efforts. **PICC Health** took "risk prevention and compliance strengthening" as the main tone of risk compliance work, actively promoted the construction of compliance culture, proactively adapted to the situation of strong supervision, focused on grassroots governance work, strengthened grassroots internal control research and supervision, strived to improve the effectiveness of internal control implementation, and continued to deepen compliance operations, to guarantee the company's high-quality development. **PICC Pension** continued to consolidate the construction of the internal control system, improved the prevention and control of criminal cases and investor behavior management mechanisms, continued to improve operating procedures and authorization lists, solidly carried out internal control evaluation work, and intensified internal control and compliance inspections. **PICC Investment Holding** continued to strengthen internal control management, dedicated to strengthen system perfection and implementation effectiveness, refined internal control measures, improved operating procedures, optimized evaluation mechanisms, and consolidated main responsibilities in view of weak links and outstanding issues. **PICC Capital** continued to optimize the construction of internal control system, improved internal control management tools, developed case prevention and control models, and improved internal control management levels. **PICC Reinsurance** summarized the work processes, strengthened internal control and compliance construction in key areas, enriched and refined internal control measures, upgraded risk management and compliance management information systems, strengthened the use of operational risk tools, and improved the company's internal control management efficiency. **PICC Technology** continued to consolidate the foundation of internal control management, carried out the optimization and improvement of the company's risk management and internal control, improved the internal control system, updated operating procedures, and continuously improved the internal control management level. **PICC Financial Services** has further improved its internal control and compliance management system, focused on key areas, strengthened penetrating management and risk investigation, carried out internal control evaluation and assessment accountability, and created a cultural atmosphere of legal compliance. **PICC Hong Kong** implemented internal control management in an orderly manner, focused on key areas and links, and strengthened the coordination of the three lines of defense.

The Company fully conducted the risk appraisal and internal control assessment covering the whole Group in 2024. The Board believed that during the reporting period, relevant management and control measures were sufficient to guarantee the actual demands of the Company in risk management. For internal control, all of the risk management and internal monitoring system of the Company covering all key monitoring aspects, including financial monitoring, operation monitoring and compliance monitoring, were sufficient and effective. There were no factors affecting the conclusion of the evaluation of the effectiveness of internal control between the base date of the internal control evaluation report and the date of issuance of the internal control evaluation report, and the Board is not aware of any matters requiring attention that would directly affect the quality of the operating activities or the achievement of the financial reporting objectives of the Company. The operation of the Group's internal control system is adequate and effective.

In terms of operational risk, during the reporting period, the Company revised and promulgated the Operational Risk Management Measures, the Business Continuity Management Measures (Trial) and other policies in accordance with the principles of prudence, comprehensiveness, matching and effectiveness, so as to improve the operational risk management mechanism, optimize operational risk management processes and methods, strengthen the application of three underlying management tools including operational risk loss database, operational risk self-assessment and key risk indicators. The operational risk management capabilities have been enhanced.

(VI) Company Secretary

Ms. Ng Sau Mei, a director of the Listing Services Department of TMF Hong Kong Limited, has been appointed as the Company Secretary of the Company. The departments of the Company that mainly contact with Ms. Ng Sau Mei are the Offices of the Board of Directors/the Board of Supervisors of the Company.

During the reporting period, Ms. Ng Sau Mei has attended not fewer than 15 hours of relevant professional training.

(VII) Amendments of the Articles of Association

During the reporting period, the Company did not amend the Articles of Association.

(VIII) Corporate Culture and Management and Control of Subsidiaries

Please refer to the Company's Sustainability Report of 2024, which is published in conjunction with this annual report for the Company's corporate culture.

The Company continued to increase the management and control of its subsidiaries. By standardising the Group's authorization to subsidiaries, strengthening the construction of the Group's overall internal control system, strengthening inspection supervision, nominating directors and supervisors to subsidiaries, considering subsidiaries' proposals, and clarifying the appraisal and incentive policies, the Company motivated subsidiaries to strictly implement the Group's development strategy.

The Group strictly complies with relevant laws and regulations, resolutely eliminates gender and other discriminatory behaviors, and safeguards the equal rights and interests of female employees in recruitment, employment and training. The proportion of female employees (including senior management) in the Group reached 48.6%. The Group has achieved gender diversity in its workforce.

(IX) Information Disclosure and Investor Relationship

As a listed company in both A share and H share markets, the Company strictly abides by the regulatory regulations in relation to information disclosure stipulated by the CSRC, NFRA, the Securities and Futures Commission of Hong Kong, the SSE, Hong Kong Stock Exchange and other regulatory institutions, and completes its works in relation to information disclosure in compliance with laws and regulations on websites designated by the SSE, Hong Kong Stock Exchange, NFRA and the website of the Company.

The Company formulated the Administrative Measures for Information Disclosure, the Administrative Measures for the Internal Reporting of Major Information, the Administrative Measures for the Suspension and Exemption of Information Disclosure, the Administrative Measures for the Registration and Filing of Insiders and the Interim Measures for the Accountability for Major Errors in Information Disclosure in Annual Reports and other relevant rules and systems on information disclosure, created rules in relation to the information disclosure system, and arranged and formed relevant internal and external information disclosure procedures including the management procedure of major information internal reports and information disclosure procedures of periodic reports and interim reports in order to promote the management of standardized procedures concerning information disclosure to a higher level. With the mechanism and procedures abovementioned, the Company clarified the main content, responsibility of each party, registration filing and disclosure procedures, discipline requirement of information disclosure; determined the institution and personnel of information disclosure to establish information disclosure working team; and established the communication and coordination mechanism with relevant subsidiaries, relevant departments of the Company, domestic and international legal advising team and the Hong Kong company secretary team.

In 2024, the Company strictly abided by the principle of "as much as possible, as strict as possible, as early as possible" for disclosing information for A share and H share, continuously enhancing the level of transparency of information disclosure, protecting the legitimate rights and interests of investors, and maintaining information disclosure in a fair, just and open manner. At the same time, the Company continued to safeguard the bottom line of "no significant risks for information disclosure", completed disclosure of results announcements, periodic reports and interim reports in accordance with laws and regulations, and carefully identified price-sensitive information. There were no cases of non-compliance disclosure, and the Company ensured that information was disclosed timely, fairly, truthfully, accurately and completely.

The Company carried out its investor relations management in accordance with the regulatory requirements of the place where it is listed, always focusing on investors and continuously improving and enriching the methods and contents of investor communication. During the reporting period, the Company held results conferences for the year 2023, the first quarter of 2024, the interim period of 2024 and the third quarter of 2024, and held an investor open day with the theme of "Exploration and Practice of High-Quality Development of New Energy Vehicle Insurance". Through various communication channels such as investor surveys, domestic and overseas non-trading roadshows, investment forums and strategy meetings, investor hotlines, investor relations mailboxes, investor relations websites and the "SSE e-Interaction" online platform, the Company strengthened day-to-day exchanges with investors and endeavored to enhance service standards.

During the reporting period, the Company was awarded the "Grade A" in information disclosure of listed companies on the SSE for the years 2023-2024, the "Best Practices for Annual Report Presentations of 2023" by China Association for Public Companies, the "Award of Excellence" by the Hong Kong Investor Relations Association, and the "Best Capital Market Communication Award" and the "Best Information Disclosure Award" at the Eighth China Excellence IR.

The Company has designated the Offices of the Board of Directors/the Board of Supervisors to be responsible for enquiries received through telephone, fax, email and post. Please refer to "Corporate Information" in this annual report for the Company's contact details, including telephone number, fax number, email address and registered address. The "Investor Relations" page on the Company's website (www.picc.com.cn) provides regularly updated information of the Company.

The Company is of the view that during the reporting period, the shareholders communication and investors management policy of the Company could provide effective guarantee to the exchange between the shareholders, the investors and the Company.

(X) Independence of the Company from Controlling Shareholder and Peer Competition with Controlling Shareholder

The Company operated in strict accordance with the relevant laws and regulations such as the Company Law, the Securities Law and the requirements and standards of the Articles of Association, and established and improved the corporate governance structure of the Company. It is independent from the controlling shareholder of the Company in terms of assets, personnel, finance, organisation and business.

The MOF is the controlling shareholder of the Company. The MOF is a constituent part of the State Council. It is authorized by the State Council to exercise relevant government functions such as state finance, taxation, and management of state-owned assets. The MOF only acts as a state-owned investor to fulfill its obligation to contribute to other insurance companies. Such shareholding is not for the purpose of engaging or participating in relevant competitive businesses. Therefore, there is no peer competition between the Company and other insurance companies controlled by the MOF, the controlling shareholder.

II. REPORT OF THE BOARD OF DIRECTORS

(I) Business Review

A review of the Group's business during the year, description of future business development, and description of possible risks and uncertainties that the Group may face, are set out in "Chairperson's Statement" and "Management Discussion and Analysis" in this annual report. The risk management policies of the Group are set out in "Management Discussion and Analysis" in this annual report. The "Management Discussion and Analysis" also contains business overview and performance analysis of the Group, using financial key indicators to analyze the Group's performance during the year. Events which happened subsequent to the balance sheet date and have a significant effect on the Company are set out in Note 49 "Event After the Reporting Period" to the consolidated financial statements of this annual report. In addition, descriptions of the environmental protection policies of the Group, relationship with major customers and employees and compliance with relevant laws and regulations which have significant effect on the Group, are set out in the Sustainability Report of the Company and the "Report of the Board of Directors" and "Significant Events" in this annual report.

(II) Environmental Issues

During the reporting period, the Group continued to comply with and continuously promoted a number of related measures involving energy use, emission treatment and environmental changes, consistently implementing a range of environmentally-friendly policies across the Group. The Group strove to reduce the consumption of paper, water and electricity resources; implemented energy conservation management measures to achieve a reduction in greenhouse gases emission, conducted separate treatment of sewage, domestic waste and various types of waste generated in the office process, and followed the management principle of waste classification, to achieve recycling of resources. In accordance with regulatory requirements, the Company will issue its 2024 Sustainability Report, which specifies the Group's performance of social responsibilities (including environmental, social and governance).

(III) Principal Activities

The Group is a leading large-scale integrated insurance financial group in the PRC engaging in P&C insurance business, life and health insurance business and asset management business through its subsidiaries. During the reporting period, there have been no significant changes to the scope of the Company's principal activities.

(IV) Formulation and Implementation of Profit Distribution Policy

1. According to the Articles of Association, the basic principle of profit distribution of the Company is that the Company will implement a sustainable and stable dividend distribution policy. The Company's dividend distribution shall emphasize on reasonable investment return to investors while taking into account sustainable development of the Company. Subject to continuous profitability, regulatory compliance and normal operation and long-term development of the Company, priority shall be given to cash dividends for distribution.
2. According to the Articles of Association, the details of profit distribution policy of the Company are:

Firstly, form of profit distribution: The Company shall distribute profits to its shareholders in proportion to their respective shareholdings, either in cash, stock or a combination of both. Priority shall be given to cash dividends for distribution if the conditions for cash dividends are met. The Company shall, in principle, distribute profits once a year. Where conditions allow, the Company may distribute interim dividends.

Secondly, specific conditions and ratio of cash dividend distribution of the Company: No profit shall be paid to shareholders for any year if the solvency of the Company fails to meet the regulatory requirements. Except in special circumstances, the Company shall distribute dividends mainly in cash if the normal operations of the Company are not affected, provided that the net profit for the year, the accumulated and undistributed profit and the capital reserve at the end of the year are positive. Special circumstances include: the Company has significant investment plans or otherwise incurs major cash expenses; its solvency falls below the requirements of regulatory authorities including the NFRA; the regulatory authorities such as the NFRA take regulatory measures to impose restrictions on the Company's distribution of cash dividends; other circumstances that are not suitable for distribution of cash dividends. The profit distribution plans of the Company will be formulated by the Board of the Company based on factors including the solvency margin ratio, business development and demand, operating results and shareholders' return of the Company and its subsidiaries. Taking into consideration the factors above and subject to the laws, regulations and regulatory requirements, the distributed profits in the form of cash by the Company each year shall be no less than 10% of the distributable profits of the same year. The Company may also distribute interim dividends in the form of cash in view of the profitability. The proposals shall be implemented subject to submission to and approval by the shareholders' general meeting of the Company following consideration by the Board.

Thirdly, conditions for distribution of share dividends by the Company: Where the operating income of the Company grows rapidly and the Board considers that the share price of the Company does not reflect the scale of its share capital, the Company may propose and execute a share dividend distribution proposal in addition to payment of the cash dividend distribution above taking into account factors such as the share price, scale of share capital and other circumstances of the Company.

Fourthly, the Board of the Company shall take into full account various factors, such as features of the industries in which the Company operates, the stage of its development, its own business model, profitability and whether there are significant capital expenditure arrangements, and put forward differentiated cash dividend policies in accordance with the procedures as required by the Articles of Association.

3. Profit distribution proposed for 2024

The Company's profit distribution emphasises reasonable investment return to investors. Stability and continuity of the profit distribution policy have been maintained. The specific ratio of cash dividend distribution has taken into full account various factors, such as business development and demand, operating results and shareholders' return of the Company and its subsidiaries, as well as the characteristics of the equity and financial structure of the two-level legal persons of the Group. The Company formulated the profit distribution plans based on the operating strategy and the needs of business development of the Group.

Pursuant to the profit distribution plan for 2024 approved by the Board on 27 March 2025, a cash dividend of RMB1.17 (tax inclusive) per 10 shares is proposed to be distributed on the basis of the total share capital of 44,223,990,583 shares after the withdrawal of statutory surplus reserves at 10% of the net profit in the parent company's financial statements in 2024, amounting to a total distribution of RMB5,174 million, and totaling RMB7,960 million together with the interim distribution of RMB2,786 million. The profit distribution plan for the year 2024 shall become effective upon the approval of the shareholders' general meeting.

During the reporting period, the decision-making procedures and mechanism of the Company's profit distribution plan were complete, and the criteria and proportion of dividend distribution were clear and unambiguous. It was in compliance with the provisions of the Articles of Association of the Company and the relevant deliberation procedures, fully protected the legitimate rights and interests of small and medium-sized investors, and has been approved by all Independent Non-executive Directors of the Company who have expressed their independent opinions.

For details of the dividend-related taxes and tax exemptions, please refer to the relevant announcements on dividend distribution issued by the Company.

(V) Changes in Accounting Policies

There was no change in the Company's accounting policies during the reporting period.

(VI) Financial Highlights

A summary of the results, assets and liabilities of the Group for the past five years to the end of the reporting period is set out in "Financial Highlights" in this annual report.

(VII) Buildings, Equipment and Investment Properties

Changes in the buildings, equipment and investment properties of the Group during the year are set out in Notes 25 and 24 to the consolidated financial statements of this annual report respectively. As at 31 December 2024, the Group did not own any properties for investment purposes or held for development and/or sale where one or more percentage ratios (as defined under Rule 14.07 of the Listing Rules of the Stock Exchange) exceed 5%.

(VIII) Share Capital

Changes in the share capital of the Company in 2024 and the share capital of the Company as of 31 December 2024 are set out in "Movements in Ordinary Shares and Shareholders" in this annual report.

(IX) Pre-Emptive Rights

During the reporting period, pursuant to relevant laws of the PRC and the Articles of Association, the shareholders of the Company had no pre-emptive rights, and the Company did not have any share option arrangement.

(X) Repurchase, Disposal and Redemption of Listed Securities

On 24 March 2025, PICC P&C redeemed in full the RMB8 billion capital supplemental bonds issued on 23 March 2020.

Other than as disclosed above, the Company and its subsidiaries did not repurchase, dispose of or redeem any listed securities of the Company (including disposal of treasury shares) during the reporting period.

As at 31 December 2024, the Company did not hold any treasury shares.

(XI) Reserves

Details of reserves of the Group are set out in Note 39 to the consolidated financial statements, and the consolidated statement of changes in equity of this annual report.

(XII) Distributable Reserves

As of 31 December 2024, the distributable reserves of the Company amounted to RMB7,464 million.

(XIII) Charitable and Other Donations

Charitable and other donations made by the Company and its subsidiaries in 2024 were RMB63.00 million.

(XIV) Equity-Linked Agreement

During the reporting period, the Company did not enter into any equity-linked agreement.

(XV) Major Customers and Employees

During the reporting period, the Company or its subsidiaries had no individual customer with premium income exceeding 5% of the annual premium income of the Group. The contribution of the Company's business of any single customer is insignificant to the overall business of the Company. Premium income from the top five customers accounted for not more than 1% of the total premium income of the Group this year, and there were no related parties of the Company among the top five customers. In order to maintain the Company's stable development in the long run, the Company values its relationship with all customers and employees. The Company's business and financial status do not depend on individual customer and employee.

Given the nature of the Company's business, the Company has no suppliers directly related to its operations.

For details of the employees, please refer to "Directors, Supervisors, Senior Management and Employees" in this annual report.

(XVI) Directors, Supervisors and Senior Management

The biographies of the Directors, Supervisors and senior management of the Company are set out in "Directors, Supervisors, Senior Management and Employees" in this annual report. Details of day-to-day work of the Board, the list of Directors and changes in Directors are set out in "Corporate Governance" in this annual report.

(XVII) Directors' and Supervisors' Service Contracts and Remunerations

During the reporting period, none of the Directors and Supervisors of the Company entered into any service contracts with the Company or its subsidiaries which could not be terminated within one year and without payment of compensation other than statutory compensation.

Details of the remuneration of the Directors and Supervisors of the Company are set out in "Directors, Supervisors, Senior Management and Employees" in this annual report.

(XVIII) Highest Paid Individuals

Details of the remuneration of the five highest paid individuals of the Company during the reporting period are set out in Note 14 to the consolidated financial statements of this annual report.

(XIX) Indemnity for Directors

During the year and up to the date of this report, there had been no permitted indemnity provision nor permitted indemnity provision that remained effective for the benefits of Directors or directors of subsidiaries of the Company. The Company had purchased insurance as appropriate for Directors against legal liabilities arising from performance of their duties. Such insurance policies are governed by PRC laws.

(XX) Directors' and Supervisors' Interests in Transactions, Arrangements or Contracts of Significance

During the reporting period, none of the Directors or Supervisors of the Company and their connected entities had any material interest, whether directly or indirectly, in transactions, arrangements or contracts of significance of the Company and its subsidiaries signed with external parties.

(XXI) Management Contracts

During the reporting period, the Company did not sign any management contracts with respect to any or principal business of the Company.

(XXII) Contracts of Significance with Controlling Shareholder

During the reporting period, the Company and its subsidiaries did not sign any contracts (including those contracts of significance for the provision of services) with the controlling shareholder.

(XXIII) Directors', Supervisors' and Senior Management's Interests in Shares

No Directors, Supervisors and senior management of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporations (as defined in Part XV of the Securities and Futures Ordinance) which were required, pursuant to Section 352 of the Securities and Futures Ordinance of Hong Kong, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Hong Kong Stock Exchange.

(XXIV) Interests of Directors and Supervisors in Competing Business

During the reporting period, the Directors and Supervisors of the Company had no direct or indirect interests in businesses that compete or might compete, either directly or indirectly, with the business of the Company.

(XXV) Public Float

Based on the public information and to the knowledge of the Directors, as of the latest practicable date prior to the printing of this annual report, the Company has maintained the public float required by the Listing Rules of the Stock Exchange.

(XXVI) Connected Transactions

During the reporting period, the Company had no connected transactions required to be disclosed pursuant to Chapter 14A of the Listing Rules of the Stock Exchange. Please refer to Note 46 to the consolidated financial statements of this annual report for particulars of the related party transactions defined under domestic laws and accounting standards of the PRC; such transactions are not connected transactions or continuing connected transactions as defined under Chapter 14A of the Listing Rules of the Stock Exchange.

(XXVII) Corporate Governance

Details of the corporate governance of the Company are set out in "Corporate Governance" in this annual report.

(XXVIII) Audit Committee

The Audit Committee has reviewed the audited financial statements for this year. The composition, roles and the summary of work undertaken by the Audit Committee are set out in "Corporate Governance" in this annual report.

(XXIX) Auditors

As considered and approved by the 2022 annual general meeting, PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers (Certified Public Accountants and Registered Public Interest Entity Auditor) were appointed by the Company as the Company's financial reporting auditors for the year 2023 under the China Accounting Standards for Business Enterprises and the International Financial Reporting Accounting Standards, respectively.

As considered and approved by the 2023 annual general meeting, Ernst & Young Hua Ming LLP and Ernst & Young were appointed during the year as the Company's financial reporting auditors for the year 2024 under the China Accounting Standards for Business Enterprises and the International Financial Reporting Accounting Standards, respectively.

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

(XXX) Issued Debentures

For details of the debentures of the Company issued during the reporting period, please refer to the section headed "Significant Events" of this annual report.

By order of the Board
Ding Xiangqun
Chairperson

III. REPORT OF THE BOARD OF SUPERVISORS

In 2024, the Board of Supervisors of the Company and all its members earnestly implemented the spirit of the Central Government's policies and, in accordance with the requirements of laws, regulations, regulatory requirements and the Articles of Association, and under the leadership and support of the Group's Party Committee and the general meeting, earnestly fulfilled duties of supervision, which effectively safeguarded the interests of the shareholders, the Company and the employees and other stakeholders.

(I) Performance of the Board of Supervisors

1. Organising and Convening Supervisors' Meetings in accordance with the Law

In 2024, the Board of Supervisors convened seven meetings and considered and received 64 resolutions. Among these, 20 resolutions were considered and approved, including the Resolution on Relevant Report of 2023 Final Financial Accounts, the Resolution on Profit Distribution in 2023, the Resolution on the A Shares and H Shares Periodic Report in 2023, the Resolution on Solvency Reports of the Group for 2023, the Resolution on 2023 Sustainability Report, the Resolution on Internal Control Evaluation Report of the Group in 2023 (and the Corporate Governance Report in 2023: Part III "Internal Control Evaluation") and Internal Control Audit Report, the Resolution on Internal Control Evaluation and Audit Related Report of Utilisation of Insurance Funds for 2023, the Resolution on Risk Evaluation Report of the Group for 2023, the Resolution on the 2023 Case Risk Prevention and Control Evaluation Report, the Resolution on the Work Report of Board of Supervisors for 2023, the Resolution on Evaluation Report of the Board of Supervisors for Performance of Duties of the Board of Directors, the Management and its Members in 2023, the Resolution on Evaluation Report for Performance of Duties of the Supervisors in 2023, the Resolution on the First Quarterly Report of A + H Shares in 2024, the Resolution on the Evaluation Report on the Implementation of Plan of the Group in 2023, the Resolution on Corporate Governance Report in 2023, the Resolution on Compliance Report in 2023, the Resolution on the Interim Periodic Report of A Shares and H Shares in 2024, the Resolution in relation to the Solvency Report of the Group for the First Half of 2024, the Resolution on the Interim Profit Distribution of the Company in 2024, and the Resolution on the Third Quarterly Report of A Shares and H Shares in 2024. In addition, the Board of Supervisors studied and received 44 resolutions on operation, finance, internal control, risk and compliance of the Company.

When studying, considering and receiving relevant resolution reports, the Board of Supervisors seriously discussed matters of concern, formed advice and suggestions and gave feedback to the Board and management.

During the year, in accordance with the requirements of the responsibilities, the Financial and Internal Control Supervision Committee held seven meetings, to provide advice on relevant resolutions and report to the Board of Supervisors. The Board of Supervisors also convened one special meeting and received reports from external auditors on the auditing and review of financial reports and internal control audits.

2. Attending Shareholders' General Meetings and Relevant Meetings of the Board and Management

During the year, the Company convened three shareholders' general meetings and ten Board meetings (including eight on-site meetings). Supervisors attended all the shareholders' general meetings, all on-site Board meetings, supervising the form of convening, procedures and content of the meetings as well as the performance of duties of Directors, etc. The Board committees convened 30 meetings (including 28 on-site meetings). Combined with the key concerns, the Board of Supervisors delegated Supervisors to attend 13 on-site meetings, to keep aware of and understand the background, decision-making procedures, content of resolutions regarding major matters of operation and management of the Company, and put forward relevant opinions and recommendations. In addition, the members of the Board of Supervisors also attended meetings in operation and management, such as the annual work meeting and semi-annual work meeting of the Company, and conducted oversight on the implementation of the Board's decision-making process and the performance of duties by the management.

3. Performing Supervision Duties such as Performance Supervision, Financial Supervision and Development Planning Supervision

During the year, in accordance with laws and regulations, regulatory requirements of the insurance industry and listed companies, as well as the Articles of Association and other relevant provisions, the Board of Supervisors earnestly carried out supervision work in aspects such as performance of duties, finance, development planning, internal control, compliance, risk, internal audit, related party transactions, information disclosure, and protection of consumer rights and interests.

In terms of performance supervision. In terms of daily supervision, the Board of Supervisors continuously paid attention to the Company's operation and management through participating in management meetings, studying and reviewing documents related to the Company's operation and management, considering and receiving resolutions, continuously paid attention to the performance of duties of the Board of Directors by reviewing resolutions of the Board meeting, and attending relevant Board meetings, and supervised the compliance of the work of the Board of Directors. For performance evaluation, the Board of Supervisors conducted evaluation of the performance of Directors, and formed its opinions on the performance evaluation of Directors. The Board of Supervisors is of the opinion that all Directors performed their duties faithfully and diligently in accordance with the laws and regulations in 2024, and the results of the annual evaluation of their performance of duties were all "competent".

In terms of financial supervision. The Board of Supervisors considered or received resolutions relating to the Company's finance, paid attention to the budget and final account of the Group, continuously tracked the performance of the Company, and conducted in earnest research and analysis on changes in the Group's and its major subsidiaries' key financial and business indicators, operation of important types of insurance, investment and financing, and solvency.

In terms of development planning supervision. The Board of Supervisors reviewed the Evaluation Report on the Implementation of Development Plan of the Group in 2023, expressed its supervisory opinion on the implementation of the development plan and provided reminders to the issues in existence in the process of promoting the implementation of the Group's strategies by relevant subsidiaries. The Supervisors have continued to pay attention to the high-quality development of the Group and its subsidiaries and the progress of strategic projects through participation in the corporate meetings, and have followed up on the implementation of strategic planning.

In terms of internal control supervision. The Board of Supervisors continuously understood the effectiveness of the Company's internal control, paid attention to existing internal control deficiencies, and put forward rectification recommendations by reviewing and receiving the Company's 2023 internal control evaluation report, internal control evaluation report and related audit report of utilisation of insurance funds, receiving the report of external auditors, and tracking the rectification of internal control audit.

In terms of risk management supervision. The Board of Supervisors continued to pay attention to the Company's overall risk management condition, reviewed the risk evaluation report of the Company for 2023 and received the risk evaluation report for the first half of 2024, and continued to pay attention to the significant risks exposed to the Company and the effectiveness of risk management.

In terms of internal audit guidance and supervision. The Board of Supervisors received the internal audit work report and reports on categorization, analysis and rectification of issues identified in the audit, discussed on the rectification of issues concerned by the Board of Supervisors, and drew the attention of the management to the importance of maintaining the stability of the team in the process of the optimization of the audit management system for a smooth transition; regularly communicated with the audit department through special meetings of the Board of Supervisors and other forms, and provided guidance on enhancing communication between internal and external auditors and sharing of audit results.

In terms of supervision on compliance and related party transactions. The Board of Supervisors continuously tracked the major compliance risks exposed to the Company and the performance of compliance management responsibilities by the Board of Directors and management by reviewing the Company's annual compliance report; grasped the Company's related party transactions and their management, and continued to pay attention to the compliance and price fairness of related party transactions by receiving overall situation of related party transactions in the year, internal transaction evaluation reports, special audit results reports on related party transactions, and resolutions on major related party transactions.

In terms of supervision on information disclosure, protection of consumers' rights and interests, etc. The Board of Supervisors abided by regulatory requirements, continued to supervise the Company's information disclosure and regularly received reports from functional departments on information disclosure; continued to pay attention to the implementation of relevant systems and mechanisms for the protection of consumers' rights and interests of the company, and regularly reviewed the reports of functional departments on the protection of consumers' rights and interests; paid attention to the Company's fund utilization, anti-fraud of insurance, solvency management, salary revaluation, consolidated management and others, conducted supervision through reviewing the resolutions of the Board of Supervisors, and convened special meetings of the Board of Supervisors, and put forward opinions and recommendations.

4. Continuously Strengthening Professional Capacity Building

The Board of Supervisors encourages and organizes Supervisors to participate in various internal and external trainings. During the year, the Board of Supervisors organized seven personnel-times of Supervisors to participate in trainings to continuously improve their ability to perform their duties.

(II) Work Performance of the Supervisors

Based on the performance of the Supervisors throughout the year, the Board of Supervisors is of the view that during the year 2024 all Supervisors were able to perform their duties in accordance with the requirements of the Company Law and other laws and regulations, departmental rules and regulations, and the Articles of Association and other internal rules and policies, and are able to perform the duties as Supervisors earnestly and diligently in compliance with laws and regulations to actively facilitate the high-quality development of the Company and effectively safeguard the interests of the shareholders, the Company, employees and other stakeholders. The annual appraisals of performance of all Supervisors were "competent".

(III) Independent Opinions Delivered by the Board of Supervisors with Respect to Relevant Matters

1. *Operation of the Company in Accordance with the Law*

The Board of Supervisors believes that during the reporting period, the Company operated in accordance with the laws, the operating activities of the Company complied with the provisions of the Company Law and the Articles of Association, the decision making procedures of the Board and the management were legal and effective, the Directors and senior management were loyal, diligent and faithful in the course of business operation and management, and no behaviour was found to be in violation of laws or regulations which would damage the interests of the shareholders and the Company.

2. *Facts about the Financial Statements*

The annual financial statements of the Company are true and objective presentation of the financial position and operating results of the Company. The financial report of the Company for the year 2024 has been audited by Ernst & Young Hua Ming LLP and Ernst & Young respectively in accordance with the corresponding independent auditing standards, which have issued audit reports with standard unqualified opinions.

3. *Material Investments and Significant Financing*

The Company had no material investments or significant financing during the reporting period.

4. Related Party Transactions

During the reporting period, the related party transactions of the Company were fair and reasonable and no damages to the interests of the shareholders or the benefits of the Company were found.

5. Review of Internal Control Report

During the reporting period, the management of the Company attached great importance to the construction of an internal control system. The Company established a complete, reasonable and effective internal control system, which enhanced the level of internal control management. The Board of Supervisors considered the Internal Control Evaluation Report of the Company for the Year 2024 and had no objection to such report.

6. Implementation of Resolutions adopted at the Shareholders' Meetings and Resolutions of the Board and the Board of Supervisors

During the year, the members of the Board of Supervisors attended all the shareholders' meetings and all on-site meetings of the Board of Directors, and had no objection to the contents of resolutions submitted by the Board to the shareholders' meetings for consideration. The Board of Supervisors supervised the implementation of resolutions adopted at the shareholders' meetings, and considered that the Board was able to implement the relevant resolutions earnestly. The Board of Supervisors supervised the implementation of resolutions and proposals of the Board and the Board of Supervisors, and considered that the management was able to implement the relevant resolutions and opinions earnestly.

IV. MOVEMENTS IN ORDINARY SHARES AND SHAREHOLDERS

(I) Movements in Ordinary Share Capital

1. *Statement of Movements in Ordinary Shares*

During the reporting period, there was no movements in the total number of ordinary shares and the share capital structure of the Company.

Unit: Share

	31 December 2023		Movements during the reporting period					31 December 2024	
	Number	Proportion (%)	Issue of new shares	Bonus issue	Conversion from reserves	Others	Subtotal	Number	Proportion (%)
I. Shares subject to selling restriction	–	–	–	–	–	–	–	–	–
1. Shares held by the state	–	–	–	–	–	–	–	–	–
II. Shares not subject to selling restriction	44,223,990,583	100.00	–	–	–	–	–	44,223,990,583	100.00
1. Renminbi-denominated ordinary shares	35,497,756,583	80.27	–	–	–	–	–	35,497,756,583	80.27
2. Overseas listed foreign shares	8,726,234,000	19.73	–	–	–	–	–	8,726,234,000	19.73
III. Total number of ordinary shares	44,223,990,583	100.00	–	–	–	–	–	44,223,990,583	100.00

2. *Movements in Restricted Shares*

At the end of the reporting period, the Company had no restricted shares. There were also no movements in the restricted shares during the reporting period.

(II) Shareholders and De Facto Controller

1. *Total Number of Shareholders*

Total number of ordinary shareholders as at the end of the reporting period (Shareholder)	A Shares: 141,580; H Shares: 5,019
Total number of ordinary shareholders as at the end of the month prior to the disclosure date of the annual report (Shareholder)	A Shares: 146,097; H Shares: 4,978

2. *Shareholdings of the Top Ten Shareholders and Top Ten Shareholders of Circulating Shares (or Shareholders Not Subject to Selling Restrictions) as at the End of the Reporting Period*

Unit: Share

Shareholdings of the Top Ten Shareholders (Excluding the Lending Shares through Refinancing)							
Name of shareholder	Increase/decrease during the reporting period	Number of shares held as at the end of the period	Proportion (%)	Number of shares held subject to selling restrictions	Pledged, marked or frozen shares: Status of the share	Pledged, marked or frozen shares: Number	Nature of shareholder
MOF	–	26,906,570,608	60.84	–	Nil	–	The State
HKSCC Nominees Limited	2,400,078	8,705,153,553	19.68	–	Nil	–	Foreign legal person
SSF	–	5,605,582,779	12.68	–	Nil	–	The State
Hong Kong Securities Clearing Company Limited	59,574,740	369,028,681	0.83	–	Nil	–	Foreign legal person
Industrial and Commercial Bank of China Limited – Huatai-Pinebridge CSI 300 Exchange Traded Open-ended Index Securities Investment Fund	31,347,625	55,080,825	0.12	–	Nil	–	Others
Kong Fengquan	–	50,957,185	0.12	–	Nil	–	Domestic natural person
Basic Pension Insurance Fund Portfolio 15022	39,972,600	39,972,600	0.09	–	Nil	–	Others
China Construction Bank Corporation – E Fund CSI 300 Traded Open-ended Index Initiated Securities Investment Fund	29,233,600	38,036,200	0.09	–	Nil	–	Others
Wang Linming	13,828,381	30,869,325	0.07	–	Nil	–	Domestic natural person
Industrial and Commercial Bank of China Limited – ChinaAMC CSI 300 Exchange Traded Open-ended Index Securities Investment Fund	18,752,800	25,291,600	0.06	–	Nil	–	Others

Unit: Share

Shareholdings of the Top Ten Shareholders Not Subject to Selling Restrictions (Excluding the Lending Shares through Refinancing)			
	Number of shares held not subject to selling restrictions	Class and number of shares	
Name of shareholder		Class	Number
MOF	26,906,570,608	A shares	26,906,570,608
HKSCC Nominees Limited	8,705,153,553	H shares	8,705,153,553
SSF	5,605,582,779	A shares	5,605,582,779
Hong Kong Securities Clearing Company	369,028,681	A shares	369,028,681
Industrial and Commercial Bank of China Limited – Huatai-Pinebridge CSI 300 Exchange Traded Open-ended Index Securities Investment Fund	55,080,825	A shares	55,080,825
Kong Fengquan	50,957,185	A shares	50,957,185
Basic Pension Insurance Fund Portfolio 15022	39,972,600	A shares	39,972,600
China Construction Bank Corporation – E Fund CSI 300 Traded Open-ended Index Initiated Securities Investment Fund	38,036,200	A shares	38,036,200
Wang Linming	30,869,325	A shares	30,869,325
Industrial and Commercial Bank of China Limited – ChinaAMC CSI 300 Exchange Traded Open-ended Index Securities Investment Fund	25,291,600	A shares	25,291,600
Details of securities account designated for share repurchase of the top ten shareholders	Not applicable		
Details of the abovementioned shareholders' entrusting of voting rights, entrusted voting rights, and waiver of voting rights	Not applicable		
Details of the above shareholders who are connected to each other or acting in concert	The Company is not aware of any connected relationship among the above shareholders or any parties acting in concert as defined by the Measures for the Administration of the Takeover of Listed Companies		
Details of preferred shareholders with restored voting rights and the number of shares held by them	Not applicable		

Notes:

1. All shares of the Company are tradable shares.
2. HKSCC Nominees Limited holds shares on behalf of securities firm customers in Hong Kong and other CCASS participants. Relevant regulations of the Hong Kong Stock Exchange do not require such persons to declare whether their shareholdings are pledged, marked or frozen. Hence, HKSCC Nominees Limited is unable to calculate or provide the number of shares that are pledged, marked or frozen.
3. The shares under Hong Kong Securities Clearing Company Limited are held by the shareholders of the Shanghai Stock Connect.

3. *Participation of Shareholders Holding More Than 5% of the Shares, the Top 10 Shareholders and the Top 10 Shareholders not Subject to Selling Restrictions in the Lending of Shares through Refinancing Business*

During the reporting period, the Company had none of the above.

4. *Changes in the Top 10 Shareholders and the Top 10 Shareholders not Subject to Selling Restrictions Compared to the Previous Period due to Reasons Related to Lending/Repayment through Refinancing*

Name of shareholder (full name)	Addition/ exit during the reporting period	Number of shares lent through refinancing but not yet returned at the end of the period		Shareholdings in general account and credit account of shareholders, and number of shares lent through refinancing but not yet returned at the end of the period	
		Total number (share)	Percentage (%)	Total number (share)	Percentage (%)
Industrial and Commercial Bank of China Limited – Huatai-Pinebridge CSI 300 Exchange Traded Open-ended Index Securities Investment Fund	Exit	0	0	55,080,825	0.12
China Construction Bank Corporation – E Fund CSI 300 Traded Open-ended Index Initiated Securities Investment Fund	Exit	0	0	38,036,200	0.09

(III) Controlling Shareholder

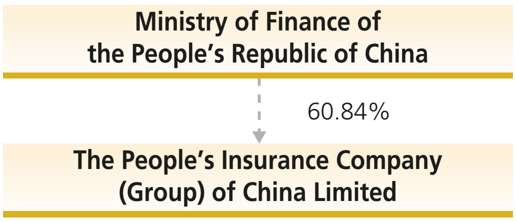
1. *Legal Person*

The MOF is the controlling shareholder of the Company. The MOF was established in October 1949. It is a constituent part of the State Council. It is authorised by the State Council to exercise relevant government functions such as state finance, taxation, and management of state-owned assets. The head of the MOF is Lan Fo'an, and its address is No.3, Nansanxiang, Sanlihe, Xicheng District, Beijing.

According to the publicly available information, the MOF directly holds more than 5% of the issued shares of the following other domestic and overseas listed companies:

Name of company	Short name of the stock	Stock code	Percentage of equity interest of the Company	
			Percentage	Point of time
Industrial and Commercial Bank of China Limited	Industrial and Commercial Bank	601398.SH	31.14%	As of 30 September 2024
Agricultural Bank of China Limited	Agricultural Bank	601288.SH	35.29%	As of 30 September 2024
Bank of Communications Co., Ltd.	Bank of Communications	601328.SH	23.88%	As of 30 September 2024
China Cinda Asset Management Co., Ltd.	China Cinda	01359.HK	58.00%	As of 30 June 2024
China Reinsurance (Group) Corporation	China Reinsurance	01508.HK	11.45%	As of 30 June 2024

2. ***Block Diagram of Property Rights and Controlling Relations between the Company and the Controlling Shareholder***



(IV) Other Corporate Shareholders Holding More Than 10% of the Shares

The SSF is a corporate shareholder of the Company holding more than 10% of the shares. The SSF was established in August 2000 and the organisation code is 12100000717800822N. Its registered capital is RMB8 million and the legal representative is Liu Kun. The aim and business scope are to manage and operate social security funds and promote the development of social security undertakings. It is entrusted in managing and operating the National Social Security Fund; centralised holding and managing transferred state-owned entrusted equity from central enterprises; managing and operating the National Social Security Fund of basic pension insurance entrusted funds; regular disclosing operation situation for fund income and expenditure, management and investment.

(V) Interests and Short Positions Required to Be Disclosed by Shareholders under the Securities and Futures Ordinance

As far as the Directors of the Company are aware, as at 31 December 2024, the following shareholders (other than the Directors, Supervisors and senior management of the Company) had an interest or short position in the shares or underlying shares of the Company which is required to be disclosed to the Company pursuant to Sections 2 and 3 of Part XV of the Securities and Futures Ordinance, or is required to be recorded in the register to be kept by the Company under Section 336 of the Securities and Futures Ordinance:

Name of shareholder	Capacity	Number of A shares	Nature of interests	Percentage of total issued A shares	Percentage of total issued shares
MOF	Beneficial owner	26,906,570,608	Long position	75.80%	60.84%
SSF	Beneficial owner	5,605,582,779	Long position	15.79%	12.68%

Name of shareholder	Capacity	Number of H shares	Nature of interests	Percentage of total issued H shares	Percentage of total issued shares
BlackRock, Inc.[Note]	Interest of controlled corporation	710,429,420	Long position	8.14%	1.61%
		2,974,000	Short position	0.03%	0.01%

Note: The Company's H shares are held through its certain controlled subsidiaries.

Save as disclosed above, as at 31 December 2024, the Company is not aware of any other shareholders having any interest or short positions in the shares or underlying shares of the Company, that is required to be recorded in the register to be kept under Section 336 of the Securities and Futures Ordinance.

V. DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

(I) Directors, Supervisors and Senior Management

On the date of this report, the information of the Directors, Supervisors and senior management members of the Company is as follows.

1. *Basic information of Directors, Supervisors and Senior Management*

Name	Position(s)	Gender	Age	Date of appointment
Ding Xiangqun	Executive Director, Chairperson	Female	59	December 2024
Zhao Peng	Executive Director, Vice Chairman	Male	52	November 2023
	President			November 2023
Xiao Jianyou	Executive Director	Male	56	December 2022
	Vice President			August 2019
Wang Qingjian	Non-executive Director	Male	60	July 2017
Miao Fusheng	Non-executive Director	Male	60	December 2020
Wang Shaoqun	Non-executive Director	Male	55	December 2020
Yu Qiang	Non-executive Director	Male	51	August 2021
Song Hongjun	Non-executive Director	Male	59	August 2023
Shiu Sin Por	Independent Non-executive Director	Male	75	May 2018
Xu Lina	Independent Non-executive Director	Female	65	November 2021
Wang Pengcheng	Independent Non-executive Director	Male	54	August 2023
Gao Pingyang	Independent Non-executive Director	Male	45	February 2025
Starry Lee Wai King	Independent Supervisor	Female	50	October 2021
Wang Yadong	Employee Representative Supervisor	Male	54	January 2021
He Zuwang	Employee Representative Supervisor	Male	56	October 2022
Yu Ze	Vice President	Male	53	April 2020
Cai Zhiwei	Vice President	Male	49	February 2021
Zhang Jinhai	Vice President	Male	53	November 2022
Zeng Shangyou	Secretary of the Board	Male	55	March 2023

2. *Resigned Directors, Supervisors and Senior Management*

Name	Previous position	Date of appointment	Date of termination	Change and cause
Wang Tingke	Executive Director	August 2020	September 2024	Resignation due to work arrangement
	Chairman	June 2023	September 2024	
Li Zhuyong	Executive Director	December 2020	March 2025	Resignation due to job transfer
	Vice President	November 2018	March 2025	
	Responsible Compliance Officer	July 2023	March 2025	
	Chief Risk Officer	June 2023	March 2025	
Ko Wing Man	Independent Non-executive Director	May 2018	February 2025	Resignation due to six consecutive years of service as an Independent Non-executive Director of the Company
Cui Li	Independent Non-executive Director	September 2021	January 2025	Resignation due to change of job
Han Kesheng	Assistant to the President	April 2010	February 2025	Resignation due to age
	Responsible Audit Officer	February 2018	February 2025	
Zhou Houjie	Responsible Financial Officer, Chief Financial Officer	March 2010	September 2024	Resignation due to age

Note: The list of personnel includes those who have left the service as at the date of this report; The date of appointment refers to the time after completion of the Company's corporate governance process and the approval of the regulatory authority which is responsible for qualification verification.

3. *Shareholdings of Directors, Supervisors and Senior Management*

During the reporting period, none of the Directors, Supervisors and senior management of the Company held any shares of the Company.

4. *Directors, Supervisors and Senior Management's Position in the Shareholder*

Name	Name of shareholder	Position in the shareholder	Date of appointment	Whether received remuneration from related parties of the Company
Song Hongjun	SSF	Full-time Director	January 2023	Yes

5. Directors, Supervisors and Senior Management's Position in Other Companies/ Institutions

Name	Position in the Company	Name of other companies/ institutions	Position in other companies/institutions	Date of appointment
Ding Xiangqun	Executive Director, Chairperson	Council of Insurance Association of China	Honorary President	January 2025
Zhao Peng	Executive Director, Vise Chairman, President	Council of Insurance Society of China	Vice Chairman	January 2025
		China Chamber of International Commerce	Vice Chairman	January 2025
Xiao Jianyou	Executive Director, Vise Chairman	Asian Financial Cooperation Association	Vice Chairman	June 2021
		National Internet Finance Association of China	Vice Chairman	March 2023
Wang Shaoqun	Non-executive Director	Central Huijin Investment Company Limited	Designated Director	February 2021
Yu Qiang	Non-executive Director	Central Huijin Investment Company Limited	Designated Director	September 2021
Song Hongjun	Non-executive Director	Founder Securities Co., Ltd.	Non-executive Director	January 2023
Shiu Sin Por	Independent Non-executive Director	New Paradigm Foundation	President	September 2017
		Chongyang Institute for Financial Studies at Renmin University of China	Senior Researcher	December 2017
		Academic Advisory Board of CITIC Foundation for Reform and Development Studies	Overseas Consultant	January 2018
		Shanghai East Asia Research Institute	Consultant	April 2018
		CITIC Foundation for Reform and Development Studies	Senior Researcher	January 2018
		Institute of Social Governance, University of Chinese Academy of Social Sciences	Researcher	March 2019
		Chinese Association of Hong Kong & Macao Studies	Consultant	September 2020
		China Taiping Insurance Holdings Company Limited	Independent Non-executive Director	December 2024
Xu Lina	Independent Non-executive Director	Actuarial Department of Columbia University	Associate Director, Senior Officer of School of Professional Studies Services	September 2024

Name	Position in the Company	Name of other companies/ institutions	Position in other companies/institutions	Date of appointment
Wang Pengcheng	Independent Non-executive Director	Beijing Technology and Business University	Professor	July 2022
		Accounting Society of China	Director	July 2015
		Enterprise Accounting Standards Professional Board of the Accounting Society of China	Chairman	February 2024
		ESG Specialized Committee of China Association for Public Companies	Expert Member	August 2022
		Financial Controller Professional Committee of China Association for Public Companies	Deputy Chairman	January 2023
		Independent Directors Professional Committee of China Association for Public Companies	Member	December 2024
		Independent Directors Working Committee of Beijing Association of Listed Companies	Deputy Chairman	September 2024
		Banking Accounting Society of China	Director	October 2022
		ESG Specialized Committee of the Chinese Institute of Business Administration	Deputy Chairman	December 2023
		Strategic Advisory Committee of Xiamen National Accounting Institute	Member	February 2022
		MPAcc Advisory Committee of Renmin Business School	Member	March 2019
		China Management Accounting Review	Editorial Board Member	April 2020
		Sinopec Oilfield Service Corporation	Independent Non-executive Director	June 2024

Name	Position in the Company	Name of other companies/ institutions	Position in other companies/institutions	Date of appointment
Gao Pingyang	Independent Non-executive Director	Business School of University of Hong Kong	Professor, Associate Dean	July 2020
		Zhongyuan Bank Co., Ltd.	Independent Non-executive Director	November 2023
		Bloks Group Limited	Independent Non-executive Director	January 2025
Starry Lee Wai King	Independent Supervisor	Hong Kong University of Science and Technology	Council Member/Advisor	August 2010
		KPMG Hong Kong	Consultant	March 2021
He Zuwang	Employee Representative Supervisor	Chinese Young Volunteers Association	Executive Director	May 2021
		History Records Professional Committee of Insurance Society of China Member	Chairman	May 2021
		Council of Research Association of Ideological and Political Work of China Financial Institutions	Executive Director	November 2021
Yu Ze	Vice President	Insurance Association of China	Vice Chairman	June 2022
Cai Zhiwei	Vice President	Hua Xia Bank Co., Limited	Non-executive Director	July 2022
Zhang Jinhai	Vice President	Specialized Committee on Information Technology of the IAC Member	Member	April 2021
Zeng Shangyou	Secretary of the Board	Specialized Committee on Corporate Governance and Auditing of the IAC	Deputy Chairman	May 2021
		Investors' Relations Management Committee of the LCAB Member	Deputy Chairman	October 2022
		Overseas Listed Company Branch (in preparation) of China Association for Public Companies	Member	January 2024
		China Association for Public Companies	Vice Chairman	September 2024

(II) Biographical Details of Directors, Supervisors and Senior Management

Executive Directors

MS. DING XIANGQUN

Chairperson and Executive Director

Ms. Ding Xiangqun, is the Chairperson and Executive Director of the Company, a senior economist and a member of the CPC 20th Central Committee. Ms. Ding worked in Beijing Chongwen sub-branch of Agricultural Bank of China from August 1987 to September 1990. She worked in Bank of China from August 1993 to January 2013, serving as the deputy general manager of the corporate business department, vice president of Zhejiang branch and president of Ningbo branch; she served as the general manager of the human resources department and the director of the party committee organization department in September 2006; and the president of the corporate finance business in September 2011. From January 2013 to July 2015, she served as the deputy general manager of China Taiping Insurance Group Co. and China Taiping Insurance Group Ltd. (China Taiping Insurance Group (HK) Company Limited). From July 2015 to June 2017, she served as the vice president of China Development Bank. From June 2017 to September 2018, she served as a member of the Leading Party Group and the vice chairperson of the People's Government of Guangxi Zhuang Autonomous Region. From September 2018 to October 2024, she served as a member of the Standing Committee of the Anhui Provincial Party Committee and the director of the party committee organization department. She has been appointed as an Executive Director and the Chairperson since November 2024. Ms. Ding has also served as the non-executive director and the chairperson of PICC P&C. Ms. Ding has served as the honorary president of the Insurance Association of China since January 2025. Ms. Ding graduated from Renmin University of China with a bachelor's degree in economics in August 1987, and a master's degree in economics in August 1993.

MR. ZHAO PENG

Executive Director, the Vice Chairman and the President

Mr. Zhao Peng, is an Executive Director, the Vice Chairman and the President of the Company. Mr. Zhao worked in The People's Insurance Company of China from August 1995 to January 1996. He worked in PICC Life Company Limited, China Life Insurance Company (China Life Insurance (Group) Company) and China Life Insurance Company Limited from January 1996 to March 2020, and served as an assistant to the president of China Life Insurance Company Limited and the general manager of its Zhejiang Branch in May 2017, as its vice president in November 2017, and as the chief financial officer of China Life Insurance (Group) Company in August 2019. He served as the vice president of the Agricultural Development Bank of China from March 2020 to July 2022. From July 2022 to July 2023, he served as the vice president of China Life Insurance (Group) Company and the president of China Life Insurance Company Limited. He has been appointed as an Executive Director, the Vice chairman and President of the Company since July 2023. Mr. Zhao has also served as a non-executive director and the chairman of PICC Life, and a non-executive director and the chairman of PICC Health. Mr. Zhao has served as the vice chairman of the council of Insurance Society of China and the vice chairman of China Chamber of International Commerce since January 2025. Mr. Zhao graduated from Hunan University of Finance and Economics with a bachelor's degree in economics in August 1995, graduated from Central University of Finance and Economics with a master's degree in economics in June 2002 and graduated from Tsinghua University with a master's degree in business administration in January 2007.

MR. XIAO JIANYOU

Executive Director and Vice President

Mr. Xiao Jianyou, is an Executive Director, a Vice President of the Company and a senior economist. Mr. Xiao worked in The People's Insurance Company of China from August 1994 to August 1996. From August 1996 to June 2019, he worked in PICC Life Company Limited, China Life Insurance Company and China Life Insurance Company Limited. Mr. Xiao was appointed as the assistant to the general manager of Jiangsu Branch of China Life Insurance Company Limited in March 2008, the deputy general manager of Jiangsu Branch in August 2010, the person-in-charge in February 2013, the deputy general manager (presiding) in April 2013, and the general manager in January 2014. He was the assistant to the president in April 2015 and the vice president in August 2016 of China Life Insurance Company Limited. He has been appointed as a Vice President of the Company in June 2019 and as an Executive Director of the Company since July 2022. Mr. Xiao has also served as an executive director, vice chairman and the president of PICC Life, the chairman of PICC Reinsurance. Mr. Xiao previously served as a non-executive director and the chairman of PICC Life, a non-executive director and the vice chairman of PICC Hong Kong. Mr. Xiao has been the vice chairman of Asian Financial Cooperation Association since June 2021, and the vice chairman of National Internet Finance Association of China since March 2023. Mr. Xiao graduated from Jiangxi University of Chinese Medicine with a bachelor's degree in medicine in August 1991, and graduated from Nanjing University with a bachelor's degree in law in August 1994.

Non-executive Directors

MR. WANG QINGJIAN

Non-executive Director

Mr. Wang Qingjian, is a Non-executive Director of the Company. He joined the MOF in August 1987 and worked successively in the Supplementary Budget Management Department, Comprehensive Planning Department and General Affairs and Reform Department. He worked in the Embassy of China in Malta from May 1997 to July 2000 as third-class secretary and second-class secretary (deputy director level). He had been working at the MOF since July 2000. He served as a deputy director level committee member of the Department of Policy Planning from July 2000 to March 2001, assistant consultant and deputy director of the Paid Fund Office of General Department from March 2001 to September 2005, principal staff member (director level) of the Financial Bill Regulatory Center from September 2005 to November 2011 and had served as principal staff member (deputy director general level) of the Financial Bill Regulatory Center from November 2011 to July 2017. He served as a director appointed by Central Huijin Investment Company Limited from July 2017 to November 2024 and has been a Non-executive Director of the Company since July 2017. Mr. Wang held temporary positions as the member of Municipal Committee and Standing Committee and vice-mayor of Ji'an, Jiangxi Province from January 2014 to February 2016. Mr. Wang graduated from Zhongnan University of Finance and Economics with a bachelor's degree in economics in July 1987 and graduated from Beijing Jiaotong University with a doctoral degree in management in April 2014.

MR. MIAO FUSHENG
Non-executive Director

Mr. Miao Fusheng, is a Non-executive Director of the Company. From July 1984 to June 1992, Mr. Miao taught at the Central Institute of Finance and Banking (now the Central University of Finance and Economics). Since June 1992, he worked in China Financial and Economic News under the MOF. He served as deputy director of office, deputy director of international department and economic and social department, director of government procurement editorial department and news center, director of finance and economics special department, director of chief editor's office, director of macroeconomic department and director of local finance and economics department; from April 2008 to July 2013, he served as deputy chief editor (deputy director level) of China Financial and Economic News. He was the chief editor (director general level) from July 2013 to January 2021. He was a director appointed by Central Huijin Investment Company Limited from January 2021 to November 2024. He has been a Non-executive Director of the Company since December 2020. Mr. Miao became the member of China Writers' Association in June 2019. He was granted special government allowance by the State Council in December 2016. Mr. Miao graduated from Shandong University with a bachelor's degree in literature in July 1984.

MR. WANG SHAOQUN
Non-executive Director

Mr. Wang Shaoqun, is a Non-executive Director of the Company, a senior engineer and a senior economist. Mr. Wang joined the People's Bank of China in August 1992, and served as deputy director of the insurance risk monitoring and assessment division of the financial stability bureau, deputy director of the financial holding company risk monitoring and assessment division, researcher and director of the insurance risk monitoring and assessment division, director and first-class researcher of the insurance division; he has been the second level inspector of financial stability bureau and director of the insurance division of the People's Bank of China since May 2020. He has been a Non-executive Director of the Company since December 2020. He has been a director appointed by Central Huijin Investment Company Limited since February 2021. Mr. Wang graduated from North Jiaotong University with a bachelor's degree in engineering in July 1992, a master's degree in business administration from Peking University in July 2000, and a doctoral degree in management from Tianjin University in August 2008.

MR. YU QIANG

Non-executive Director

Mr. Yu Qiang, is a Non-executive Director of the Company and a senior economist. From August 1995 to July 2000, Mr. Yu worked as a staff member of the former China National Automotive Industry Sales Corp; from August 2000 to September 2003, he worked as a staff member of Operation Office of the People's Bank of China; from October 2003 to December 2018, he worked in the former CBRC Beijing Bureau and has successively served as the staff member, chief staff member, the deputy director and director; from January 2019 to August 2021, he worked in the former CBIRC Beijing Bureau and has successively served as the director and second level inspector. He has been a Non-executive Director of the Company since August 2021. He has been a director appointed by Central Huijin Investment Company Limited since September 2021. Mr. Yu graduated from Jiangxi University of Finance and Economics in 1995 with a bachelor's degree in economics; graduated from Renmin University of China in 2004 with a master's degree in economics; graduated from the National University of Singapore in 2019 with a master's degree in public administration and management (MPAM). Mr. Yu holds the professional qualification certificates of Chinese certified public accountant, lawyer, Chinese certified tax agent and Chinese certified assets valuer.

MR. SONG HONGJUN

Non-executive Director

Mr. Song Hongjun, is a Non-executive Director of the Company. Mr. Song successively served as the officer, the staff member, and the senior staff member in financial division of commerce, finance and accounting department, the principal staff member in the second financial division of commerce and finance department, the principal staff member in the first division of national debt and finance department, and the deputy division chief of the first financial division of finance department of the MOF from August 1989 to August 2001. Mr. Song successively served as the deputy division chief of financial division of finance and accounting department, the division chief and deputy director of fund and finance department, the deputy director and director of pension accounting department, the director of securities investment department and the director of stock investment department of the SSF from August 2001 to December 2022. Mr. Song has served as a full-time director of the SSF since January 2023, a non-executive director of Founder Securities since January 2023, and a Non-executive Director of the Company since August 2023. Mr. Song graduated from the Finance Department of Dongbei University of Finance & Economics in August 1989, and obtained a master's degree in public administration from the joint program between Peking University and Chinese Academy of Governance in July 2008.

Independent Non-executive Directors

MR. SHIU SIN POR

Independent Non-executive Director

Mr. Shiu Sin Por, is an Independent Non-executive Director of the Company. Mr. Shiu was the member of the 10th, 11th and 12th National Committee of the Chinese People's Political Consultative Conference. Mr. Shiu studied in the School of Industrial and Labour Relations at Cornell University in New York in the United States; he graduated from the University of Wisconsin in the United States in September 1985 with a bachelor's degree in economics, and was appointed as a Justice of the Peace for Hong Kong in August 2012 and was awarded the Gold Bauhinia Star in Hong Kong in October 2017. Mr. Shiu served as the Deputy Secretary General of the Consultative Committee for the Basic Law of Hong Kong from November 1985 to April 1990, the president of the One Country Two Systems Research Institute from September 1990 to September 2005, an Asia Programs Fellow at the John F. Kennedy School of Government at Harvard University from September 2005 to June 2006, a Senior Visiting Fellow at the School of Public Policy and Management of Tsinghua University from September 2006 to August 2007, a full-time consultant at the Central Policy Unit of the Government of the Hong Kong Special Administrative Region from August 2007 to June 2012, the chief consultant at the Central Policy Unit of the Government of the Hong Kong Special Administrative Region from July 2012 to June 2017, the president of New Paradigm Foundation since September 2017, a senior fellow of the Chongyang Institute for Financial Studies at Renmin University of China (中國人民大學重陽金融研究院) since December 2017, a senior fellow of the Academic Advisory Board of CITIC Foundation for Reform and Development Studies (中信改革與發展基金會學術顧問委員會) since January 2018, a consultant of Shanghai East Asia Research Institute (上海東亞研究所) since April 2018, a consultant of CITIC Foundation for Reform and Development Studies (中信改革發展研究基金會) since August 2018, a consultant of Chinese Association of Hong Kong & Macao Studies (全國港澳研究會) since September 2020, and an independent non-executive director of China Taiping Insurance Holdings Company Limited since December 2024. Mr. Shiu has been appointed as an Independent Non-executive Director of the Company since May 2018. Mr. Shiu previously served as a consultant of transitional affairs in Hong Kong of the Hong Kong and Macao Affairs Office of the State Council and the Xinhua News Agency, Hong Kong Branch, a standing director of the Chinese Association of Hong Kong & Macao Economic Studies (全國港澳經濟研究會), a member and deputy secretary general of the Preparatory Committee for the Hong Kong Special Administrative Region of the National People's Congress, an honorary advisor of Guangdong Association for Hong Kong & Macao Economic Studies (廣東港澳經濟研究會), a member of the board of The Hong Kong Jockey Club Institute of Chinese Medicine, a member of the Executive Committee of the Commission on Strategic Development of the Hong Kong Special Administrative Region Government and a director of the One Country Two Systems Research Institute in Hong Kong.

MS. XU LINA

Independent Non-executive Director

Ms. Xu Lina, is an Independent Non-executive Director of the Company, a deputy director of actuarial department and the senior director for career services in the school of professional studies of Columbia University, an actuary of the North American Academy of Actuaries, and a doctor of applied mathematics and computing science. She has been engaged in the teaching and research of mathematics, statistics and actuarial science for more than 20 years and has 16 years of experience in the insurance industry. For work experience, she served as an assistant actuary in Reinsurance Group of America from December 1998 to February 2007; an actuary of American Life Insurance financial modeling/experience analysis from February 2007 to May 2009; an assistant to director of Sun Life Financial Group (an insurance company headquartered in Canada) from May 2009 to September 2010; director of Prudential Financial Company from October 2010 to September 2011; deputy director of Guggenheim Life and Annuity Company from September 2011 to September 2012; and director and consultant of Athene Annuity and Life Company (an insurance company registered in the State of Iowa) from October 2012 to December 2013. Ms. Xu has been appointed as an Independent Non-executive Director of the Company since November 2021. For teaching and research, she served as an assistant professor in Fujian Normal University from August 1982 to April 1988; a scientific research teaching assistant in the University of Iowa from August 1988 to July 1996; an assistant lecturer in Maryville University of St. Louis and Charles Community College from January 1997 to December 2006; an assistant lecturer of the actuarial department of Columbia University from May 2010 to September 2013; director of actuarial department of Columbia University from September 2013 to March 2019; and senior academic director of the actuarial department of Columbia University from March 2019 to September 2024. Ms. Xu obtained a bachelor's degree in mathematics from Fujian Normal University in July 1982; a master's degree in statistics and actuarial science from the University of Iowa in the United States in December 1990; a doctoral degree in applied mathematics and computing science from the University of Iowa in the United States in July 1996; and became a member of Society of Actuaries in September 2008.

MR. WANG PENGCHENG

Independent Non-executive Director

Mr. Wang Pengcheng, is an Independent Non-executive Director of the Company, a professor and doctoral supervisor at the Business School of Beijing Technology and Business University, and also serves as the director of the Accounting Society of China and the chairman of the Accounting Standards Committee for Business Enterprises, an expert member of the ESG Specialized Committee, the vice chairman of the CFO Specialized Committee of China Association for Public Companies, a member of the Independent Director Professional Committee, the vice chairman of the Independent Director Working Committee of the Beijing Listed Companies Association, one of the first batch of consultant experts for sustainable disclosure standards of the MOF, a director of the Banking Accounting Society of China, the vice chairman of the ESG Specialized Committee of The Chinese Institute of Business Administration, a member of the Strategic Advisory Committee of Xiamen National Accounting Institute, a member of the MPAcc Advisory Committee of Renmin Business School and an editorial board member of China Management Accounting Review. Mr. Wang taught at the School of Accountancy of Central University of Finance and Economics from April 1994 to June 2000, and successively served as the director of the foreign accounting teaching and research office and the assistant director (in charge of scientific research) of the School of Accountancy. He served as a partner of Pan-China Certified Public Accountants from July 2000 to May 2005. From June 2005 to May 2014, he served as a partner of Deloitte Touche Tohmatsu, and successively served as the chief partner of financial audit in North China and the leading partner of global financial services industry in Greater China. He served as the chief operating officer of audit services of Greater China of Ernst & Young from December 2014 to June 2018, and the managing partner of audit services of Greater China of Ernst & Young from July 2018 to June 2022. Since June 2024, he has served as an independent non-executive director of Sinopec Oilfield Service Corporation (stock code: 600871.SH). Mr. Wang served as a member of the China Accounting Standards Committee of the MOF, a member of the Audit Standards Group of the MOF and the consulting expert of the Internal Control Committee of the MOF. Mr. Wang has been appointed as an Independent Non-executive Director of the Company since August 2023. Mr. Wang graduated from Anshan Iron and Steel College with a bachelor's degree in engineering in July 1991; graduated from Dongbei University of Finance & Economics with a master's degree in economics in April 1994; and graduated from the Chinese Academy of Financial Sciences with a doctoral degree in management in March 2000.

MR. GAO PINGYANG

Independent Non-executive Director

Mr. Gao Pingyang, is an Independent Non-executive Director of the Company, a professor and the associate dean of the HKU Business School. Mr. Gao taught at Chicago Booth from July 2008 to June 2020, where he served as assistant professor and associate professor; he joined the University of Hong Kong since June 2020. Mr. Gao's research covers capital markets and corporate governance and his many achievements have been published in top international journals. He has been an independent non-executive director of Zhongyuan Bank Co., Ltd. (stock code: 01216.HK) since November 2023. He has been an independent non-executive director of Bloks Group Limited (stock code: 00325.HK) since January 2025. Mr. Gao has been appointed as an Independent Non-executive Director of the Company since February 2025. Mr. Gao graduated from Renmin University of China with a bachelor's degree in economics in July 2002, graduated from Peking University with a master's degree in economics in June 2004, and graduated from Yale University in the United States with a doctor's degree in philosophy in December 2008.

Supervisors

MS. STARRY LEE WAI KING

Independent Supervisor

Ms. Starry Lee Wai King, GBS, JP, is an Independent Supervisor of the Company. She is currently a standing member of the 14th National People's Congress, a member of the Legislative Council of the HKSAR, a conference consultant of DAB (a major political party in Hong Kong), a honorary professor of the Education University of Hong Kong, an advisor of the Hong Kong University of Science and Technology and a consultant of KPMG Hong Kong. Ms. Lee served as a member of the Kowloon City District Council of the HKSAR from January 2000 to December 2023. Ms. Lee has served as a member of the 12th Committee of the Wuhan Municipal People's Political Consultative Conference since January 2007 and a member of the Legislative Council of the HKSAR since October 2008. She was appointed as a member of the Executive Council from July 2012 to March 2016, and served as the chairman of the DAB from April 2015 to September 2023. She has served as the chairman of the House Committee of the Legislative Council of the HKSAR since October 2016. Ms. Lee has successively been employed by Crowe (HK) CPA Limited, PricewaterhouseCoopers and KPMG, and is currently a consultant of KPMG Hong Kong. Ms. Lee has successively served in various public positions: a member of the Town Planning Board from April 2006 to March 2010, a member of the Energy Advisory Committee from July 2006 to July 2012, a director of The Hong Kong Mortgage Corporation Limited from April 2009 to April 2016, a council member/advisor of the Hong Kong University of Science and Technology since August 2010, a member of the Insurance Advisory Board from October 2010 to September 2016, a member of the SMEs Advisory Board from January 2011 to December 2016, and a member of the Disaster Relief Fund Advisory Committee from August 2012 to March 2016. Ms. Lee graduated from the Hong Kong University of Science and Technology with a bachelor's degree in business administration (accountancy) in November 1996, became a member of the Hong Kong Institute of Certified Public Accountants in June 2002 and obtained an MBA from The University of Manchester in the United Kingdom in December 2010. Ms. Lee obtained a doctoral degree in law from Tsinghua University in January 2024.

MR. WANG YADONG

Employee Representative Supervisor

Mr. Wang Yadong, is an Employee Representative Supervisor of the Company and an economist. Mr. Wang joined The People's Insurance Company of China in July 1995. He worked at PICC P&C, and has been the general manager of the Underwriting Department of the Hubei Branch since September 2003, the Property and Casualty Insurance Department/Major Commercial Risk Insurance Department/Cargo Insurance Department/Reinsurance Department since February 2006. He was a senior manager of the business development department since November 2007 and a senior manager of the infrastructure office of the Company since October 2008. He served as the deputy general manager of the infrastructure office of the second south information center of the Company since August 2013 and the general manager of the infrastructure office since March 2017. He served as the general manager of the audit department since June 2018 and the general manager of the audit centre since June 2021. He has served as the vice president of PICC Technology since August 2022. Mr. Wang has served as a supervisor of PICC P&C and was a responsible audit officer of PICC Life. Mr. Wang graduated from Hunan College of Finance and Economics with a bachelor's degree in economics in July 1995 and obtained an EMBA degree from Huazhong University of Science and Technology in December 2010.

MR. HE ZUWANG

Employee Representative Supervisor

Mr. He Zuwang, is an Employee Representative Supervisor of the Company and a senior economist. Mr. He joined The People's Insurance Company of China in June 2001. He was appointed as the director of the human resources office of the human resources department system of PICC P&C in March 2006; the assistant general manager of the strategic development department in July 2009, the deputy general manager in March 2011, the deputy general manager (presiding) of the procurement center in April 2018, the deputy director of the office (presiding) in July 2019 and the director in November 2019. He has served as the general manager of the Party construction department of the Company since February 2021. Mr. He has been an executive director of the China Youth Volunteer Association since May 2021, a chairman of the History Records Professional Committee of Insurance Society of China, and an executive director of the China Financial Ideological and Political Work Research Association since November 2021. Mr. He graduated from China University of Geosciences (Wuhan) with a bachelor's degree in engineering in July 1990 and obtained a master's degree in business administration from Beijing Institute of Technology in March 2006.

Senior Management

Mr. Zhao Peng. Please refer to the section headed "Executive Directors" for the biography of Mr. Zhao Peng.

Mr. Xiao Jianyou. Please refer to the section headed "Executive Directors" for the biography of Mr. Xiao Jianyou.

MR. YU ZE
Vice President

Mr. Yu Ze, is a Vice President of the Company. Mr. Yu worked in PICC Property and Casualty Insurance Company Limited, The People's Insurance Company of China and PICC P&C from July 1994 to October 2006. He was the executive deputy general manager of Motor Vehicle Insurance Business Department of Tianjin Branch. He worked at The Tai Ping Insurance Company Limited and Taiping General Insurance Company Limited from October 2006 to December 2019 and served as general manager of The Tai Ping Insurance Company Limited Tianjin Branch in February 2007, marketing director of The Tai Ping Insurance Company Limited in May 2009, assistant general manager of Taiping General Insurance Company Limited in April 2010, deputy general manager in October 2012, deputy general manager (presiding) in October 2015, and the general manager in September 2016. He has been appointed as the Vice President of the Company since December 2019. Mr. Yu has also served as an executive director, vice chairman and president of PICC P&C. He served as the Responsible Compliance Officer and the Chief Risk Officer of the Company; the chairman of PICC Investment Holding; a non-executive director and the chairman of PICC Financial Services; a non-executive director and the chairman of PICC Technology. Mr. Yu has served as the vice president of the the Insurance Association of China since June 2022. Mr. Yu graduated from Nankai University with a bachelor's degree in economics in July 1994.

MR. CAI ZHIWEI

Vice President

Mr. Cai Zhiwei, is a Vice President of the Company. Mr. Cai worked for the China Development Bank from July 1997 to January 2007. He worked at DTZ Corporate Finance Limited from January 2007 to May 2008. He worked in China Investment Corporation from May 2008 to January 2021, during which period, he served as the managing director of private equity investment department and team leader of real estate investment team since October 2014; the acting director and the managing director of the real estate investment department since October 2015; and the director of the real estate investment department since November 2018. He served as a member of the Executive Committee since November 2019, and has also been the director of the Investment Support Department since February 2020. Mr. Cai has been appointed as the Vice President of the Company since January 2021. Mr. Cai also served as a non-executive director and vice chairman of PICC AMC, a non-executive director and the chairman of PICC Investment Holding, a non-executive director and chairman of PICC Capital and a non-executive director and chairman of PICC Pension. Mr. Cai has been a non-executive director of Huaxia Bank Limited since July 2022. Mr. Cai graduated from Beijing International Studies University with a bachelor's degree in economics in July 1997; he obtained a master's degree in economics from Xiamen University in December 2000. and a master's degree in philosophy from University of Cambridge in August 2006.

MR. ZHANG JINHAI

Vice President

Mr. Zhang Jinhai, is the Vice President of the Company and a senior engineer. Mr. Zhang joined The People's Insurance Company of China in July 1993 and was appointed as the Deputy General Manager of PICC P&C Hebei Branch in April 2013, the interim person in charge in November 2016 and the General Manager in December 2016; the interim person in charge of the Company's Technology Operation Department in December 2020 and the General Manager of the Technology Operation Department in June 2021. Mr. Zhang served as the deputy head of the preparatory group of PICC Technology from January 2021 to February 2022; he was appointed as the executive director and the president of PICC Technology in February 2022 and served as the Vice President of the Company from August 2022 to present. Mr. Zhang also served as the principal of the Party school of the Group, a non-executive director and chairman of PICC technology and a non-executive director and chairman of PICC Financial Services. Mr. Zhang has been the deputy chairman of the Specialized Committee on Information Technology of the Insurance Association of China since April 2021. Mr. Zhang graduated from Hebei Institute of Technology with a bachelor's degree in engineering in July 1993 and graduated from the University of Science and Technology of China with a master's degree in engineering in December 2007.

MR. ZENG SHANGYOU
Secretary of the Board

Mr. Zeng Shangyou, is the Secretary of the Board of Directors of the Company, the General Manager of the Offices of the Board of Directors/the Board of Supervisors, Securities Representative of the Company, a senior economist and an associate member of the Chartered Insurance Institute (ACII). Mr. Zeng joined The People's Insurance Company of China in July 1991 and served as an Assistant General Manager of PICC P&C Sichuan Branch since September 2008, the Deputy General Manager since August 2010, the Interim General Manager since August 2019, the General Manager from December 2019, the Interim Head of the Offices of the Board of Directors/the Board of Supervisors since January 2021, the Securities Representative since April 2021 and the General Manager of the Offices of the Board of Directors/the Board of Supervisors since June 2021, and the Secretary of the Board of the Company since January 2023. Mr. Zeng has been a deputy chairman of the Specialized Committee on Corporate Governance and Auditing of the Insurance Association of China since May 2021, a deputy chairman of the Investor Relations Management Committee of the the Listed Companies Association of Beijing since October 2022 and a member of the Overseas Listed Company Branch (in preparation) of China Association for Public Companies since January 2024. He has been the vice president of China Association for Public Companies since September 2024. Mr. Zeng graduated from Tianjin University with a bachelor's degree in engineering in July 1991.

(III) Remuneration of Directors, Supervisors and Senior Management

Name	Amount paid (RMB0'000)	Payments for various benefits, social insurance, housing fund, corporate annuities and others (RMB0'000)	Total pre-tax compensation received from the Company in 2024 (RMB0'000)
Ding Xiangqun	11.21	5.45	16.66
Zhao Peng	67.26	32.36	99.61
Li Zhuyong	60.53	30.75	91.28
Xiao Jianyou	60.53	30.75	91.28
Wang Qingjian	/	/	/
Miao Fusheng	/	/	/
Wang Shaoqun	/	/	/
Yu Qiang	/	/	/
Song Hongjun	/	/	/
Shiu Sin Por	30.00	/	30.00
Ko Wing Man	25.00	/	25.00
Cui Li	30.00	/	30.00
Xu Lina	25.00	/	25.00
Wang Pengcheng	30.00	/	30.00
Starry Lee Wai King	30.00	/	30.00
Wang Yadong	/	/	/
He Zuwang	/	/	/
Yu Ze	60.53	30.75	91.28
Cai Zhiwei	60.53	30.75	91.28
Zhang Jinhai	60.53	30.75	91.28
Han Kesheng	106.7	35.71	142.41
Zeng Shangyou	83.50	35.40	118.90

Remuneration of Resigned Directors, Supervisors and Senior Management in 2024

Name	Amount paid (RMB0'000)	Payments for various benefits, social insurance, housing fund, corporate annuities and others (RMB0'000)	Total pre-tax compensation received from the Company in 2024 (RMB0'000)
Wang Tingke	44.84	21.46	66.30
Zhou Houjie	77.02	26.70	103.73

Notes:

1. Decision-making procedures for remuneration of directors, supervisors and senior management: Remuneration of directors and supervisors is approved by shareholders' general meeting, and remuneration of senior management is approved by the Board of Directors.
2. Basis for determining the remuneration of directors, supervisors and senior management: The remuneration of directors, supervisors and senior management is determined based on the Company's remuneration system, the Company's operating conditions and assessment results.
3. Actual payment of remuneration of directors, supervisors and senior management: After completion of the approval procedures for the remuneration of directors, supervisors and senior management, they shall be paid according to the regulations. During the reporting period, the total actual remuneration received by all directors, supervisors and senior management from the Company was RMB11.7401 million. (Figures may not add up to total due to rounding, similarly hereinafter).
4. According to the relevant assessment results of the Company in 2023, the remuneration of the directors, supervisors and senior management of the Company in 2023 was adjusted, please see the disclosed information dated 27 December 2024 on the website of the Hong Kong Stock Exchange (https://www.hkexnews.hk/listedco/listconews/sehk/2024/1227/2024122700791_c.pdf).
5. Ms. Ding Xiangqun received remuneration from November 2024.
6. Mr. Gao Pingyang has been appointed as an independent non-executive Director of the Company since February 2025 and received remuneration from February 2025.
7. Mr. Wang Yadong and Mr. He Zuwang are employee representative supervisors of the Company, and the Company has not granted any allowances to employee representative supervisors. Mr. Wang Yadong and Mr. He Zuwang, as employees of the Company or its subsidiaries, receive remuneration according to the employee compensation policy of the Group.
8. The data are rounded and therefore the total amount of pre-tax remuneration is not necessarily equal to the sum of the first two items.

(IV) Employees of the Company

1. *Employees*

As of the end of the reporting period, the employees of the Company and its principal subsidiaries are as follows:

Unit: person

Number of employees in the parent company	390
Number of employees in principal subsidiaries	174,731
Total number of employees	175,121
Number of employees to be retired for whom the parent company and principal subsidiaries have to pay pension	43,897
Category of specialty composition:	
Management personnel	2,855
Professional and technical personnel	118,514
Marketing and sales personnel	53,485
Others	267
Total	175,121
Category of education level:	
Master and above	12,110
Undergraduate	116,067
College graduate	37,079
Others	9,865
Total	175,121

2. *Employee Compensation Policy*

The Company has established a compensation system that complies with laws and regulations, reflects value of relevant position, and highlights that compensation is performance-oriented.

3. Training Plan

In 2024, the Company thoroughly implemented the requirements of the Central Government's Regulations on Education and Training of Cadres (《幹部教育培訓工作條例》) and the National Education and Training Plan for Cadres (2023-2027) (《全國幹部教育培訓規劃(2023—2027年)》), continuously improved the Group's cadre education and training system, implemented the "Voyage (航程)" series of key training projects, focused on expertise training, and continued to strengthen the training of leading cadres, young cadres and grassroots cadres as well as professional staff, and comprehensively improved the quality and capability of cadres. Based on the upgraded construction of the online training platform, the Company focused on building the Group's four centers of online "Smart Learning", "Smart Exam", "Knowledge Management" and "Training Management", further promoted the digital transformation of education and training and provided quality training resources and learning opportunities for the growth and development of cadres and staff.

I. ENVIRONMENTAL INFORMATION

The Group is not a high-pollution or high-emission enterprise and does not have a significant impact on natural resources and the environment. The Group practices the concept of green development, strictly abides by environmental protection laws and regulations, and vigorously promotes exploration and innovation in the field of green operations. The Group has embedded energy conservation and emission reduction into every aspect of its operations by promoting paperless office, building green data centers, and creating green buildings, thereby effectively reducing environmental impact. In 2024, the Group carried out carbon inventories at two levels of headquarters, measured carbon emissions at the operational level, and organized pilot projects for carbon-neutral business outlets. Xiamen Jimei Branch of PICC P&C established the first "carbon neutrality outlet" in the insurance industry.

Saved resources. The Company strengthened the refined management of administrative operations and maintenance to promote cost reduction and efficiency improvement. The Company's workplaces implemented the management of printing paper quota allocation, saving 53 thousand sheets of paper since its implementation. The Company promoted the service optimization of travel providers, strengthened employee travel management and encouraged low-carbon travel. Water for the Company's daily office and production and operation mainly comes from the municipal water supply. The Company uses water-saving equipment and strengthens the performance management of equipment during use to ensure water-saving effects.

Reduced solid waste and waste gas emissions. The Company strictly abides by the relevant requirements of laws and regulations to minimize the emission of pollutants such as waste gas and solid waste. The hazardous waste generated in the Company's building mainly comes from hazardous garbage, used batteries and used light bulbs, and electronic equipment waste generated in the offices. Waste is transported by professional companies to professional waste treatment centers, and there is no sudden environmental risk. The waste gas generated during the Company's workplace operations mainly comes from exhaust emissions from official vehicles and kitchen fumes from the canteen. The Group advocates green travel, strictly reviews applications for official vehicles, avoids unnecessary use of vehicles, and strives to achieve an overall reduction in gasoline consumption for official vehicles. The Company regularly cleans the fume ducts and exhaust gas treatment devices to reduce the impact of emissions on the environment.

The Group has implemented the green development concept, actively served the "dual carbon" strategy, continuously improved green insurance products and service systems, and strived to create a number of green insurance models with industry demonstration and leading effects. In 2024, the Group's green insurance assumed a full-year risk protection amount of RMB184 trillion, and is committed to promoting the comprehensive green transformation of the economy and society.

Served the "carbon reduction" of energy consumption and promoted the low-carbon transformation of energy. To escort the sound operation of new energy projects, the Group actively cooperated with large-scale power construction groups such as Power China and Energy China, and intensified its efforts in expanding clean energy projects such as hydropower, wind power, photovoltaic, and pumped storage. In 2024, the Group have provided risk protection of RMB4 trillion for clean energy projects. The Company helped energy conservation and emission reduction, built a closed-loop insurance system covering the entire process from "carbon capture" to "carbon utilization" and ultimately "carbon sequestration", and provided exclusive protection for carbon reduction and emission reduction technologies.

Served the industry's transformation to reduce pollution and helped the protection of the ecological environment. The Company continued to follow up the pilot work of the national environmental pollution compulsory liability insurance and promoted the model of "environmental liability insurance + environmental risk monitoring". In 2024, the Group provided RMB19.7 billion of liability coverage for environmental pollution, and provided services to mitigate ship pollution risks with approximately RMB10.9 trillion in risk protection in 2024.

Helped "greening" the water and mountains, and enhanced carbon sequestration and sink capacity. The Group continued to develop carbon sink insurance, innovated various products such as carbon sink value comprehensive insurance for mangrove forests and bamboo forests, explored the model of "carbon sink + insurance", and promoted the organic integration of forest insurance with carbon sink value, carbon sink pledge and carbon sink financing. In 2024, the forest area insured by the Group exceeded 1.1 billion mu, and provided a strong guarantee for the enhancement of forest reserves and carbon sequestration.

Served the green growth of the economy and supported the development of green industries. The Group accelerated the development of new energy vehicles, organized an industrial cooperation and promotion conference on "Serving the Real Economy and Assisting the 'Old-for-New' Replacement", and published the "Proposal for Insurance Industry Initiative to Support Automobile Consumption's 'Old-for-New' Replacement", with the insurance coverage for new energy vehicles exceeding 11.59 million units in 2024. The Company served export enterprises to cope with the carbon tariff, actively cooperated with banks to provide tailor-made financing solutions for green enterprises, explored the development of "Green Loan Guarantee" and "Carbon Loan Guarantee" projects, provided financial support for new energy enterprises to go abroad, and enhanced the international competitiveness of the enterprises.

II. SOCIAL RESPONSIBILITIES

The Group actively fulfilled its social responsibilities, continued to provide assistance to designated areas, committed to public welfare and charity and voluntary services, continuously innovated its work ideas and measures, increased the investment of resources, continued to contribute PICC's strength in public welfare undertakings such as poverty alleviation, improving well-being, promoting development and protecting the environment.

Provided services to support the rural revitalization. The Group conducted top-level design of rural revitalization work, continuously strengthened policy support and supporting resource guarantees, and continuously promoted the work of serving rural revitalization to a new level. In 2024, the Group provided RMB35.7 trillion of risk protection in the area of rural revitalization, a year-on-year increase of 11.9%, covering 280 million rural households; directly invested RMB60.1 million of free assistance funds and insurance donations, and guided the helping funds to be utilized in key projects, such as promoting the development of local industries and boosting the income of the impoverished. The Group received the highest grade in the assessment of the central unit's targeted assistance for the sixth consecutive year, and the Group's case of consumer assistance won the "Typical Case of National Consumer Assistance for Rural Revitalization" award issued by the Department of Revitalization of the National Development and Reform Commission.

Enriched the product and service guarantees for new citizens. The Group promoted the property, life and health subsidiaries to formulate the Special Promotion Work Plan for New Citizen Insurance (2024-2026). Focusing on the three major theme scenarios of "housing, employment and health" for new citizens, the Group optimized and upgraded the supply of exclusive products of "scenario + industry + customer group", and built a full-scenario, multi-level and wide-coverage exclusive product system for new citizens. In 2024, the Group's services to new citizens covered 18.18 million personnel-times and provided risk protection in excess of RMB400 trillion. The participation rate of PICC P&C's national pilot project on occupational injury insurance for new industries exceeded 85%.

Dedicated to public welfare, charity and volunteer service. With the PICC Charity Foundation as a platform, the Group carried out a full range of public welfare and charity activities in the fields of disaster relief, education assistance, medical donations, environmental protection, cultural welfare, and caring for vulnerable groups. The Group donated the "Mother's Health Express" to remote and impoverished areas for many consecutive years, helping to improve local people's health awareness and medical and health conditions and alleviating the plight of women falling into poverty due to illness. The Group promoted the construction of the Love Stations of PICC's Labour Union, with a total of 340 labour union stations built throughout the Group to actively serve social management; The Group organized the youth of the Group to actively carry out volunteer services and public welfare activities. In 2024, 24.2 thousand volunteers participated in those activities, benefiting 456.1 thousand individuals.

III. PROTECTION OF CONSUMER RIGHTS AND INTERESTS

In 2024, the Group resolutely implemented the requirements of the NFRA in relation to the protection of consumer rights and interests, actively practiced the political and people-oriented nature of consumer rights and interests protection, regarded the protection of consumer rights and interests as a due obligation to safeguard the Group's brand name and escorting the Group's high-quality development. The Group continued to improve the system and mechanism for the protection of consumer rights and interests, actively cultivated a culture of consumer rights and interests protection, and promoted the construction of a "great consumer protection" work pattern, ensuring that the consumer protection management system is more effective, the policies are more complete, the mechanism is smoother, and the publicity and education is more energetic, leading to the creation of a good image of being trustworthy, reliable and warm.

(I) Development of Consumer Rights and Interests Protection Work

1. Continuous improvement of the consumer protection system and institutional system

The Group effectively incorporated consumer rights and interests protection into its corporate governance system, business development strategy and corporate culture, and established a sound consumer protection system that is "vertically integrated and horizontally connected". Firstly, the Group strengthened the coordination and deployment of its consumer protection work. The Group convened a meeting on consumer rights protection and formulated and issued the Group's consumer protection program, which included a list of 63 tasks in 6 categories, fully covering the key areas of consumer protection. Secondly, the Directors, and Supervisors and senior management strengthened guidance on consumer protection work. The Board of Directors considered consumer protection issues on a regular basis, and the Consumers' Rights and Interests Protection Committee of the Board of Directors conducted thematic surveys and researches to coordinate and guide the Group's consumer protection work. Senior management has strengthened the day-to-day deployment of the consumer protection work, and the Group set up a Consumers' Rights and Interests Protection Committee to study and promote the Group's key work in consumer protection. Thirdly, the Group cultivated a culture of consumer protection. The Group organized a Campaign to Collect Slogans on Consumer Rights and Interests Protection Culture. On 15 March, the Group relied on an omnimedia matrix to focus on the release of the "Trustworthy and Committed PICC" consumer protection culture, which was reported by more than 200 media outlets such as People's Daily and Xinhua News, and reached more than 80 million consumers and employees, actively shaping PICC's good image and building a solid ideological foundation for the full participation and integration of all processes of consumer protection work.

2. Deepening the implementation of various consumer protection initiatives

The Group insisted on embedding consumer rights and interests protection into the full lifecycle of its insurance services and comprehensively promoting the smooth operation of the consumer rights protection mechanism. **Firstly**, the Group established a closed-loop pre-, under and post- management. The Group promoted its subsidiaries to comprehensively enhance the coverage of consumer protection review, orderly promoted the disclosure of consumer protection information, organized and launched self-inspection and self-correction of personal information protection, comprehensively sorted out the risk points and self-inspection scope of key areas in light of typical cases of infringement of rights in the industry, further enhanced the level of protection of personal information of the Group, deepened the governance of the concentrated complaint areas, and continuously enhanced the ability of resolving disputes. **Secondly**, the Group participated in the study of adaptability management. The Group participated in the formulation of the adaptability management methods of the regulatory authorities, undertook the Insurance Association of China's adaptability management research, launched the investigation and management of marketing nuisance, and standardized the sales behavior and marketing promotion management of our subsidiaries. **Thirdly**, the Group strengthened the protection of services for the elderly and special groups. The Group implemented the requirements of regulating the work of financial services for the aging, and formulated the key tasks of the Group to enhance the level of aging services, helped the silver economy and improved the well-being of the elderly.

3. Building a strong consumer education and publicity base

The Group established a multi-tier, omnichannel and diversified form of consumer education and publicity matrix, focusing on activities such as "3•15 International Consumer Rights Day", "7•8 National Insurance Publicity Day" and "Financial Education Publicity Month" and other activities. **Firstly**, the leaders of the Group took the lead in actively participating in the series of activities. **Secondly**, the Group innovated a new mode of consumer protection publicity, explored the "Consumer Protection + Sports" publicity mode, and built the "PICC Consumer Protection Pavilion" during the China Open Tennis Tournament, which was the only exhibition hall themed on consumer protection during the tournament, and reached a crowd of more than 300 thousand people. **Thirdly**, the Group opened up the "last kilometer" of financial education in counties, utilizing the strengths of its network of institutions to promote the "rural revitalization+consumer protection education" model, and planned the "rural Loudspeaker" and "Financial Literacy" campaigns and other popular activities in the targeted counties. Since 2024, PICC Group's educational activities have reached 0.97 billion consumers, and eight cases have been selected as "Excellent Cases of Financial Consumer Protection and Service Innovation of Insurance Institutions" published by China Bank Insurance News.

4. Continuously enhancing customer satisfaction

The Group launched the 2024 Net Promoter Score (NPS) project under the direction of "NPS monitoring + key consumer protection monitoring + business development facilitation" to strengthen customer experience insights and identify weak areas for continuous improvement of service capabilities. The latest results show that the NPS of PICC P&C, PICC Life and PICC Health have increased by 6.0, 4.4 and 6.0 percentage points respectively since the introduction of the tool, with customer satisfaction continuing to rise. The NPS dynamic monitoring system was used to reach out to customers to carry out quality inspections of key consumer protection work, investigating customers' real service feelings and needs, maximizing the system's probe monitoring function, and guiding subsidiaries to carry out traceability and rectification work in a targeted manner.

(II) Consumer Complaints for the Year

The Group adhered to a problem-oriented approach to deepen complaint management and dispute resolution. **Firstly, the Group established a multi-tier linkage complaint handling system.** The Group issued the "Administrative Measures for Consumer Complaints of The People's Insurance Company (Group) of China Limited to further clarify the division of responsibilities and the criteria for handling complaints. **Secondly, the Group strengthened the traceability and rectification of areas where complaints are concentrated.** The Company regularly monitors and analyzes complaint data on a full-caliber basis, and guides its subsidiaries to strengthen the management of complaints in key areas such as auto insurance claims, sales disputes and internet business. The latest issue of regulatory notification data shows that the industry share of complaints reported by PICC P&C, PICC Life, PICC Health has continued to decline, with the number of complaints per RMB100 million of premiums being 0.54/RMB'00 million, 0.71/RMB'00 million and 1.27/RMB'00 million, respectively.

IV. CONSOLIDATED AND EXPANDED THE ACHIEVEMENTS OF POVERTY ALLEVIATION AND RURAL REVITALIZATION

In 2024, the Group was guided by Xi Jinping Thought on Socialism with Chinese Characteristics in the New Era, fully implemented the spirit of the 20th National Congress of the CPC and the 2nd and 3rd Plenary Sessions of the 20th CPC Central Committee, deeply understood and grasped the spirit of the Central Economic Work Conference, the Central Rural Work Conference and the Central Financial Work Conference, and resolutely implemented the important remarks made by General Secretary XI Jinping on the work of the "agriculture, rural areas and farmers (三農)". Under the guidance of the Ministry of Agriculture and Rural Development and the People's Bank of China, the Group made it a major political task to provide targeted assistance to Huachuan County in Heilongjiang Province, Liuba County in Shaanxi Province, Hongyuan County in Sichuan Province, and Ji'an County and Le'an County in Jiangxi Province, and has been guided by the experience of learning and applying the "Ten Million Project". With the experience of learning and applying the "Green Rural Revival Program (千萬工程)" as a guide, the Group focused on the "Five Priorities" on finance, continuously strengthened product and service innovation, consolidated and expanded the results of poverty alleviation, and provided services to promote the comprehensive rural revitalization.

(I) Strengthened Organizational Leadership and Fully Implemented the Decisions and Deployments of the Central Government

The Group attached great importance to the rural revitalization and targeted assistance work, and continuously strengthened its political awareness and responsibility. Currently, the Group is responsible for five targeted counties, which is one of the units in the financial system with the largest number of targeted counties. Among them, Hongyuan County in Sichuan is a key targeted county in the former "Three Areas and Three Prefectures", with difficult natural conditions and weak industrial base. The Group has focused on increasing its efforts in the areas of selecting cadres, industries and consumption assistance, and completed the task of targeted counties on schedule and in high quality. **Specialized meetings were held for comprehensive coordination and deployment.** In March 2024, the person-in-charge of the Company hosted a conference on "Learning and Utilizing the Experience of the 'Green Rural Revival Program (千萬工程)' to Powerfully and Effectively Promote the Comprehensive Rural Revitalization", deeply studied the important remarks made by General Secretary Xi Jinping on the work of the "agriculture, rural areas and farmers (三農)", earnestly implemented the requirements of the relevant tasks in the Document No. 1 of the Central Government, and deployed the tasks of targeted assistance and promotion of rural revitalization for the whole year, so as to provide work guidance and direction for the whole year. **Published a task list and solidified the work responsibility.** At the beginning of 2024, the Company published the Guiding Opinions on Learning from and Applying the Experience of the "Green Rural Revival Program" to Vigorously and Effectively Promote the Overall Rural Revitalization (《關於學習運用"千村示範、萬村整治"工程經驗有力有效推進鄉村全面振興的指導意見》) and the Work Plan for Targeted Assistance and Promotion of Rural Revitalization for 2024 (《2024年定點幫扶和助推鄉村振興工作方案》), and formulated a list of work tasks, which detailed 78 specific work tasks in five categories around key tasks of 2024 and established a working mechanism for regular supervision of progress to ensure that the major tasks and key indicators were completed on schedule and with high quality. **Conducted in-depth research at the grassroots level, and coordinated the promotion and implementation.** We have always insisted on going to the grassroots and the front line, and have taken "from the masses, to the masses" as an important action guide for the targeted assistance. Wang Tingke, then Secretary of the Party Committee and Chairman of the Board of Directors of the Company, went to Huachuan County, Heilongjiang Province, in May 2024 to conduct research and supervision; Zhao Peng, Vice Secretary of the Party Committee and President of the Company, went to Liuba County in Shaanxi Province in September 2024 to conduct research and supervision; Li Zhuyong, then Vice President of the Company, and Xiao Jianyou and Yu Ze, Vice Presidents of the Company, respectively went to Hongyuan County in Sichuan Province, Ji'an County and Le'an County in Jiangxi

Province and Liuba County in Shaanxi Province to conduct research and supervision. Throughout the year, 25 research and guidance teams were dispatched by organizations at all levels to conduct in-depth research in the targeted counties, with the number of participants reaching 140 personnel times.

(II) Adhered to the Initial Mission and Implemented Work Tasks in a Proactive Manner

The Group adhered to the requirement of "shaking off poverty rather than responsibility, policies, assistance and supervision (四個不摘)" and maintained its efforts in assistance. **In terms of capital investment,** combined with the actual needs of the designated counties, in 2024, the Group directly invested RMB60.10 million in uncompensated helping funds and fund equivalents, and introduced uncompensated helping funds of RMB16.55 million. **In terms of cadres,** the Group always insisted on dispatching cadres with high political quality and strong professional ability to the front line of the designated helping areas, and has endeavored to cultivate a group of leaders who will lead the people in the poverty-stricken areas towards common prosperity. At present, the Group has dispatched a total of 24 cadres to the targeted counties, including two village secretaries. **In terms of consumer assistance,** the Group further broadened the coverage of its sales network for assistance products. In 2024, the annual amount of consumer assistance was RMB64.415 million, of which RMB58.789 million was directly purchased from the targeted counties and other poverty-stricken areas, and RMB5.626 million was used to assist in the sales of agricultural products from the targeted counties and other poverty-stricken areas.

(III) Insisted on Precise Policy-making, and Continued to Assist the "Five Revitalizations" of Villages

Contributed to industry revitalization. The Company insisted on the implementation of the "four batches" to promote the high-quality development of assistant industries. In 2024, the Group supported a total of 63 new agricultural business entities in five counties, which further broadened the scope of industrial development and public employment in the villages. **Supported talent revitalization**, the Group insisted on the organic combination of cultivating local talents and attracting talents to provide strong talent support for the rural revitalization. In 2024, the Group provided trainings to a total of 9,444 grassroots cadres, technicians and wealth leaders in the five counties targeted for assistance in the rural revitalization. **Assisted in cultural revitalization**, the Company insisted on strengthening the cultural infrastructure of villages based on the distinctive cultures of red culture, ethnic culture and rural culture, promoted the integration of cultural and tourism resources, continuously improved the degree of civilization of village societies, and assisted in the development of cultural and tourism industries. **Assisted in ecological revitalization**, the Company focused on the improvement of the human habitat, drinking water safety, and the treatment of pollution sources, and assisted in the protection of the rural ecological environment. **Assisted in organization revitalization**, the Company actively launched the pairing of party organizations at all levels with the party branches of poverty-eradicated villages in targeted counties, with a total of 55 party branches and poverty-eradicated villages to be paired by 2024.

In 2025, the Group will continue to be guided by Xi Jinping Thought on Socialism with Chinese Characteristics in the New Era, resolutely implement the spirit of the 20th National Congress of the CPC and the 2nd and 3rd Plenary Sessions of the 20th CPC Central Committee, thoroughly implement the important remarks of General Secretary Xi Jinping on the work of the "agriculture, rural areas and farmers (三農)", and strictly carry out the requirements of the "shaking off poverty rather than responsibility, policies, assistance and supervision (四個不摘)", intensify its efforts on increasing the efficiency of agriculture, increasing the vitality of villages, and increasing the incomes of farmers, so as to solidly promote comprehensive rural revitalization, and to contribute more strength to the construction of a strong agricultural country.

Significant Events

I. MATERIAL LAWSUIT AND ARBITRATION

The Company had no material lawsuit or arbitration during the reporting period.

II. RELATED PARTY TRANSACTIONS

(I) Connected Transactions under the Regulatory Standards of the Hong Kong Stock Exchange

During the reporting period, the Company had not conducted any connected transactions or continuing connected transactions that are required to be reported, announced or obtain independent shareholders' approval in accordance with Chapter 14A "Connected Transactions" of the Listing Rules of the Stock Exchange.

(II) Related Party Transactions under the Regulatory Standards of the SSE

In accordance with the SSE Listing Rules and other regulatory requirements, the SSF constitutes a related party of the Company under the regulatory rules of the SSE. Since 2017, the SSF has entrusted PICC AMC to manage part of its assets. As of 31 December 2024, the assets under the management of PICC AMC were RMB4,289 million. During the reporting period, PICC AMC accrued assets management fee income of RMB11.7231 million. The above mentioned transactions do not constitute major related party transactions and do not meet the disclosure standard of related party transactions.

(III) Overall Situation of Related Party Transactions (including Intergroup Transactions) under the Regulatory Standards of the NFRA in 2024

During the reporting period, the types of related party transactions of the Company under the regulatory standards of the NFRA mainly include related party transactions in relation to services, use of funds and insurance business. The Company did not have any significant related party transactions under the regulatory standards of the NFRA. According to the requirements of the Administrative Measures on Related-party Transactions of Banking and Insurance Institutions, the types of related party transactions between the holding subsidiaries of the Company (excluding financial institutions that have been regulated by the industry) and the related parties of the Company under the regulatory standards of the NFRA mainly include related party transactions in relation to services, use of funds and insurance business. During the reporting period, the Company completed the upgrading of its related party transaction information management system, which was formally launched for use. The Company carried out the identification, consideration, disclosure and reporting work of related party transactions in accordance with laws and regulations, and actively cooperated with the related party transaction monitoring system for recording and reporting. The pricing of related party transactions was in line with the fairness requirements.

The Company and its relevant subsidiaries have formulated internal transaction management systems to regulate the intergroup transactions. In 2024, the intergroup transactions mainly included dividend distribution, use of funds and entrusted investment administration, insurance mutual agency sales, leases of assets, insurance and reinsurance business, and property management service, of which, five were significant intergroup transactions. The intergroup transactions had no impact on the Group's consolidated assets and liabilities, revenue and regulatory indicators.

III. COMMITMENTS OF THE COMPANY, SHAREHOLDERS, DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT OR OTHER RELATED PARTIES DURING OR CONTINUED IN THE REPORTING PERIOD

Background	Commitment type	Commitment party	Commitment	Time and period of commitment	Performance term or not	Performed in time and strictly or not
Commitments related to the initial public offering	Others	MOF	Shareholders' intention to hold shares and commitments in relation to reducing their holdings in the Company's Prospectus.	Effective from 16 November 2018	Yes	Yes
		SSF	Shareholders' intention to hold shares and commitments in relation to reducing their holdings in the Company's Prospectus.	Effective from 16 November 2018	Yes	Yes
	Dividend	The Company	The dividend commitment in the Company's Prospectus.	Effective from 16 November 2018	Yes	Yes
	Others	The Company	Commitment to take remedial measures for the dilution impact on immediate return in the Company's Prospectus.	Effective from 16 November 2018	Yes	Yes
		Directors and senior management	Commitment to take remedial measures for the dilution impact on immediate return in the Company's Prospectus.	Effective from 16 November 2018	Yes	Yes
	Others	The Company	Commitment in relation to the contents of the Prospectus in the Company's Prospectus.	Effective from 5 November 2018	Yes	Yes
		Directors, Supervisors and senior management	Commitment in relation to the contents of the Prospectus in the Company's Prospectus.	Effective from 5 November 2018	Yes	Yes

IV. NON-OPERATING CAPITAL ATTRIBUTABLE TO CONTROLLING SHAREHOLDERS AND OTHER RELATED PARTIES OF THE COMPANY

During the reporting period, the controlling shareholders and other related parties of the Company did not occupy any non-operating capital of the Company.

V. SUSPECTED VIOLATIONS OF LAWS AND REGULATIONS BY THE COMPANY AND ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDER, AND DE FACTO CONTROLLERS AND THE RELEVANT PENALTIES AND RECTIFICATIONS

During the reporting period, the Company was not involved in any investigation of suspected commission of offences. The Company's controlling shareholder, Directors, Supervisors and senior management were not subject to any legally enforceable measures due to suspected commission of offences. The Company and its controlling shareholder, Directors, Supervisors and senior management were not subject to any criminal penalty, involved in any investigation by the CSRC or subject to any administrative penalty by the CSRC due to suspected violations of laws and regulations, or subject to any material administrative penalty imposed by other competent authorities. The Company's controlling shareholder, Directors, Supervisors and senior management were not suspected of committing serious laws or disciplinary offences or job-related crimes and being subject to detention measures by disciplinary inspection and supervision authorities and affecting the performance of their duties. The Company's Directors, Supervisors and senior management were not suspected of violating the laws and regulations and being subject to compulsory measures by other competent authorities and affecting the performance of their duties.

The current and former Directors, Supervisors and senior management of the Company during the reporting period were not subject to any penalty by securities regulators within latest three years.

VI. EXPLANATION OF THE INTEGRITY OF THE COMPANY AND ITS CONTROLLING SHAREHOLDER DURING THE REPORTING PERIOD

During the reporting period, the Company and its controlling shareholder did not report any failure to perform the effective obligations established by legal instruments of the court, or to pay outstanding debts with a large amount when due.

VII. MATERIAL CONTRACTS

During the reporting period, the Company neither acted as trustee, contractor or lessee of other companies' assets, nor entrusted, contracted or leased its assets to other companies, the profit or loss from which accounted for 10% or more of the Company's total profits for the reporting period, nor were there any such matters occur or those that occurred in previous periods but subsisted during the reporting period, and there were no other material contracts.

VIII. EXTERNAL GUARANTEES

During the reporting period, the Company and its subsidiaries did not have external guarantees, and there were no guarantees provided by the Company and its subsidiaries to subsidiaries. Therefore, during the reporting period, the Company did not enter into any guarantee contracts in violation of laws, administrative regulations and the procedures for resolution of external guarantees as prescribed by the CSRC.

IX. OTHER SIGNIFICANT EVENTS

1. Purchase, Disposal or Redemption of Securities of the Company

On 24 March 2025, PICC P&C fully redeemed the capital supplementary bonds in an amount of RMB8.0 billion issued on 23 March 2020.

Save as disclosed above, the Company and its subsidiaries did not purchase, dispose of or redeem any listed securities of the Company during the reporting period.

2. Issuance of Capital Bonds

On 28 November 2024, PICC P&C issued the capital supplementary bonds in an amount of RMB12 billion in the national inter-bank bond market. The capital supplementary bonds issued are 10-year fixed rate bonds, and the coupon rate is 2.33% per annum for the first five years with redemption right for PICC P&C at the end of the fifth year.

X. COMPLIANCE WITH LAWS AND REGULATIONS

During the reporting period, the Company complied with relevant laws and regulations which had significant impact on the businesses and operations of the Company in all material aspects.

Independent Auditor's Report

To the Shareholders of The People's Insurance Company (Group) of China Limited

(Incorporated in the People's Republic of China with limited liability)

Opinion

We have audited the consolidated financial statements of The People's Insurance Company (Group) of China Limited (the "Company") and its subsidiaries (the "Group") set out on pages 179 to 332, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated income statement, 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 material accounting policy information.

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 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board 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 *Code of Ethics for Professional Accountants* (the "Code") issued by the Hong Kong Institute of Certified Public Accountants, 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, 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.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of liability for remaining coverage ("LRC") of insurance contracts not measured under the premium allocation approach ("PAA")	
As at 31 December 2024, the Group had significant LRC of insurance contracts not measured under the PAA stated at RMB699.3 billion, representing 49.99% of the total liabilities. The valuation of LRC of insurance contracts not measured under the PAA involves significant judgement and estimates over the eligibility for the measurement approach, the determination of coverage unit and the uncertain future cash flows. The valuation of LRC of insurance contracts not measured under the PAA involves complex actuarial models, and a high degree of judgement and estimation is used by management in determining assumptions as well. Key assumptions used in the actuarial models include mortality, morbidity, lapse rates, discount rates, expenses, claim ratios, policy dividends and risk adjustment for non-financial risks, etc. We identified the valuation of LRC of insurance contracts not measured under the PAA as a key audit matter, as it requires significant estimations and judgements. Relevant disclosures are included in note 2.5(12) Material accounting policy information – Insurance contracts, note 3 Significant accounting judgements and estimates – Estimation of fulfilment cash flows to the consolidated financial statements, and note 35 Insurance contracts and reinsurance contracts held to the consolidated financial statements.	With the support of our internal experts, we performed relevant audit procedures which mainly included the following: • Reviewed the Group's accounting policies in relation to the valuation of LRC of insurance contracts not measured under the PAA. • Understood, evaluated and tested the design and operation effectiveness of internal controls over valuation of LRC of insurance contracts not measured under the PAA, including the internal controls over determination and approval of key assumptions, data collection and analysis, the IT systems, IT general controls, data transmission between systems and computation, etc. in relation to the valuation of LRC of insurance contracts not measured under the PAA. • Evaluated the reasonableness of the key judgements and assumptions used in the valuation of LRC of insurance contracts not measured under the PAA. • Assessed the appropriateness of the valuation approaches of LRC of insurance contracts not measured under the PAA, performed independent recalculation on LRC of insurance contracts not measured under the PAA of selected typical insurance products or groups of insurance contracts, and compared the results to the results from the Group. • Tested the completeness and accuracy of the underlying data used in the valuation of LRC of insurance contracts not measured under the PAA. • Evaluated the overall reasonableness of LRC of insurance contracts not measured under the PAA by performing movement analysis and assessing the impact of changes in assumptions.

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of liability for incurred claims ("LIC") of insurance contracts measured under the PAA	
As at 31 December 2024, the Group had LIC of insurance contracts measured under the PAA stated at RMB175.8 billion, representing 12.56% of the total liabilities. The valuation of LIC of insurance contracts measured under the PAA involves significant judgements and estimates over selecting models and setting assumptions including expected loss ratios and future claim development pattern. We identified the valuation of LIC of insurance contracts measured under the PAA as a key audit matter, as it requires significant judgements and estimations. Relevant disclosures are included in note 2.5(12) Material accounting policy information – Insurance contracts, note 3 Significant accounting judgements and estimates – Estimation of fulfilment cash flows to the consolidated financial statements, and note 35 Insurance contracts and reinsurance contracts held to the consolidated financial statements.	With the support of our internal experts, we performed relevant audit procedures which mainly included the following: • Reviewed the accounting policies of the Group regarding on the valuation of LIC of insurance contracts measured under the PAA. • Understood, evaluated and tested the design and operation effectiveness of internal controls over valuation of LIC of insurance contracts measured under the PAA, including the internal controls over determination and approval of key assumptions, data collection and analysis, the IT systems, IT general controls, data transmission between systems and computation, etc. in relation to the valuation of LIC of insurance contracts measured under the PAA. • Evaluated the reasonableness of the key judgements and assumptions used in the valuation of LIC of insurance contracts measured under the PAA. • Assessed the appropriateness of the valuation approaches of LIC of insurance contracts measured under the PAA, performed independent recalculation on LIC of insurance contracts measured under the PAA, and compared the results to the results from the Group. • Tested the completeness and accuracy of the underlying data used in the valuation of LIC of insurance contracts measured under the PAA. • Evaluated the overall reasonableness of LIC of insurance contracts measured under the PAA by performing movement analysis and assessing the impact of changes in assumptions.

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of level 3 financial assets measured at fair value	
As at 31 December 2024, the Group's financial assets measured at fair value that were classified as level 3 stated at RMB81.0 billion, representing 4.58% of the total assets. We identified the valuation of level 3 financial assets measured at fair value as a key audit matter, as they were measured based on valuation models and inputs and assumptions that are not directly observable, and the valuation involved significant management judgements. Relevant disclosures are included in note 3 Significant accounting judgements and estimates-Fair values of financial assets determined using valuation techniques and note 42 Classification and fair value of financial instruments to the consolidated financial statements.	With the support of our internal experts, we performed relevant audit procedures which mainly included the following: • Understood, evaluated and tested the key controls over the investment valuation process including management's determination and approval of assumptions and methodologies used in model-based calculations, controls over data integrity and choice for internally operated valuation models and management's review of valuation inputs provided by data vendors. • Assessed valuation model methodologies against industry practices and valuation guidelines. • Compared assumptions used against appropriate public third party pricing sources such as public stock prices and bond yields. • Performed independent check of the management's valuation results of selected illiquid financial assets.

Other information included in the Annual Report

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, the directors of the Company 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.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee 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 the Audit Committee 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 the Audit Committee, 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 *Leung Shing Kit*.

Ernst & Young
Certified Public Accountants

Hong Kong
27 March 2025

Consolidated Income Statement

For the year ended 31 December 2024
(Amounts in millions of Renminbi, unless otherwise stated)

	Notes	2024	2023
Insurance revenue	5	537,709	503,900
Interest income (from financial assets not measured at fair value through profit or loss)	6	30,876	29,379
Net investment gains	6	35,878	1,407
Share of profits or losses of associates and joint ventures		13,720	14,939
Exchange gains		64	228
Other income	7	3,973	3,614
TOTAL OPERATING INCOME		622,220	553,467
Insurance service expenses	35	492,837	473,436
Net expenses from reinsurance contracts held		7,464	5,961
Finance expenses from insurance contracts issued	8	43,329	27,651
Finance income from reinsurance contracts held		(1,264)	(1,251)
Finance costs	9	3,245	3,461
Net impairment (reversals)/losses on financial assets	10	(1,754)	1,428
Other operating and administrative expenses	11	9,131	9,224
TOTAL OPERATING EXPENSES		552,988	519,910
PROFIT BEFORE TAX	11	69,232	33,557
Income tax expenses	12	(12,451)	(2,746)
PROFIT FOR THE PERIOD		56,781	30,811
Attributable to:			
– Owners of the Company		42,151	22,322
– Non-controlling interests		14,630	8,489
		56,781	30,811
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
– Basic (in RMB Yuan)	15(a)	0.95	0.50
– Diluted (in RMB Yuan)	15(b)	0.91	0.48

The accompanying notes form an integral part of the consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2024
(Amounts in millions of Renminbi, unless otherwise stated)

	Notes	2024	2023
PROFIT FOR THE PERIOD		56,781	30,811
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss:			
Finance expenses from insurance contracts issued	8	(45,764)	(11,723)
Finance income from reinsurance contracts held		387	194
Changes in the fair value of debt instruments at fair value through other comprehensive income		27,617	8,616
Allowance for credit losses on debt instruments measured at fair value through other comprehensive income		(288)	153
Income tax effect	28	3,969	(1,509)
		(14,079)	(4,269)
Share of other comprehensive income of associates and joint ventures		1,443	(142)
Exchange differences arising on translating foreign operations		16	27
NET OTHER COMPREHENSIVE INCOME THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS		(12,620)	(4,384)
Items that will not be reclassified to profit or loss:			
Gains on revaluation of property and equipment and right-of-use assets upon transfer to investment properties	24	321	409
Changes in the fair value of equity instruments at fair value through other comprehensive income		6,816	1,165
Finance expenses from insurance contracts issued	8	(837)	(56)
Income tax effect	28	(1,454)	(429)
		4,846	1,089
Actuarial losses on pension benefit obligation	36	(217)	(79)
Share of other comprehensive income of associates and joint ventures		312	(19)
NET OTHER COMPREHENSIVE INCOME THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS		4,941	991
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		(7,679)	(3,393)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		49,102	27,418
Attributable to:			
– Owners of the Company		35,291	19,382
– Non-controlling interests		13,811	8,036
		49,102	27,418

The accompanying notes form an integral part of the consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 December 2024
(Amounts in millions of Renminbi, unless otherwise stated)

	Notes	31 December 2024	31 December 2023
ASSETS			
Cash and cash equivalents	17	44,132	28,835
Financial assets measured at amortized cost	18	316,231	318,605
Financial assets measured at fair value through other comprehensive income	19	639,359	435,258
Financial assets measured at fair value through profit or loss	20	317,670	383,020
Insurance contract assets	35	1,728	2,902
Reinsurance contract assets	35	39,762	39,259
Term deposits	21	126,556	81,487
Restricted statutory deposits		14,745	13,433
Investments in associates and joint ventures	23	167,816	156,665
Investment properties	24	15,232	15,791
Property and equipment	25	32,953	32,702
Right-of-use assets	26	7,252	7,099
Intangible assets	27	3,400	3,544
Goodwill		–	198
Deferred tax assets	28	12,430	13,488
Other assets	29	27,055	24,396
TOTAL ASSETS		1,766,321	1,556,682

(Amounts in millions of Renminbi, unless otherwise stated)

	Notes	31 December 2024	31 December 2023
LIABILITIES			
Financial liabilities measured at fair value through profit or loss	31	7,506	4,089
Securities sold under agreements to repurchase	32	111,236	108,969
Income tax payable		362	567
Bonds payable	33	50,132	37,992
Lease liabilities	34	2,113	2,270
Insurance contract liabilities	35	1,122,797	980,730
Reinsurance contract liabilities	35	71	118
Investment contract liabilities		8,171	7,985
Pension benefit obligation	36	2,795	2,720
Deferred tax liabilities	28	464	402
Other liabilities	37	93,253	77,937
TOTAL LIABILITIES		1,398,900	1,223,779
EQUITY			
Issued capital	38	44,224	44,224
Reserves	39	224,642	198,982
Equity attributable to owners of the Company		268,866	243,206
Non-controlling interests	40	98,555	89,697
TOTAL EQUITY		367,421	332,903
TOTAL EQUITY AND LIABILITIES		1,766,321	1,556,682

The consolidated financial statements on pages 179 to 332 were approved and authorised for issue by the Board of Directors on 27 March 2025 and are signed on its behalf by:

Ding Xiangqun
DIRECTOR

Zhao Peng
DIRECTOR

The accompanying notes form an integral part of the consolidated financial statements.

Consolidated Statement of Changes In Equity

For the year ended 31 December 2024
(Amounts in millions of Renminbi, unless otherwise stated)

	Attributable to owners of the Company														Non-controlling interests	Total
	Issued capita (note 38)	Share premium account **	Revaluation reserve of financial assets at fair value through other comprehensive income **	Insurance finance reserve **	General risk reserve **	Catastrophic loss reserve **	Asset revaluation reserve **	Share of other comprehensive income of associates and joint ventures **	Foreign currency translation reserve **	Surplus reserve */**	Other reserves **	Actuarial losses on pension benefit obligation **	Retained profits **	Subtotal		
Balance at 1 January 2024	44,224	23,973	15,891	(17,367)	20,439	91	4,226	(387)	34	15,697	(15,226)	(1,512)	153,123	243,206	89,697	332,903
Profit for the year	–	–	–	–	–	–	–	–	–	–	–	–	42,151	42,151	14,630	56,781
Other comprehensive income for the year	–	–	19,561	(27,652)	–	–	165	1,268	15	–	–	(217)	–	(6,860)	(819)	(7,679)
Total comprehensive income for the year	–	–	19,561	(27,652)	–	–	165	1,268	15	–	–	(217)	42,151	35,291	13,811	49,102
Other comprehensive income transferred to retained earnings	–	–	(1,013)	(2,774)	–	–	–	(223)	–	–	–	–	4,010	–	–	–
Appropriations to general risk reserve and surplus reserve	–	–	–	–	2,624	–	–	–	–	1,138	–	–	(3,762)	–	–	–
Appropriations to catastrophic loss reserve	–	–	–	–	–	246	–	–	–	–	–	–	(246)	–	–	–
Utilisation of catastrophic loss reserve	–	–	–	–	–	(157)	–	–	–	–	–	–	157	–	–	–
Dividends paid to shareholders (note 16)	–	–	–	–	–	–	–	–	–	–	–	–	(9,685)	(9,685)	–	(9,685)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(4,966)	(4,966)
Others	–	–	–	–	–	–	–	–	–	–	54	–	–	54	13	67
Balance at 31 December 2024	44,224	23,973	34,439	(47,793)	23,063	180	4,391	658	49	16,835	(15,172)	(1,729)	185,748	268,866	98,555	367,421

* This reserve contains both statutory and discretionary surplus reserves.

** Consolidated reserves of RMB224,642 million in the consolidated statement of financial position as at 31 December 2024 comprise these reserve accounts.

The accompanying notes form an integral part of the consolidated financial statements.

(Amounts in millions of Renminbi, unless otherwise stated)

	Attributable to owners of the Company															
	Issued capital (note 38)	Share premium account **	Revaluation reserve of financial assets at fair value through other comprehensive income **	Insurance finance reserve **	General risk reserve **	Catastrophic loss reserve **	Asset revaluation reserve **	Share of other comprehensive income of associates and joint ventures **	Foreign currency translation reserve **	Surplus reserve */**	Other reserves **	Actuarial losses on pension benefit obligation **	Retained profits **	Subtotal	Non-controlling interests	Total
Balance at 1 January 2023	44,224	23,973	9,958	(8,716)	18,558	59	3,987	(260)	10	14,922	(15,209)	(1,433)	141,109	231,182	82,682	313,864
Profit for the year	–	–	–	–	–	–	–	–	–	–	–	–	22,322	22,322	8,489	30,811
Other comprehensive income for the year	–	–	5,654	(8,651)	–	–	239	(127)	24	–	–	(79)	–	(2,940)	(453)	(3,393)
Total comprehensive income for the year	–	–	5,654	(8,651)	–	–	239	(127)	24	–	–	(79)	22,322	19,382	8,036	27,418
Insurance of other equity instruments	–	–	–	–	–	–	–	–	–	–	–	–	–	–	2,500	2,500
Other comprehensive income transferred to retained earnings	–	–	279	–	–	–	–	–	–	–	–	–	(279)	–	–	–
Appropriations to general risk reserve and surplus reserve	–	–	–	–	1,881	–	–	–	–	775	–	–	(2,656)	–	–	–
Appropriations to catastrophic loss reserve	–	–	–	–	–	32	–	–	–	–	–	–	(32)	–	–	–
Dividends paid to shareholders (note 16)	–	–	–	–	–	–	–	–	–	–	–	–	(7,341)	(7,341)	–	(7,341)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(3,515)	(3,515)
Others	–	–	–	–	–	–	–	–	–	–	(17)	–	–	(17)	(6)	(23)
Balance at 31 December 2023	44,224	23,973	15,891	(17,367)	20,439	91	4,226	(387)	34	15,697	(15,226)	(1,512)	153,123	243,206	89,697	332,903

* This reserve contains both statutory and discretionary surplus reserves.

** Consolidated reserves of RMB198,982 million in the consolidated statement of financial position as at 31 December 2023 comprise these reserve accounts.

The accompanying notes form an integral part of the consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2024
(Amounts in millions of Renminbi, unless otherwise stated)

	Notes	2024	2023
OPERATING ACTIVITIES			
Profit before tax		69,232	33,557
Adjustments for:			
Investment income	6	(35,878)	(1,407)
Interest income	6	(30,876)	(29,379)
Exchange gains		(64)	(228)
Share of profits or losses of associates and joint ventures		(13,720)	(14,939)
Finance costs	9	3,245	3,461
Net impairment (reversals)/losses on financial assets	10	(1,754)	1,428
Depreciation of property and equipment	25	2,546	2,560
Depreciation of right-of-use assets	26	1,024	1,260
Amortisation of intangible assets	27	1,431	1,236
Disposal gains from investment properties, property and equipment, intangible assets and land use rights	7	(174)	(209)
Impairment losses on other assets	11	248	190
Investment expenses		459	182
Operating cash flows before working capital changes		(4,281)	(2,288)
Changes in insurance and reinsurance contract assets/ liabilities		97,825	80,310
Changes in investment contract liabilities		186	356
Increase in other assets, net		(2,659)	(5,214)
Increase in other liabilities, net		6,271	4,008
Cash generated from operations		97,342	77,172
Income tax paid		(9,352)	(6,623)
Net cash generated from operating activities		87,990	70,549
INVESTING ACTIVITIES			
Interest income		21,267	44,108
Dividends received		10,459	3,207
Purchases of investment properties, property and equipment, intangible assets and land use rights		(4,397)	(3,573)
Proceeds from disposals of investment properties, property and equipment, intangible assets and land use rights		478	298
Purchases of investments		(647,965)	(413,533)
Proceeds from disposals of investments		586,111	277,109
Payments for investment expenses		(385)	(215)
Rentals received		685	657
Decrease/(increase) in term deposits, net		(43,852)	21,015
Net cash used in investing activities		(77,599)	(70,927)

The accompanying notes form an integral part of the consolidated financial statements.

(Amounts in millions of Renminbi, unless otherwise stated)

	Notes	2024	2023
FINANCING ACTIVITIES			
Increase in securities sold under agreements to repurchase, net	43	2,303	7,885
Issue of bonds payable	43	11,988	24,000
Proceeds from bank borrowings	43	150	292
Issue of other equity instruments		–	2,500
Repayment of bank borrowings and bonds payable	43	(314)	(30,238)
Interests paid	43	(2,970)	(3,723)
Dividends paid		(11,866)	(11,215)
Payments of lease liabilities	43	(1,057)	(1,170)
Cash received related to non-controlling interests of consolidated structured entities, net		6,626	186
Net cash generated from/(used in) financing activities		4,860	(11,483)
Net increase/(decrease) in cash and cash equivalents		15,251	(11,861)
Cash and cash equivalents at beginning of the year	17	28,835	40,599
Effects of exchange rate changes on cash and cash equivalents		46	97
Cash and cash equivalents at end of the year	17	44,132	28,835
Analysis of balances of cash and cash equivalents			
Securities purchased under resale agreements with original maturity of no more than three months	17	19,230	8,442
Deposits with banks with original maturity of no more than three months and money at call and short notice	17	24,902	20,393
Cash and cash equivalents at end of the year	17	44,132	28,835

The accompanying notes form an integral part of the consolidated financial statements.

1. CORPORATE INFORMATION

The People's Insurance Company (Group) of China Limited (the "Company") was established on 22 August 1996 in the People's Republic of China (the "PRC") and its registered office is located at 1-13/F, No. 88, West Chang'an Street, XiCheng District, Beijing, the PRC. The Company's predecessor, The People's Insurance Company of China, is a state-owned enterprise established in October 1949 by the PRC government. The Company is listed on The Stock Exchange of Hong Kong Limited and the Shanghai Stock Exchange. The ultimate controlling party of the Company is the Ministry of Finance ("MOF") of the PRC.

The Company is an investment holding company. During the year ended 31 December 2024, the Company's subsidiaries mainly provide integrated financial products and services and are engaged in property and casualty insurance, life and health insurance, asset management and other businesses. The Company and its subsidiaries are collectively referred to as the "Group".

These consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company, and all values are rounded to the nearest million except when otherwise indicated.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS® Accounting Standards, also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the disclosure requirements of the Hong Kong Companies Ordinance. IFRS Accounting Standards comprise the following authoritative:

- IFRS Accounting Standards
- IAS® Standards
- Interpretations developed by the IFRS Interpretations Committee (IFRIC® Interpretations) or its predecessor body, the Standing Interpretations Committee (SIC® Interpretations)

For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users.

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.

(Amounts in millions of Renminbi, unless otherwise stated)

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.2 Basia of preparation

The consolidated financial statements have been prepared under the historical cost basis, except for investment properties, certain financial instruments and insurance and reinsurance contract assets/liabilities.

2.3 Application of new standards and amendments to IFRS Accounting Standards

In current year, the Group has applied, for the first time, the following amendments to IFRS Accounting Standards which are effective for annual periods beginning on or after 1 January 2024 for the preparation of the Group's consolidated financial statements:

Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*
Amendments to IAS 1	*Non-current Liabilities with Covenants*
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*

The adoption of the above amendments had no material impact on the Group's consolidated financial statements.

2.4 New standards, interpretations and amendments issued but not yet effective

These IFRS Accounting Standards amendments have been issued, but have not been adopted before their effective dates by the Group:

Amendments to IAS 21	*Lack of Exchangeability*[1]
Amendments to IFRS 9 and IFRS 7	*Amendments to Classification and Measurement of Financial Instruments*[2]
Annual Improvements to IFRS Accounting Standards – Volume 11	*Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7*[2]
Amendments to IFRS 18 (i)	*Presentation and Disclosure in Financial Statements*[3]
Amendments to IFRS 19	*Subsidiaries without Public Accountability: Disclosures*[3]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]

1 Effective for annual periods beginning on or after 1 January 2025

2 Effective for annual periods beginning on or after 1 January 2026

3 Effective for annual periods beginning on or after 1 January 2027

4 No mandatory effective date yet determined but available for adoption

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.4 New standards, interpretations and amendments issued but not yet effective (continued)

(i) IFRS 18 replaces IAS 1 Presentation of Financial Statements. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. IFRS 18 and the consequential amendments to other IFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of IFRS 18 on the presentation and disclosure of the Group's financial statements.

Besides the above (i), none of these new standards and amendments are expected to have a significant effect on the consolidated financial statements of the Group.

2.5 Material accounting policy information

(1) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Group:

- 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.

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 listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 Material accounting policy information (continued)

(1) Basis of consolidation (continued)

When the Group is an investor of a structured entity in which the Group also acts as a fund manager, the Group will determine whether it is a principal or an agent for the purpose of assessing whether the Group controls the relevant structured entity.

An agent is a party primarily engaged to act on behalf and for the benefit of another party or parties (the principal(s)) and therefore does not control the investee when it exercises its decision-making authority. In determining whether the Group is an agent to the structured entity, the Group would assess:

- the scope of its decision-making authority over the investee;
- the rights held by other parties;
- the remuneration to which it is entitled in accordance with the remuneration agreements; and
- the decision maker's exposure to variability of returns from other interests that it holds in the investee.

Consolidation of a subsidiary/structured entity begins when the Company obtains control over the subsidiary/structured entity and ceases when the Company loses control of the subsidiary/structured entity. Specifically, income and expenses of a subsidiary/structured entity acquired or disposed of during the year are included in the consolidated income statement and consolidated statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary/structured entity.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries/structured entity is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries/structured entity to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries/structured entity are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries/structured entity upon liquidation.

The Company's investments in subsidiaries are stated at cost less any impairment losses and the results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 Material accounting policy information (continued)

(1) Basis of consolidation (continued)

Changes in the Group's ownership interests in existing subsidiaries/structured entity

Changes in the Group's ownership interests in existing subsidiaries/structured entity that do not result in the Group losing control over the subsidiaries/structured entity are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries/structured entity, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary/structured entity, the assets and liabilities of that subsidiary/structured entity and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary/structured entity attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary/structured entity are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary/structured entity (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRS Accounting Standards). The fair value of any investment retained in the former subsidiary/structured entity at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

(2) Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. 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.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 Material accounting policy information (continued)

(2) Investment in associates and joint ventures (continued)

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances, unless as allowed by other standards. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Changes in net assets of the associate/joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is any objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 Material accounting policy information (continued)

(2) Investment in associates and joint ventures (continued)

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of IFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate or joint venture.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method (including situations that change of ownership interest in an associate or a joint venture due to capital increase of other shareholders to the associate or the joint venture), the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

The investments in associates and joint ventures are stated at cost less impairment in the Company's statement of financial position. The results of associates and joint ventures are accounted for by the Company on the basis of dividends received and receivable.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 Material accounting policy information (continued)

(3) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statements, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

(4) Foreign currencies

These financial statements are presented in RMB, which is the Company's functional currency and the Group's presentation currency. RMB is used by each entity in the Group as its functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded in RMB using the exchange rates prevailing at the dates of the transactions.

In preparing the financial statements of each individual entity in the Group, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the Group's interests in associates/joint ventures.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 Material accounting policy information (continued)

(4) Foreign currencies (continued)

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 the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of foreign currency translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the shareholders of the Company are reclassified to profit or loss.

(5) Financial instruments

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

Financial assets

Classification and measurement

Based on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, financial assets are classified as: (i) financial assets at amortized cost; (ii) financial assets at fair value through other comprehensive income; (iii) financial assets at fair value through profit or loss.

At initial recognition, the financial assets are measured at fair value. Transaction costs that are incremental and directly attributable to the acquisition of the financial assets are included in the initially recognised amounts, except for the financial assets at fair value through profit or loss, the related transaction costs of which are expensed in profit or loss for the current period. Accounts receivable or notes receivable arising from sales of products or rendering of services (which have not contained or considered any significant financing components) are initially recognised at the consideration that is entitled to be received by the Group as expected.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 Material accounting policy information (continued)

(5) Financial instruments (continued)

Financial assets (continued)

Classification and measurement (continued)

Debt instruments

The debt instruments held by the Group refer to the instruments that meet the definition of financial liabilities from the perspective of the issuer, and are measured in the following three categories:

Measured at amortized cost:

The objective of the Group's business model is to hold the financial assets to collect the contractual cash flows, and the contractual cash flow characteristics are consistent with a basic lending arrangement, which gives rise on specified dates to the contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. The interest income of such financial assets is recognised using the effective interest rate method. Such financial assets mainly comprise cash and cash equivalents, financial assets measured at amortized cost, term deposits, restricted statutory deposits, and financial assets included in other assets etc.

Measured at fair value through other comprehensive income:

The objective of the Group's business model is to hold the financial assets for both collection of the contractual cash flows and selling such financial assets, and the contractual cash flow characteristics are consistent with a basic lending arrangement. Such financial assets are measured at fair value through other comprehensive income, except for the impairment gains or losses, foreign exchange gains or losses, and interest income calculated using the effective interest method which are recognised in profit or loss for the current period. Such financial assets are presented as financial assets measured at fair value through other comprehensive income.

Measured at fair value through profit or loss:

Debt instruments held by the Group that do not meet the criteria for amortized cost, or fair value through other comprehensive income, are measured at fair value through profit or loss.

Equity instruments

Investments in equity instruments over which the Group has no control, common control and significant influence are measured at fair value through profit or loss, and are presented as financial assets measured at fair value through profit or loss on the balance sheet. In addition, certain non-trading equity instruments were designated as financial assets measured at fair value through other comprehensive income at initial recognition, presented as financial assets measured at fair value through other comprehensive income on the balance sheet. The relevant dividend income of such financial assets is recognised in profit or loss.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 Material accounting policy information (continued)

(5) Financial instruments (continued)

Financial assets (continued)

Impairment

Expected credit loss refers to the weighted average amount of credit loss of financial instruments based on the probability of default. Credit loss refers to the difference between all contractual cash flows receivable and all cash flows that the entity expects to receive, discounted at the original effective interest rate. Among them, financial assets which are purchased or originated credit-impaired are discounted at credit-adjusted effective interest rate.

The Group assesses the expected credit losses ("ECL") for financial assets at amortized cost, investments in debt instruments at fair value through other comprehensive income, etc.

Giving consideration to reasonable and supportable information about past events, current conditions and forecasts of future economic conditions that is available, weighted by the probability of default, the Group recognises the ECL as the probability-weighted amount of the present value of the difference between the contractual cash flows receivable and the cash flows expected to be collected. A number of significant assumptions and judgements are required in applying the accounting requirements for measuring ECL, such as:

- Choosing appropriate models and assumptions for the measurement of ECL including exposure at default (EAD), probability of default (PD), loss given default (LGD), etc.;
- Criteria for significant increase in credit risk; and
- Forward-looking information.

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

For those financial instruments in Stage 1 and 2, the Group calculates the interest income by applying the effective interest rate to the gross carrying amount (before netting off of any expected credit loss provision). For the financial instruments in Stage 3, the interest income is calculated by applying the effective interest rate to the amortized cost (net off of any expected credit loss provision).

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 Material accounting policy information (continued)

(5) Financial instruments (continued)

Financial assets (continued)

Impairment (continued)

The Group recognises or reverses the loss allowance through profit or loss. For debt instruments measured at fair value through other comprehensive income, impairment gains or losses are included in the net impairment losses on financial assets and corresponding by reduce the accumulated changes in fair value included in the OCI reserve of equity.

For account receivables, the Group calculates the ECL with reference to historical credit loss experience, current conditions and forecasts of future economic conditions, and based on the exposure at default and the 12-month or lifetime ECL rates.

Derecognition of financial assets

Financial assets are derecognised when:

- the contractual rights to receive the cash flows from the financial assets have expired;
- they have been transferred and the Group transfers substantially all the risks and rewards of ownership;
- they have been transferred and the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

When an equity investment measured at fair value through other comprehensive income is derecognised, the difference between the carrying amount and the consideration received as well as any cumulative changes in fair value that were previously recognised directly in other comprehensive income is recognised in retained earnings. For other financial assets when they are derecognised, the difference between the carrying amount and the consideration received as well as any cumulative changes in fair value that were previously recognised directly in other comprehensive income is recognised in profit or loss for the current period.

Financial Liabilities

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

Financial liabilities of the Group mainly comprise securities sold under agreements to repurchase, investment contract liabilities, other payables in other liabilities and bonds payable, etc. Such financial liabilities are initially recognised at fair value, net of transaction costs incurred, and subsequently measured at amortized cost using the effective interest method.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 Material accounting policy information (continued)

(5) Financial instruments (continued)

Financial Liabilities (continued)

The Group may, at initial recognition, designate a financial liability as at fair value through profit or loss when one of the following criteria is met:

(a) it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases;

(b) a group of financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity's key management personnel.

When all or part of the current obligations of a financial liability have been discharged, the Group derecognises the portion of the financial liability or obligation that has been discharged. The difference between the carrying amount of the derecognised liability and the consideration is recognised in profit or loss.

Derivative financial instruments

The Group's derivative financial instruments mainly include forward exchange contracts and interest rate swaps. Such derivative financial instruments are initially recognised at fair value on the date of which the related derivative contracts are entered into and are subsequently measured at fair value. All derivatives are carried as assets when the fair values are positive and as liabilities when the fair values are negative.

The gains or losses arisen from fair value changes of derivatives are directly recognised in profit or loss.

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host-with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

If a hybrid contract contains a host that is not an asset within the scope of IFRS 9, an embedded derivative shall be separated from the host and accounted for as a derivative if, and only if:

- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host;
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- the hybrid contract is not measured at fair value with changes in fair value recognised in profit or loss (i.e. a derivative that is embedded in a financial liability at fair value through profit or loss is not separated).

For the above assets, the Group may bifurcate the embedded derivative and measured it at fair value through profit or loss, or designate the entire hybrid instrument to be measured at fair value through profit or loss.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 Material accounting policy information (continued)

(5) Financial instruments (continued)

Offsetting a financial asset and a financial liability

When the Group currently has the legally enforceable right to offset the recognised financial assets and financial liabilities, and the Group has the intention to settle on a net basis or realize the financial assets and settle the financial liabilities simultaneously, the financial assets and financial liabilities are offset in the balance sheet. Otherwise, financial assets and financial liabilities are presented separately in the balance sheet and are not offset.

Determination of fair value of financial instruments

The fair value of a financial instrument that is traded in an active market is determined at the quoted price in the active market. The fair value of a financial instrument that is not traded in an active market is determined by using a valuation technique. Such techniques should be appropriate in the circumstances for which sufficient data is available, and the input value should be consistent with the objective of estimating the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions, and maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The unobservable inputs can be used if the relevant observable input is not accessible or the acquisition is not practical.

(6) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

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

For financial instruments and investment properties which are transacted at fair value and a valuation technique that unobservable inputs are to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that the results of the valuation technique equal the transaction price.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 Material accounting policy information (continued)

(6) Fair value measurement (continued)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

(7) Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business.

Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, adjusted to exclude any prepaid or accrued operating lease income. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

Gains or losses arising from the retirement or disposal of investment property shall be determined as the difference between the net disposal proceeds and the carrying amount of the asset and shall be recognised in profit or loss (unless IFRS 16 requires otherwise on a sale and leaseback) in the period of the retirement or disposal.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

For a transfer from investment properties to owner-occupied properties, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If an owner-occupied property becomes an investment property that will be carried at fair value, the Group shall apply "Property and equipment and depreciation" for owned property and "Leases" for property held by a lessee as a right-of-use asset up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation in accordance with IAS 16 Property, Plant and Equipment.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 Material accounting policy information (continued)

(8) Property and equipment and depreciation

Property and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property and equipment, other than construction in progress, to its residual value over its estimated useful life. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The principal annual rates used for this purpose are as follows:

Land and buildings	1.62% to 19.40%
Office equipment, furniture and fixtures	8.63% to 33.33%
Motor vehicles	15.83% to 25.00%

Where parts of an item of property and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

(9) Construction in progress

Construction in progress mainly represents buildings under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property and equipment when completed and ready for use.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 Material accounting policy information (continued)

(10) Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The estimated useful life and amortisation method for an intangible asset with a finite useful life are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

The useful lives of software are from 3 to 10 years.

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

(11) Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets and goodwill), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the period in which it arises or treated as a revaluation decrease, as appropriate.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the income statement in the period in which it arises or treated as a revaluation increase, as appropriate.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 Material accounting policy information (continued)

(12) Insurance contracts

Definition and classification

Insurance contracts are those contracts under which the Group has accepted significant insurance risk from the policyholders by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. In making this assessment, all substantive rights and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis. The Group uses judgement to assess whether a contract transfers insurance risk (that is, if there is a scenario with commercial substance in which the Group has the possibility of a loss on a present value basis) and whether the accepted insurance risk is significant.

Contracts that have a legal form of insurance but do not transfer significant insurance risk and expose the Group to financial risk are classified as investment contracts.

Some investment contracts issued by the Group contain discretionary participation features, whereby the investor has the right and is expected to receive, as a supplement to the amount not subject to the Group's discretion, potentially significant additional benefits determined by the Group's discretion and based on the return of specified pools of investment assets. The Group applies IFRS 17 – insurance contracts for these investment contracts. The Group applies IFRS 9 – Financial Instruments for investment contracts without discretionary participation features.

Insurance contracts with direct participation features refers to the insurance contracts which meet the following conditions:

- the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
- the Group expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and
- the Group expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

Reinsurance contract held refers to an insurance contract agreed by the reinsurer (the issuer of reinsurance contract) and cedant on that the reinsurer to compensate cedant for claims arising from the underlying insurance contracts.

Unless otherwise specified, the insurance contracts mentioned in the consolidated financial statements of the Group generally refer to the issued insurance contracts (including reinsurance contracts ceded in), reinsurance contracts held, and investment contracts with discretionary participation features.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 Material accounting policy information (continued)

(12) Insurance contracts (continued)

Combination and separation of insurance contracts

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

If an insurance contract contains multiple components, the Group will separate the following components:

- embedded derivatives that should be separated in accordance with IFRS 9; and
- distinct investment components in accordance with IFRS 9, except for those that can meet the definition of investment contract with discretionary participation features in accordance with IFRS 17.

The Group applies IFRS 17 to all remaining components of the contract.

Investment component is the amounts that an insurance contract requires the Group to repay to a policyholder in all circumstances, regardless of whether an insured event occurs. Insurance revenue and insurance service expenses presented in profit or loss has excluded any investment components.

Level of aggregation of insurance contracts

The Group categorizes insurance contracts with similar risks and unified management into the same portfolio. The Group further subdivides a portfolio into contract groups based on the profitability level, degree of loss, or the possibility of future losses after initial recognition.

Except for the reinsurance contracts held, the Group divides a portfolio of insurance contracts issued into a minimum of:

- a group of contracts that are onerous at initial recognition, if any;
- a group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently, if any; and
- a group of the remaining contracts in the portfolio, if any.

The Group divides a portfolio of reinsurance contracts held into a minimum of:

- a group of contracts on which there is a net gain on initial recognition, if any;
- a group of contracts that at initial recognition have no significant possibility of generating a net gain subsequently, if any; and
- a group of the remaining contracts in the portfolio, if any.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 Material accounting policy information (continued)

(12) Insurance contracts (continued)

Recognition

For insurance contracts issued by the Group (including the reinsurance contracts ceded in), the groups of insurance contracts are initially recognised from the earliest of the following:

- the beginning of the coverage period;
- the date when the first payment from the policyholder is due or actually received, if there is no due date; and
- when the Group determines that a group of contracts becomes onerous.

For reinsurance contracts held by the Group, the Group recognizes a group of reinsurance contracts held from the earlier of the following:

- the beginning of the coverage period of the group of reinsurance contracts held; and
- the date the Group recognizes an onerous group of underlying insurance contracts.

If a group of reinsurance contracts held provide proportionate coverage, the Group recognizes such group:

- the later date of the beginning of the coverage period of the group of reinsurance contracts held and the date that any underlying insurance contract is initially recognized; and
- the date the Group recognizes an onerous group of underlying insurance contracts.

Measurement of insurance contracts

Insurance acquisition cash flows

The Group defines acquisition cash flows as cash flows that arise from costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) and that are directly attributable to the portfolio of insurance contracts to which the group belongs.

Fulfilment cash flows and contract boundary

The fulfilment cash flows ("FCF"), which comprise:

- estimation of future cash flows directly related to the performance of insurance contracts;
- an adjustment to reflect the time value of money and the financial risks; and
- a risk adjustment for non-financial risk.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 Material accounting policy information (continued)

(12) Insurance contracts (continued)

Measurement of insurance contracts (continued)

Fulfilment cash flows and contract boundary (continued)

Risk adjustment for non-financial risk is the compensation the Group requires for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risk as the Group fulfils insurance contracts. The fulfilment cash flows do not reflect the non-performance risk of the Group.

The Group uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts. Estimates of cash flows in a scenario shall include all cash flows within the boundary of an existing contract and no other cash flows. The Group does not recognise as a liability or as an asset any amounts relating to expected premiums or expected claims outside the boundary of the insurance contract.

The methods and assumptions used in determining future cash flows that relate directly to fulfil insurance contract are set out in note 3.

Contracts not measured under the premium allocation approach ("PAA")

Initial measurement

The Group measures the insurance contracts at group level.

On initial recognition, the Group measures a group of contracts as the total of the FCF and the contractual service margin ("CSM"). The CSM is the unearned profit that the Group will recognise as it provides insurance contract services in the future.

The Group calculates the total amount of below items on initial recognition of a group of insurance contracts, including the fulfilment cash flows, the derecognition at the date of initial recognition of any asset for insurance acquisition cash flows (if any) and any other asset or liability previously recognized for cash flows related to the group of contracts; and any cash flows arising from the contracts in the group at that date.

If the total amount represents net cash inflows, the Group recognizes it as CSM. If the total amount represents net cash outflows, the Group recognizes a loss in profit or loss.

Subsequent measurement

The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage ("LRC") and the liability for incurred claims ("LIC").

The LRC comprises the fulfilment cash flows related to future service allocated to the group at that date and the CSM of the group at that date.

The LIC comprises the fulfilment cash flows related to past service allocated to the group at that date.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 Material accounting policy information (continued)

(12) Insurance contracts (continued)

Measurement of insurance contracts (continued)

Contracts not measured under the PAA (continued)

Subsequent measurement (continued)

Insurance contracts without direct participation features:

For insurance contracts without direct participation features, the carrying amount of the CSM of a group of contracts at the end of the reporting period equals the carrying amount at the start of the reporting period adjusted for:

(1) the effect of any new contracts added to the group during the reporting period;

(2) interest accreted on the carrying amount of the CSM during the reporting period, measured at the discount rates determined at the date of initial recognition of a group of contracts, applied to nominal cash flows that do not vary based on the returns on any underlying items;

(3) the changes in fulfilment cash flows relating to future service, except that such increases in the fulfilment cash flows exceed the carrying amount of the CSM, giving rise to a loss; or except that such decreases in the fulfilment cash flows are allocated to the loss component of the LRC;

(4) the effect of any currency exchange differences on the CSM (if any); and

(5) the amount recognized as insurance revenue because of the transfer of the insurance contract services in the period, determined by the allocation of CSM remaining at the end of the reporting period (before any allocation) over the current and remaining coverage period based on coverage units.

The changes in FCF related to current and past services are recognised in profit or loss in accordance with the following requirements:

- The Group recognises insurance revenue for the reduction in the LRC because of services provided in the period;
- The Group recognises insurance service expenses for the increase in the LIC because of claims and expenses incurred in the period and any subsequent changes in FCF relating to incurred claims and incurred expense; and
- When the Group recognises insurance revenue or insurance service expenses, the investment components are excluded.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 Material accounting policy information (continued)

(12) Insurance contracts (continued)

Measurement of insurance contracts (continued)

Contracts not measured under the PAA (continued)

Subsequent measurement (continued)

Insurance contracts with direct participation features:

The Group measures its obligations under insurance contracts with direct participation features to be the net of the obligations to pay the policyholders an amount equal to the fair value of the underlying items and a variable fee in exchange for the future service provided by the insurance contracts.

Variable fee refers to the consideration obtained by the Group for managing underlying items on behalf of policyholders and providing investment-related services. It equals the Group's share in the fair value of the underlying items minus the cash flows that do not vary with the underlying item returns.

For insurance contracts with direct participation features, the carrying amount of the CSM of a group of contracts at the end of the reporting period equals the carrying amount at the start of the reporting period adjusted for:

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

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

- the decrease in the amount of the Group's share of the fair value of the underlying items exceeds the carrying amount of the CSM, giving rise to a loss; or
- the increase in the amount of the Group's share of the fair value of the underlying items reverses the loss component;

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

- such increases in the FCF exceed the carrying amount of the CSM, giving rise to a loss; or
- such decreases in the FCF are allocated to the loss component;

(d) the effect of any currency exchange differences on the CSM; and

(e) the amount recognized as insurance revenue because of the transfer of the insurance contract services in the period, determined by the allocation of CSM remaining at the end of the reporting period (before any allocation) over the current and remaining coverage period based on coverage units.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 Material accounting policy information (continued)

(12) Insurance contracts (continued)

Measurement of insurance contracts (continued)

Contracts not measured under the PAA (continued)

Onerous contracts

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

A group of insurance contracts becomes onerous on subsequent measurement and the Group recognises the loss component of the LRC and insurance service expenses if the following amounts exceed the carrying amount of the CSM:

- unfavourable changes in the FCF allocated to the group arising from changes in estimates of future cash flows and the risk adjustment for non-financial risk relating to future service; and
- for a group of insurance contracts with direct participation features, the Group's share of a decrease in the fair value of the underlying items.

The Group reverses the loss component of the LRC and insurance service expenses for the decrease of the estimates in future cash flow and non-financial risk adjustments relating to future services, and the Group's share of an increase in the fair value of the underlying items. If the decrease of the LRC exceeds the loss component amount, the CSM is recognised.

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

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 Material accounting policy information (continued)

(12) Insurance contracts (continued)

Measurement of insurance contracts (continued)

Contracts not measured under the PAA (continued)

Onerous contracts (continued)

After the Group has recognized a loss on an onerous group of insurance contracts, the Group allocates below changes of the LRC on a systematic basis between the loss component of the LRC and the LRC excluding the loss component:

- estimates of the present value of future cash flows for claims and expenses released from the LRC because of incurred insurance service expenses;
- changes in the risk adjustment for non-financial risk recognized in profit or loss because of the release from risk;
- insurance finance income or expenses.

Any amounts allocated to the loss component of the LRC shall not be recognized as insurance revenue.

Contracts measured under the PAA

The Group simplifies the measurement of a group of insurance contracts using the PAA if, and only if, at the inception of the group:

- the Group reasonably expects that the resulting measurement of the LRC would not differ materially from the result of applying the accounting policies for insurance contracts not measured under the PAA.
- The coverage period of each contract in the group is one year or less.

Initial measurement

For insurance contracts issued, the Group measures the carrying amount of the LRC on initial recognition as follows:

- the premiums, if any, received at initial recognition;
- minus any insurance acquisition cash flows at that date, if any; and
- minus or plus any amount arising from the derecognition at that date of any asset for insurance acquisition cash flows and any other assets or liabilities previously recognized for any cashes related to the group of contracts.

For the groups of contracts of which the coverage period is less than a year on initial recognition, the Group chooses not to recognize such a cost immediately in profit or loss as an expense when the insurance acquisition cash flow occurs.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 Material accounting policy information (continued)

(12) Insurance contracts (continued)

Measurement of insurance contracts (continued)

Contracts measured under the PAA (continued)

Subsequent measurement

At the end of each reporting period, the carrying amount of the LRC is the carrying amount at the start of the reporting period:

- plus the premiums received in the period;
- minus insurance acquisition cash flows;
- plus any amounts relating to the amortization of insurance acquisition cash flows recognised as an expense in the reporting period;
- plus any adjustment to a financing component;
- minus the amount recognised as insurance revenue for services provided in that period;
- minus any investment component paid or transferred to the LIC.

The Group adjusts the carrying amount of the LRC to reflect the time value of money and the effect of financial risk using the discount rates determined on initial recognition.

Insurance revenue for the period is the amount of expected premium receipts (excluding any investment component and adjusted to reflect the time value of money and the effect of financial risk) allocated to the period. The Group allocates the expected premium receipts to each period of coverage on the basis of the passage of time.

If facts and circumstances indicate that a group of insurance contracts is onerous at initial recognition and subsequent measurement, the group recognises the amount that the FCF exceeds the carrying amount of the LRC to the insurance service expenses as onerous component and increase the LRC. In subsequent periods, unless facts and circumstances indicate that the group of insurance contracts is not onerous, the loss components are determined at each end of reporting period by the difference between the FCF of LRC and the carrying amount of the LRC that excludes loss components.

The Group measures the LIC for the group of insurance contracts at the FCF relating to incurred claims and other related expenses. FCF are adjusted for the time value of money and other financial risks.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 Material accounting policy information (continued)

(12) Insurance contracts (continued)

Measurement of insurance contracts (continued)

Contracts measured under the PAA (continued)

Onerous contracts

If facts and circumstances indicate that a group of insurance contracts are onerous on initial recognition or become onerous subsequently, the Group increases the carrying amount of the LRC to the amount of the FCF determined not under the PAA with the amount of such an increase recognised in the insurance service expenses, and a loss component is established for the amount of the loss recognised.

In subsequent periods, the loss component is remeasured at each reporting date in the same way as that for its initial recognition, being the difference between the current estimates of the FCF that relate to the remaining coverage and the carrying amount of the LRC without the loss component, subject to a minimum of zero. The changes in the amount of the loss component are recognised within the insurance service expenses.

Measurement of reinsurance contracts held

Reinsurance contracts held not measured under the PAA

On initial recognition, the Group measures a group of reinsurance contracts held as the total of: (a) the FCF; and (b) the CSM.

The CSM represents the net cost or net gain the Group will recognize as it receives insurance contract services from the reinsurer.

The Group uses consistent assumptions to measure the estimates of the present value of the future cash flows for the group of reinsurance contracts held. In addition, the Group includes in the estimates of the present value of the future cash flows for the group of reinsurance contracts held the effect of any risk of non-performance by the issuer of the reinsurance contract.

The Group determines the risk adjustment for non-financial risk so that it represents the amount of risk being transferred by the holder of the group of reinsurance contracts to the issuer of those contracts.

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

- the FCF;
- the amount derecognized at that date of any asset or liability previously recognized for cash flows related to the group of reinsurance contracts held;
- any cash flows arising from the contracts at that date; and
- loss-recovery component of assets for remaining coverage of reinsurance contracts held.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 Material accounting policy information (continued)

(12) Insurance contracts (continued)

Measurement of reinsurance contracts held (continued)

Reinsurance contracts held not measured under the PAA (continued)

The Group recognizes any net cost or net gain of the above total amounts as a CSM. If the net cost relates to events that occurred before the purchase of the group of reinsurance contracts held, the Group recognizes such a cost immediately in profit or loss as an expense.

The carrying amount at the end of each reporting period of a group of reinsurance contracts held is the sum of:

- the remaining coverage, comprising:
  - (a) the FCF related to future service allocated to the group at that date; and
  - (b) the CSM of the group at that date; and
- the incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.

The Group adjusts the CSM of the group to which a reinsurance contract held belongs and as a result recognises income when it recognises a loss on initial recognition of onerous underlying contracts, if the reinsurance contract held is entered into before or at the same time as the onerous underlying contracts are recognised. The adjustment to the CSM, whereby a loss-recovery component is established, is determined by multiplying:

- the loss recognised on the underlying insurance contracts; and
- the percentage of claims on the underlying insurance contracts the Group expects to recover from the group of reinsurance contracts held.

The Group adjusts the same amount calculated above to CSM and recognizes as amount recovered from reinsurer in profit or loss.

The Group adjusts the loss-recovery component to reflect changes in the loss component of an onerous group of underlying insurance contracts. The carrying amount of the loss-recovery component does not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the Group expects to recover from the group of reinsurance contracts held.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 Material accounting policy information (continued)

(12) Insurance contracts (continued)

Measurement of reinsurance contracts held (continued)

Reinsurance contracts held not measured under the PAA (continued)

The Group measures the CSM at the end of the reporting period for a group of reinsurance contracts held as the carrying amount determined at the start of the reporting period, adjusted for:

- the effect of any new contracts added to the group;
- the interest accreted on the carrying amount of the CSM, measured at the weighted average discount rates determined at the date of initial recognition of a group of contracts, applying to the cash flows that do not vary based on the returns on any underlying items;
- income recognized in profit or loss when the Group recognises a loss on addition of onerous underlying insurance contracts to a group of underlying insurance contracts. A loss-recovery component is established or adjusted within the remaining coverage for reinsurance contracts held for the amount of income recognized;
- reversals of a loss-recovery component other than changes in FCF of reinsurance contracts held;
- changes in the FCF, to the extent that the change relates to future service, unless the change results from a change in the FCF allocated to a group of underlying insurance contracts that does not adjust the CSM for the group of underlying insurance contracts;
- the effect of any currency exchange differences, if any; and
- the amount recognised in profit or loss because of services received in the period, determined by the allocation of the CSM remaining at the end of the reporting period (before any allocation) over the current and remaining coverage period of the group of reinsurance contracts held.

Reinsurance contracts held measured under the PAA

The Group applies the same accounting principles to measure a group of insurance contracts or reinsurance contracts held under the PAA.

If a loss-recovery component is established for a group of reinsurance contracts held measured under the PAA, the Group adjusts the carrying amount of the asset for remaining coverage, and recognises the reinsurer's insurance service expense in profit or loss.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 Material accounting policy information (continued)

(12) Insurance contracts (continued)

Derecognition

The Group derecognises an insurance contract when the obligation specified in the insurance contract expires or is discharged or cancelled.

Presentation

Insurance contract asset and liability

If the book value of a portfolio of insurance contracts (including reinsurance contracts ceded in) is held in an asset position, the portfolio would be classified as insurance contract assets. The portfolio would be classified as insurance contract liabilities if its book value is held in a liability position. If the book value of a portfolio of reinsurance contracts is held in an asset position, the portfolio would be classified as reinsurance contract assets. The portfolio would be classified as reinsurance contract liabilities if its book value is held in a liability position.

Insurance revenue

The amount of insurance revenue recognised in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration that the Group expects to be entitled to in exchange for those services.

For a group of insurance contracts not measured under the PAA, insurance revenue comprises the relevant amount arising from changes of LRC and the amortization of insurance acquisition cash flows, the details are as follows:

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 Material accounting policy information (continued)

(12) Insurance contracts (continued)

Presentation (continued)

Insurance revenue (continued)

- amounts relating to the changes in the LRC:
  - (a) insurance service expenses related to insurance contract services incurred in the period measured at the amounts expected at the beginning of the period, excluding:
    - – amounts allocated to the loss component;
    - – repayments of investment components;
    - – amounts of transaction-based taxes collected in a fiduciary capacity;
    - – amortization of insurance acquisition cash flows; and
    - – the amount related to the risk adjustment for non-financial risk;
  - (b) changes in the risk adjustment for non-financial risk, excluding:
    - – changes of insurance finance income/(expenses);
    - – changes that relate to future services (which adjust the CSM); and
    - – amounts allocated to the loss component;
  - (c) amounts of the CSM amortized; and
  - (d) other amounts, e.g. experience adjustments – arising from premiums received in the period other than those that relate to future service.
- amounts relating to insurance acquisition cash flows: The amortization of insurance acquisition cash flows are systematically amortized over time, insurance service expenses in each period of coverage are recognized in the same amount as insurance acquisition cash flows recovery reflected within insurance revenue;
- for contracts measured under the PAA, the Group recognises insurance revenue based on the passage of time over the coverage period of a group of contracts.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 Material accounting policy information (continued)

(12) Insurance contracts (continued)

Presentation (continued)

Insurance service expenses

Insurance service expenses include the following:

- incurred claims and other expenses, excluding the repayment of investment components;
- insurance acquisition cash flows amortization;
- changes in the FCF relating to the LIC; and
- recognitions or reversals of loss components.

Net income/(expenses) from reinsurance contracts held

The Group presents financial performance of groups of reinsurance contracts held on a net basis in net income/(expenses) from reinsurance contracts held, comprising the following amounts:

- reinsurance expenses;
- incurred claims recovery, excluding investment components reduced by loss-recovery component allocations;
- other incurred directly attributable expenses;
- effect of changes in the risk of reinsurers' non-performance;
- amounts relating to the recognition and reversal of the loss-recovery components; and
- changes that relate to past service – changes in the FCF relating to incurred claims recovery.

The Group treats amounts from the reinsurer that it expects to receive that are not contingent on claims of the underlying contracts as the reduction to the allocation of reinsurance premiums paid. Allocation of reinsurance premiums paid and amount recovered from reinsurer presented in profit or loss has excluded any investment components.

For groups of reinsurance contracts held measured under the PAA, the Group recognises the allocation of reinsurance premiums:

- on the basis of the passage of time; but
- if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then on the basis of the expected timing of incurred insurance service expenses recovery.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 Material accounting policy information (continued)

(12) Insurance contracts (continued)

Presentation (continued)

Insurance finance income or expenses

insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- the effect of the time value of money and changes in the time value of money; and
- the effect of financial risk and changes in financial risk.

The Group disaggregates insurance finance income or expenses for the period between profit or loss and other comprehensive income. The amount included in profit or loss is determined by a systematic allocation of the expected total insurance finance income or expenses over the duration of the group of contracts. The difference between it and insurance finance income or expenses is recognized in other comprehensive income.

Interim financial statement choice

Estimates made by the Group in previous interim financial statements are not changed when applying IFRS 17 in subsequent interim periods or in the annual financial statements. The Group adopt the cumulative catch up (year-to-date) method to update estimates from previous interim periods, and applies to all groups of insurance contracts issued and groups of reinsurance contracts held by the Group.

(13) Provisions

Except for contingent considerations derived from or contingent liabilities assumed in business combinations, contingent liabilities are recognised as provisions if the following conditions are met:

- an entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the end of the reporting period with the consideration of risks, uncertainties and the time value of money. Provisions shall be reviewed at the end of the reporting period and adjusted to reflect the current best estimate.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 Material accounting policy information (continued)

(14) Employee benefits

Retirement benefits cost

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined contribution plans, the Group pays contributions to basic retirement insurance, annuity scheme and unemployment insurance. The Group has made annuity contributions in proportion to its employees' wages. Employees who leave the scheme prior to vesting fully in the annuity scheme shall return part of the interests. The forfeited contributions cannot be used by the Group to reduce the existing level of the annuity scheme contributions. The purpose of the forfeited contributions will be determined in due course. There are no forfeited contributions in the basic retirement insurance and unemployment insurance.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement arising from actuarial gains and losses is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur, and will not be reclassified to profit or loss.

The remeasurements arising from actuarial gains and losses recognised in other comprehensive income are accumulated in the Group's reserve headed 'actuarial gains/losses on pension benefit obligation' and is transferred to retained profits when the defined benefit plans terminate. Past service cost is recognised in profit or loss in the period of a plan amendment. Interest expense is calculated by applying the discount rate at the beginning of the period to the defined benefit liability. Defined benefit costs are categorised as follows:

- service costs (including past service costs, gains and losses on curtailment and settlements);
- interest expenses; and
- remeasurement.

The Group presents the first two components of its defined benefit costs in profit or loss in "Other Operating and Administrative Expenses" and "Finance Costs". Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficits in the Group's defined benefit plan.

Termination benefits

A liability for a termination benefit is recognised at the earlier of when the Group can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 Material accounting policy information (continued)

(14) Employee benefits (continued)

Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS Accounting Standards requires or permits the inclusion of the benefit in the cost of an asset.

Short-term employee benefits refer to employee wages, bonuses, social security contributions such as medical insurance, work injury insurance, maternity insurance and housing fund, measured at the amount incurred or at the applicable benchmarks and rates.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another IFRS Accounting Standards requires or permits their inclusion in the cost of an asset.

(15) Leases

Definition of 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.

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as lessee

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the financial statements would not differ materially from individual leases within the portfolio.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 Material accounting policy information (continued)

(15) Leases (continued)

The Group as lessee (continued)

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of motor vehicles, machinery and equipment and other assets, 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 recognition exemption for lease of low-value assets. 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.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item in the consolidated statement of financial position.

For payments of a property interest which includes both leasehold land and building elements, the entire property is presented as property and equipment of the Group when the payments cannot be allocated reliably between the leasehold land and building elements, except for those that are classified and accounted for as investment properties.

Land leases are also in the scope of IFRS 16. The Group recognises any prepaid premium for leasehold lands as right-of-use assets which are depreciated over the relevant lease terms.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 Material accounting policy information (continued)

(15) Leases (continued)

The Group as lessee (continued)

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

Lease payments include fixed payments, variable lease payment based on an index or a rate, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease and others.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item in the consolidated statement of financial position.

The Group as lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

(16) Revenue recognition

Revenue is recognized when the economic benefits with high possibility flowing into the Group, the amount can be reliably measured, and met the following conditions.

Insurance revenue

The accounting policies related to the recognition of insurance revenue have been disclosed in note 2.5 (12).

Interest income

Interest income is calculated based on the time and effective interest rate of the Group's monetary funds used by others.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 Material accounting policy information (continued)

(16) Revenue recognition (continued)

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

(17) Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Government grants relating to compensation of expenses are deducted from the related expenses, other government grants are presented under "other income".

(18) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit/loss before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 Material accounting policy information (continued)

(18) Taxation (continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted by facts and circumstances. The presumption is rebutted when the investment properties are depreciable and are held within the context of a business model whose objective is to substantially consume over time the economic benefits embodied in the investment properties, rather than through sale, except for freehold land, which is always presumed to be recovered entirely through sale.

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right exists to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 Material accounting policy information (continued)

(18) Taxation (continued)

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be use by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

(19) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares.
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury share.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Instruments issued by a subsidiary, joint venture or associate that enable their holders to obtain ordinary shares of the subsidiary, joint venture or associate are included in calculating the diluted earnings per share data of the subsidiary, joint venture or associate. Those earnings per share are then included in the Company's earnings per share calculations based on the Company's holding of the instruments of the subsidiary, joint venture or associate.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the application of the Group's accounting policies, which are described in note 2.5, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Estimation of fulfilment cash flows

At the end of the reporting period, when measuring the insurance contract liabilities, the Group needs to make reasonable estimates of payments which the Group is required to make in fulfilling the obligations under the insurance contracts, based on information currently available at the end of the reporting period.

The main assumptions made in measuring these liabilities are as follows:

Discount rates

The Group applies a bottom-up approach, which starts with risk-free yield curve and adjusts it to determine the discount rate of cash flows do not vary with the returns of underlying items.

The spot discount rates assumption for insurance contract in RMB is as follows:

	31 December 2024	31 December 2023
Discount rates	0.83% – 4.80%	1.45% – 4.85%

Mortality and morbidity

Mortality, morbidity and disability rates are based on the Group's own experience, market experience and development trends. Mortality rates are determined based on the Group's historical data, estimations of current and future expectations and the understanding of China's insurance market with reference to China Life Insurance Mortality Table. Morbidity rates are determined based on factors such as the pricing assumptions of the Group's products and historical data, estimations of current and future expectations, etc. The assumptions of mortality and morbidity rates are affected by factors such as changes in lifestyles of national citizens, social development, and improvement of medical treatment, and hence subject to uncertainty.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation of fulfilment cash flows (continued)

Lapse rates

Lapse rates depend on policy year, product type and sales channel. The assumptions of lapse rates are affected by factors such as future economic environment and market competition, and hence subject to uncertainty.

Expenses

Expenses depend on costs analysis and future development trends. For future expenses sensitive to inflation, the Group also considers the effect of inflation. The expense assumptions include assumptions of acquisition costs and maintenance costs.

Policyholder dividend

The Group determines reasonable estimates based on a systematic and reasonable approach as policyholder dividends assumptions. The assumption of policyholder dividend is affected by a number of factors, and hence bears uncertainty.

Expected loss ratio and future claims development

The primary assumptions used by the group in calculating the liabilities for incurred claims are the expected loss ratios and future claims development. Expected loss ratios and future claims development for each measurement unit are based on the Group's historical claims experience and payout levels, taking into account adjustments for underwriting policies, rate levels, claims management processes, and other company policies. Additionally, external factors such as macroeconomic conditions, regulatory changes, and judicial trends are considered in assessing the trends in the external environment.

Methods used to measure the risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that is required for bearing the uncertainty about the amount and timing of cash flows that arises from non-financial risk as the insurance contract is fulfilled. Because the risk adjustment represents compensation for uncertainty, estimates are made on the degree of diversification benefits and expected favourable and unfavourable outcomes in a way that reflects the Group's degree of risk aversion. The Group estimates an adjustment for non-financial risk separately from all other estimates.

The risk adjustments for non-financial risk of subsidiaries of the Group are determined by applying methods such as the confidence interval method and cost of capital method, corresponding to a confidence level in the range of 75% – 85% (31 December 2023: 75% – 85%).

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Significant influence on an investee when less than 20 per cent of voting power is held

The Group determines whether it can exercise influence over an investee when it holds, directly or indirectly through subsidiaries, less than 20 per cent of the voting power of the investee, when one or more of the following indicators are present:

- Representation on the board of directors or equivalent governing body of the investee;
- Participation in policy-making processes, including participation in decisions about dividends or other distributions;
- Material transactions between the investor and the investee;
- Interchange of managerial personnel; or
- Provision of essential technical information.

An investee is accounted for as an associate if it is concluded that the Group exercises significant influence over that investee; otherwise, it is accounted for as a financial asset.

The reasons for existence of significant influence over some investees, even though the voting rights held by the Group is less than 20%, are disclosed in note 23 to these consolidated financial statements.

Consolidations of structured entities

The Group has interest in a range of structured entities in its daily operations for investment purposes. These entities vary in legal forms and investors' rights on removals of the managers, changing underlying assets and liquidations. Certain subsidiaries of the Company are also engaged in launching and managing these structured entities. The Group has to assess whether it has control over these entities. The decision mainly depends on whether the Group is the investment manager, whether or not the Group has powers over changing any investment decisions and investment managers, and how the returns can be affected by these powers. Details of these structured entities are disclosed in note 47 to these consolidated financial statements.

Impairment assessment on investments in associates

The Group assesses whether there are any indicators of impairment for investments in associates at the end of each reporting period. Investments in associates are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of investment in an associate exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. When value in use calculations is undertaken, the Group must estimate the present values of cash flows expected to arise from continuing to hold the investments and choose suitable discount rates in order to calculate the present values of those cash flows. Details of investments in associates are disclosed in note 23.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Fair values of financial assets determined using valuation techniques

The Group uses valuation technique for financial instruments which are not quoted in an active market. Valuation techniques include the use of discounted cash flows analysis, option pricing models or other valuation methods as appropriate such as reference to prices used in the most recent market transactions between knowledgeable and willing parties, reference to the current fair value of another instrument which is substantially the same.

For a discounted cash flow analysis, estimated future cash flows and discount rates are the best estimations made based on current market information and rates applicable to financial instruments with similar yields, credit quality and maturity characteristics. Estimated future cash flows are influenced by factors such as economic conditions, concentrations in specific industries, types of instruments or currencies, market liquidity and financial conditions of counterparties. Discount rates are influenced by risk-free interest rates and credit risk. Areas such as discount rates and liquidity discounts require management to make estimates.

Fair values of financial assets, their hierarchy, are disclosed in note 42 to these consolidated financial statements.

Measurement of the ECL

The measurement of the expected credit loss allowance for financial assets measured at amortized cost and fair value through other comprehensive income is an area that requires the use of complex models and significant assumptions. These models and assumptions relate to future economic conditions and credit behaviour. Key inputs, assumptions and valuation techniques used in measuring the expected credit loss allowance are disclosed in note 41 to these consolidated financial statements.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

4. OPERATING SEGMENT INFORMATION

The Group's operating segments are presented in a manner consistent with the internal management reporting provided to the management for deciding how to allocate resources and for assessing performance.

For management purposes, the Group is organised into business units based on principal activities of subsidiaries and has the following operating and reportable segments:

(1) The non-life insurance segment offers a wide variety of non-life insurance products mainly by PICC Property and Casualty Company Limited ("PICC P&C");

(2) The life insurance segment offers a wide range of life insurance products by PICC Life Insurance Company Limited ("PICC Life");

(3) The health insurance segment offers a wide range of health and medical insurance products by PICC Health Insurance Company Limited ("PICC Health");

(4) The asset management segment offers asset management services;

(5) The headquarters and other segments provide management and support for the Group's business through its strategy, risk management, finance, legal and human resources functions and comprises insurance agent business, reinsurance business and other operating business of the Group.

The segment's net profit includes revenue less expenses that are directly attributable to the segment.

Segment's assets and liabilities mainly comprise operating assets and liabilities that are directly attributable to the segment. Segment's assets are recognised after deducting the related provisions, and such deductions are directly written off in the Group's consolidated statement of financial position.

In the segment reporting, insurance revenue and other income earned are included in the segment's revenue, and profit or loss is presented as the operating results of the segment.

The Group's revenue and profits for the period were mainly derived from the aforementioned business in Mainland China. As the revenue, net profit, assets and liabilities of operations outside Mainland China constitute less than 10% of the consolidated amounts in these financial statements, geographical segmental information is not presented.

Intersegment sales are transacted according to terms and conditions negotiated by the relevant parties within the Group.

(Amounts in millions of Renminbi, unless otherwise stated)

4. OPERATING SEGMENT INFORMATION (continued)

Segment revenue and results for the year ended 31 December 2024

	Non-life insurance	Life insurance	Health insurance	Asset management	Headquarters and others	Eliminations	TOTAL
Insurance revenue	486,792	22,384	27,217	–	5,252	(3,936)	537,709
Interest income (from financial assets not measured at fair value through profit or loss)	11,898	14,293	2,784	72	1,829	–	30,876
Net investment gains	13,908	19,056	1,761	408	14,856	(14,111)	35,878
Share of profits or losses of associates and joint ventures	11,244	4,697	4	40	778	(3,043)	13,720
Exchange gains	(22)	48	4	(2)	36	–	64
Other income	1,466	311	570	2,558	3,178	(4,110)	3,973
TOTAL INCOME SEGMENT INCOME	525,286	60,789	32,340	3,076	25,929	(25,200)	622,220
External income	524,329	60,483	32,138	1,755	3,515	–	622,220
Inter-segment income	957	306	202	1,321	22,414	(25,200)	–
Insurance service expenses	466,302	7,483	17,752	–	4,932	(3,632)	492,837
Net expenses from reinsurance contracts held	6,093	164	1,742	–	71	(606)	7,464
Finance expenses from insurance contracts issued	9,994	29,665	3,533	–	293	(156)	43,329
Finance income/(losses) from reinsurance contracts held	(1,305)	1	(91)	–	(14)	145	(1,264)
Finance costs	1,147	1,178	212	11	697	–	3,245
Other operating and administrative expenses	3,017	2,663	863	1,905	4,779	(4,096)	9,131
Net impairment losses/(reversals) on financial assets	(910)	(725)	(197)	17	61	–	(1,754)
TOTAL OPERATING EXPENSES	484,338	40,429	23,814	1,933	10,819	(8,345)	552,988
PROFIT BEFORE TAX	40,948	20,360	8,526	1,143	15,110	(16,855)	69,232
Income tax expenses	(5,859)	(3,262)	(2,796)	(269)	(152)	(113)	(12,451)
PROFIT FOR THE PERIOD SEGMENT RESULTS	35,089	17,098	5,730	874	14,958	(16,968)	56,781

(Amounts in millions of Renminbi, unless otherwise stated)

4. OPERATING SEGMENT INFORMATION (continued)

Segment revenue and results for the year ended 31 December 2023

	Non-life insurance	Life insurance	Health insurance	Asset management	Headquarters and others	Eliminations	TOTAL
Insurance revenue	458,806	18,204	25,619	–	4,887	(3,616)	503,900
Interest income (from financial assets not measured at fair value through profit or loss)	11,780	13,442	2,597	45	1,515	–	29,379
Net investment gains/(losses)	2,199	(2,335)	(509)	12	11,003	(8,963)	1,407
Share of profits or losses of associates and joint ventures	10,212	5,225	2	61	708	(1,269)	14,939
Exchange gains	132	52	1	–	43	–	228
Other income	1,835	508	423	2,592	2,652	(4,396)	3,614
TOTAL INCOME SEGMENT INCOME	484,964	35,096	28,133	2,710	20,808	(18,244)	553,467
External income	484,165	34,835	28,084	1,385	4,998	–	553,467
Inter-segment income	799	261	49	1,325	15,810	(18,244)	–
Insurance service expenses	432,312	16,859	23,109	–	4,526	(3,370)	473,436
Net expenses from reinsurance contracts held	6,381	50	(282)	–	67	(255)	5,961
Finance expenses from insurance contracts issued	10,204	15,505	1,831	–	269	(158)	27,651
Finance income/(losses) from reinsurance contracts held	(1,301)	3	(75)	–	(15)	137	(1,251)
Finance costs	1,151	1,095	237	34	944	–	3,461
Other operating and administrative expenses	3,455	2,154	1,074	1,930	4,020	(3,409)	9,224
Net impairment losses on financial assets	404	721	224	16	63	–	1,428
TOTAL OPERATING EXPENSES	452,606	36,387	26,118	1,980	9,874	(7,055)	519,910
PROFIT BEFORE TAX	32,358	(1,291)	2,015	730	10,934	(11,189)	33,557
Income tax (expenses)/credit	(3,560)	1,294	(179)	(43)	(78)	(180)	(2,746)
PROFIT FOR THE PERIOD SEGMENT RESULTS	28,798	3	1,836	687	10,856	(11,369)	30,811

(Amounts in millions of Renminbi, unless otherwise stated)

4. OPERATING SEGMENT INFORMATION (continued)

Segment assets and liabilities as at 31 December 2024 and 2023, and other segment information for the years ended 31 December 2024 and 2023 are as follows:

	Non-life insurance	Life insurance	Health insurance	Asset management	Headquarters and others	Eliminations	TOTAL
31 December 2024							
Segment assets	806,292	740,268	125,953	14,363	232,569	(153,124)	1,766,321
Segment liabilities	520,442	700,718	111,165	4,383	54,675	7,517	1,398,900
Other segment information:							
Capital expenditures	2,893	273	134	593	566	(62)	4,397
Depreciation and amortization	3,876	636	351	165	450	(327)	5,151
31 December 2023							
Segment assets	732,187	641,200	102,807	13,799	216,884	(150,195)	1,556,682
Segment liabilities	470,996	605,279	91,089	4,387	57,271	(5,243)	1,223,779
Other segment information:							
Capital expenditures	3,005	87	132	506	760	1	4,491
Depreciation and amortization	3,583	254	235	417	362	82	4,933

The headquarters, non-life and life insurance segments hold equity interests of 0.85%, 5.91%, and 6.14%, respectively, in Industrial Bank Co., Ltd. ("Industrial Bank"), an associate of the Group as at 31 December 2024 and 2023. These interests are accounted for as financial assets in some segments. On consolidation, these interests in aggregate are accounted for as an associate and the impacts of relevant adjustments to the consolidated financial statements are allocated to the respective segments according to their respective equity interest holdings. Details of these interests are disclosed in note 23.

(Amounts in millions of Renminbi, unless otherwise stated)

5. INSURANCE REVENUE

	2024	2023
Insurance revenue from contracts not measured under the premium allocation approach		
Insurance revenue relating to the changes in the liability for remaining coverage	41,901	37,250
Expected incurred claims and other insurance service expenses	24,489	24,523
Change in the risk adjustment for non-financial risk for the risk expired	2,026	1,673
Contractual service margin recognised for the services provided	14,772	10,396
Experience adjustments for premium receipts relating to current and past services	614	658
Insurance acquisition cash flows amortisation	10,498	9,771
Subtotal	52,399	47,021
Insurance revenue from contracts measured under the premium allocation approach	485,310	456,879
TOTAL	537,709	503,900

	2024		
	Insurance contracts measured under the premium allocation approach	Insurance contracts not measured under the premium allocation approach	TOTAL
Contracts measured under the modified retrospective approach at transition	11	25,692	25,703
Contracts measured under the fair value approach at transition	–	2,215	2,215
Other insurance contracts	485,299	24,492	509,791
TOTAL	485,310	52,399	537,709

	2023		
	Insurance contracts measured under the premium allocation approach	Insurance contracts not measured under the premium allocation approach	TOTAL
Contracts measured under the modified retrospective approach at transition	66	27,136	27,202
Contracts measured under the fair value approach at transition	–	3,230	3,230
Other insurance contracts	456,813	16,655	473,468
TOTAL	456,879	47,021	503,900

(Amounts in millions of Renminbi, unless otherwise stated)

6. INTEREST INCOME AND NET INVESTMENT GAINS

	2024	2023
Interest income from financial assets not measured at fair value through profit or loss (a)	30,876	29,379
Net investment gains (b)	35,878	1,407
TOTAL	66,754	30,786

(a) Interest income from financial assets not measured at fair value through profit or loss

	2024	2023
Financial assets measured at amortized cost	13,256	13,235
Financial assets measured at fair value through other comprehensive income	12,959	11,075
Current and term deposits	4,403	4,712
Securities purchased under resale agreements	144	235
Others	114	122
TOTAL	30,876	29,379

(b) Net investment gains

	2024	2023
Interest income		
Financial assets measured at fair value through profit or loss	5,743	5,890
Dividend income		
Equity instruments measured at fair value through other comprehensive income	3,812	3,579
Financial assets measured at fair value through profit or loss	2,482	3,981
Lease income from investment properties	685	657
Subtotal	12,722	14,107
Realised investment losses		
Financial assets measured at fair value through profit or loss	(6,248)	(4,502)
Financial assets measured at fair value through other comprehensive income	5,617	1,707
Investments in associates and joint ventures	–	4
Financial assets measured at amortized cost	13	3
Subtotal	(618)	(2,788)
Unrealised investment gains		
Financial assets measured at fair value through profit or loss	24,246	(9,449)
Investment properties	(472)	(463)
Subtotal	23,774	(9,912)
TOTAL	35,878	1,407

(Amounts in millions of Renminbi, unless otherwise stated)

6. INTEREST INCOME AND NET INVESTMENT GAINS (continued)

(b) Net investment gains (continued)

Net unrealised gains or losses comprise changes in the fair value of financial instruments for the period and from reversal of prior period's unrealised gains and losses for financial instruments, which were realised in the reporting period. Net realised gains or losses include the gains or losses on disposals of financial instruments which are calculated using the weighted average method. They represent the difference between a financial instrument's initial cost or amortised cost and disposal amount.

7. OTHER INCOME

	2024	2023
Asset management fee	1,585	1,205
Government grants	397	438
Disposal gains from investment properties, property and equipment, intangible assets and land use rights	174	209
Commission income arising from the collection of motor vehicles and vessels taxes	143	50
Others	1,674	1,712
TOTAL	3,973	3,614

8. FINANCE EXPENSES FROM INSURANCE CONTRACTS ISSUED

	2024	2023
Changes in fulfilment cash flows and contractual service margin of contracts measured under variable fee approach due to changes in fair value of underlying items	29,139	8,701
Interest accreted	21,599	19,994
Effect of changes in interest rates and other financial assumptions	39,135	10,559
Foreign exchange differences	57	176
Insurance finance expenses from insurance contracts issued	89,930	39,430
Total insurance finance expenses from insurance contracts issued recognised in profit or loss	43,329	27,651
Total insurance finance expenses from insurance contracts issued recognised in other comprehensive income	46,601	11,779

9. FINANCIAL COST

	2024	2023
Securities sold under agreements to repurchase	1,644	1,863
Bonds payable	1,415	1,390
Pension benefit obligation unwound (note 36)	61	75
Interest on lease liabilities	56	73
Others	69	60
TOTAL	3,245	3,461

(Amounts in millions of Renminbi, unless otherwise stated)

10. NET IMPARIMENT REVERSALS/(LOSSES) ON FINANCIAL ASSETS

	2024	2023
Financial assets measured at amortized cost	1,405	(1,014)
Debt instruments measured at fair value through other comprehensive income	133	(314)
Term deposits	151	(106)
Other financial assets	65	6
TOTAL	1,754	(1,428)

11. PROFIT BEFORE TAX

Profit before tax is arrived at after charging/(crediting) the following items:

	2024	2023
Net impairment (reversals)/losses on financial assets (note 10)	(1,754)	1,428
Other operating and administrative expenses (1)	9,131	9,224

(1) Other operating and administrative expenses

	2024	2023
Employee costs (a)	50,543	49,590
Promotion expenses	13,405	19,450
Technical/labour service and consulting fees	6,693	7,623
Depreciation and amortisation	5,001	4,933
Contributions to China Insurance Security Fund	4,417	4,122
Business and travel expenses	1,813	1,739
Prevention fees	1,320	1,626
Electronic equipment's operating expenses	587	862
Impairment losses on other assets	248	190
Others	25,651	21,605
Including: Auditor's remuneration	41	51
Subtotal	109,678	111,740
Less: Expenses attributed to insurance acquisition cash flows	(53,519)	(59,085)
Less: Other insurance fulfilment cash flows in the period	(47,028)	(43,431)
TOTAL	9,131	9,224

Insurance companies in China are required to make regular contributions to China Insurance Security Fund ("CISF") according to the types and premiums of products sold during the year. CISF was established to provide protection for policyholders when an insurance company in China is in financial troubles.

(Amounts in millions of Renminbi, unless otherwise stated)

11. PROFIT BEFORE TAX (continued)

(1) Other operating and administrative expenses (continued)

(a) Employee costs

	2024	2023
Employee costs (including directors' and supervisors' remuneration)		
– Salaries, allowances and performance related bonuses	44,773	43,825
– Pension scheme contributions	5,770	5,765
TOTAL	50,543	49,590

12. INCOME TAX EXPENSE

	2024	2023
Current tax	8,517	3,040
Adjustments in respect of prior years	32	122
Deferred tax (note 28)	3,902	(416)
TOTAL	12,451	2,746

Certain operations of the Company's subsidiaries in the Western region and Hainan Province are entitled to tax benefits and their eligible taxable income is subject to an income tax rate of 15%. One of the Company's subsidiaries is recognized as a high-tech enterprise and its eligible taxable income is subject to income tax at a rate of 15%. Except for the above-mentioned subsidiaries, the Company and its subsidiaries registered in the PRC are subject to corporate income tax ("CIT") at the statutory rate of 25% (2023: 25%) on their respective taxable income in accordance with the relevant PRC income tax rules and regulations. Income taxes on taxable income elsewhere were calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

A reconciliation of the tax expense applicable to profit before tax using the CIT rate of 25% to the tax expense at the Group's effective tax rate is as follows:

	2024	2023
Profit before tax	69,232	33,557
Tax rate	25%	25%
Tax at the statutory tax rate	17,308	8,389
Adjustments in respect of prior years	32	122
Tax effect of share of profits or losses of associates and joint ventures	(3,429)	(3,734)
Income not subject to tax	(3,656)	(3,943)
Expenses not deductible for tax	426	451
Unrecognised deductible temporary differences and tax losses/tax losses utilised from previous periods	1,980	1,501
Effects of different tax rates applied to subsidiaries	(243)	(34)
Others	33	(6)
Income tax expense for the year	12,451	2,746

(Amounts in millions of Renminbi, unless otherwise stated)

13. DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

Certain directors, supervisors and senior management are entitled to bonuses which are determined by a number of factors including the operating results of the Group.

The total compensation package for the Company's key management for the year ended 31 December 2024 has not yet been finalised in accordance with regulations of relevant PRC authorities. The amount of the compensation not provided for is not expected to have any significant impact on the Group's 2024 consolidated financial statements.

Directors', supervisors' and senior management's remuneration for the years of 2024 and 2023, are disclosed as follows:

(a) Directors and Supervisors

	2024					
	Fees (in RMB'000)	Salaries and allowances (in RMB'000)	Performance related bonuses (in RMB'000)	Social insurance, housing fund and other benefits (in RMB'000)	Retirement benefits (in RMB'000)	TOTAL (in RMB'000)
Executive Directors:						
Ding Xiangqun (Chairperson of the Board) (i)	–	64	48	16	38	166
Zhao Peng (Vice Chairman of the Board)	–	384	288	97	226	995
Li Zhuyong	–	346	259	97	210	912
Xiao Jianyou	–	346	259	97	210	912
Non-executive Directors:						
Wang Qingjian	–	–	–	–	–	–
Miao Fusheng	–	–	–	–	–	–
Wang Shaoqun	–	–	–	–	–	–
Yu Qiang	–	–	–	–	–	–
Song Hongjun	–	–	–	–	–	–
Independent Non-executive Directors:						
Shiu Sin Por	300	–	–	–	–	300
Ko Wing Man (ii)	250	–	–	–	–	250
Cui Li (iii)	300	–	–	–	–	300
Xu Lina	250	–	–	–	–	250
Wang Pengcheng	300	–	–	–	–	300
Directors who have resigned:						
Wang Tingke (iv)	–	256	192	64	151	663
TOTAL	1,400	1,396	1,046	371	835	5,048
Supervisors:						
Wang Yadong (v)	–	–	–	–	–	–
Lee Wai King	300	–	–	–	–	300
He Zuwang (v)	–	–	–	–	–	–
TOTAL	300	–	–	–	–	300

(Amounts in millions of Renminbi, unless otherwise stated)

13. DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (continued)

(a) Directors and Supervisors (continued)

	2023 (Restated)					
	Fees (in RMB'000)	Salaries and allowances (in RMB'000)	Performance related bonuses (in RMB'000)	Social insurance, housing fund and other benefits (in RMB'000)	Retirement benefits (in RMB'000)	TOTAL (in RMB'000)
Executive Directors:						
Wang Tingke (Chairman of the Board)	–	384	490	92	223	1,189
Zhao Peng (Vice Chairman of the Board)	–	192	245	48	113	598
Li Zhuyong	–	346	436	92	207	1,081
Xiao Jianyou	–	346	436	92	207	1,081
Non-executive Directors:						
Wang Qingjian	–	–	–	–	–	–
Miao Fusheng	–	–	–	–	–	–
Wang Shaoqun	–	–	–	–	–	–
Yu Qiang	–	–	–	–	–	–
Song Hongjun	–	–	–	–	–	–
Independent Non-executive Directors:						
Shiu Sin Por	300	–	–	–	–	300
Ko Wing Man	250	–	–	–	–	250
Cui Li	300	–	–	–	–	300
Xu Lina	250	–	–	–	–	250
Wang Pengcheng	100	–	–	–	–	100
Directors who have resigned:						
Luo Xi	–	96	123	22	55	296
Chen Wuzhao	225	–	–	–	–	225
Wang Zhibin	–	–	–	–	–	–
TOTAL	1,425	1,364	1,730	346	805	5,670
Supervisors:						
Xu Yongxian (vi)	–	921	1,370	126	204	2,621
Wang Yadong	–	–	–	–	–	–
Lee Wai King	300	–	–	–	–	300
He Zuwang	–	–	–	–	–	–
TOTAL	300	921	1,370	126	204	2,921

13. DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (continued)

(a) Directors and Supervisors (continued)

(i) Ding Xiangqun was appointed as Chairperson of the Board in December 2024;

(ii) Ko Wing Man resigned in February 2025;

(iii) Cui Li resigned in January 2025;

(iv) Wang Tingke resigned in September 2024;

(v) The remuneration and benefits of Mr. Wang Yadong and Mr. He Zuwang are the allowances they received during their tenure as employee representative supervisors of the Company, excluding the remuneration they receive in accordance with the employee remuneration system of the Company;

(vi) Xu Yongxian resigned in January 2024.

The compensation amounts for the directors and supervisors during their appointment were stated above, in which the compensation amounts for the year ended 31 December 2024 were paid amount by year-end, and the amounts for the year ended 31 December 2023 were restated after finalisation in year 2024. In addition to the above disclosure, the amount of remuneration for 2023 also includes a total of RMB2,546 thousand of tenure incentives for 2021-2023 granted to the following five executive directors: Mr. Wang Tingke was granted RMB691 thousand, Mr. Zhao Peng was granted RMB116 thousand, Mr. Li Zhuyong was granted RMB611 thousand, Mr. Xiao Jianyou was granted RMB611 thousand, Mr. Luo Xi was granted RMB517 thousand.

Executive directors' emoluments shown above were mainly for the services in connection with management of affairs of the Company and the Group. Non-executive directors did not receive any remuneration from the Company.

There were no other emoluments payable to the independent non-executive directors during the year (2023: Nil).

There was no arrangement under which a director or supervisor waived or agreed to waive any remuneration during the year.

(Amounts in millions of Renminbi, unless otherwise stated)

13. DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (continued)

(b) Senior Management

The information set out below does not include remuneration of directors or supervisors. The relevant information of their remuneration is disclosed in note 13(a).

	2024 (in RMB'000)	2023 (in RMB'000) (Restated)
Salaries and allowances	4,056	4,083
Performance related bonuses	1,038	7,398
Social insurance, housing fund and other benefits	693	706
Retirement benefits	1,515	1,369
TOTAL	7,302	13,556

The numbers of senior management, excluding directors and supervisors, whose remuneration fell within the following bands are as follows:

	2024	2023 (Restated)
Nil to HKD500,000	–	–
HKD500,001 to HKD1,000,000	4	–
HKD1,000,001 to HKD1,500,000	2	1
HKD1,500,001 to HKD2,000,000	1	4
HKD2,000,001 to HKD2,500,000	–	–
HKD2,500,001 to HKD3,000,000	–	2
HKD3,000,001 to HKD3,500,000	–	–
TOTAL	7	7

The compensation amounts for certain members of senior management during their appointment were stated above, in which the compensation amounts for the year ended 31 December 2023 were restated after finalisation in year 2024.

14. FIVE HIGHEST PAID INDIVIDUALS

During the year of 2024, the five highest paid individuals included one director (2023: one supervisor and one director), details of whose remuneration are set out in note 13 above. Details of the remuneration for the years of 2024 and 2023 of the remaining highest paid individuals who are neither director nor supervisor of the Company are as follows:

	2024 (in RMB'000)	2023 (in RMB'000) (Restated)
Salaries and allowances	3,018	2,700
Performance related bonuses	259	3,529
Social insurance, housing fund and other benefits	402	336
Retirement benefits	883	567
TOTAL	4,562	7,132

(Amounts in millions of Renminbi, unless otherwise stated)

14. FIVE HIGHEST PAID INDIVIDUALS (continued)

The number of the highest paid individuals who are neither director nor supervisor of the Company whose remuneration fell within the following bands is as follows:

	2024	2023 (Restated)
HKD500,001 to HKD1,000,000	1	–
HKD1,000,001 to HKD1,500,000	2	–
HKD1,500,001 to HKD2,000,000	1	1
HKD2,000,001 to HKD2,500,000	–	–
HKD2,500,001 to HKD3,000,000	–	2
HKD3,000,001 to HKD3,500,000	–	–
TOTAL	4	3

The compensation amounts for the year ended 31 December 2024 were paid amount by year-end.

15. EARNINGS PER SHARE

(a) Basic Earnings Per Share

The calculation of basic earnings per share for the years of 2024 and 2023 is based on the profit attributable to owners of the Company and the number of ordinary shares in issue during the periods.

	2024	2023
Profit attributable to owners of the Company for the year	42,151	22,322
Weighted average number of ordinary shares in issue (in million shares)	44,224	44,224
Basic earnings per share (in RMB Yuan)	0.95	0.50

(b) Diluted Earnings Per Share

	2024	2023
Profit attributable to owners of the Company for the year	42,151	22,322
Add: Adjustment of profit attributable to owners of the Company from the assumption of the conversion of all the convertible bonds issued by an associate (note)	(1,745)	(1,241)
Profit attributable to owners of the Company for the calculation of diluted earnings per share	40,406	21,081
Weighted average number of ordinary shares in issue (in million shares)	44,224	44,224
Diluted earnings per share (in RMB Yuan)	0.91	0.48

Note: The associate of the Group, Industrial Bank issued convertible bonds with a share conversion period from 30 June 2022 to 26 December 2027 which meet potential ordinary shares under IAS 33. The adjustment of profit attributable to owners of the Company from the assumption of the conversion of all the convertible bonds issued by the associate was considered in the calculation of diluted earnings per share.

(Amounts in millions of Renminbi, unless otherwise stated)

16. DIVIDENDS

	2024	2023
Dividends recognised as distributions:		
2024 Interim – RMB6.30 cents per share	2,786	–
2023 Final, paid – RMB15.60 cents per share	6,899	–
2022 Final, paid – RMB16.60 cents per share	–	7,341

A interim dividend in respect of the period ended 30 June 2024 of RMB6.30 cents per share was proposed by the Board of Directors on 28 August 2024 and approved by the shareholders on 26 November 2024 at the general meeting and paid on 10 January 2025.

A final dividend in respect of the year ended 31 December 2023 of RMB15.60 cents per share was proposed by the Board of Directors on 26 March 2024 and approved by the shareholders on 28 June 2024 at the general meeting and paid on 9 August 2024.

17. CASH AND CASH EQUIVALENTS

	31 December 2024	31 December 2023
Money at call	24,530	20,274
Deposits with banks with original maturity of no more than three months and short notice	372	119
Securities purchased under resale agreements with original maturity of no more than three months	19,230	8,442
TOTAL	44,132	28,835

The Group entered into a number of resale agreements to purchase certain securities with commitments to sell in the future, and counterparties are required to pledge certain bonds as collaterals. The securities purchased are not recognised on the consolidated statement of financial position.

18. FINANCIAL ASSETS MEASURED AT AMORTIZED COST

	31 December 2024	31 December 2023
Bonds		
– Government bonds	104,064	78,285
– Financial bonds	9,054	8,670
– Corporate bonds	33,377	31,261
Debt investment schemes	85,892	97,016
Trust schemes	69,964	94,114
Asset-backed plans and others	15,152	11,955
TOTAL	317,503	321,301
Less: Impairment provisions	(1,272)	(2,696)
NET CARRYING VALUE	316,231	318,605

(Amounts in millions of Renminbi, unless otherwise stated)

19. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	31 December 2024	31 December 2023
Debt instruments measured at fair value through other comprehensive income		
Bonds		
– Government bonds	318,363	147,973
– Financial bonds	66,684	47,291
– Corporate bonds	138,269	141,129
Asset-backed plans	265	2,324
Subtotal	523,581	338,717
Including:		
Amortized costs	473,139	316,141
Accumulated changes in fair value	50,442	22,576
Equity instruments measured at fair value through other comprehensive income		
Listed shares	27,327	16,028
Perpetual instruments	76,898	69,022
Other equity investments	11,553	11,491
Subtotal	115,778	96,541
Including:		
Costs	107,452	93,213
Accumulated changes in fair value	8,326	3,328
TOTAL	639,359	435,258

As at December 31 2024, the impairment provisions of debt instruments measured at fair value through other comprehensive income was RMB364 million (31 December 2023: RMB652 million).

In 2024, for the consideration of optimizing liquidity arrangement, the Group disposed of equity instruments measured at fair value through other comprehensive income with a cost of RMB12,073 million (2023: RMB3,043 million), and the cumulative gains transferred from revaluation reserve to retained profits upon disposals was RMB1,749 million (2023: cumulative losses of RMB471 million).

(Amounts in millions of Renminbi, unless otherwise stated)

20. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2024	31 December 2023
Bonds		
– Government bonds	1,601	2,306
– Financial bonds	115,451	155,194
– Corporate bonds	16,893	14,468
Funds	86,642	117,375
Listed shares	32,922	29,477
Asset management products	5,184	5,473
Unlisted equity investments	12,339	12,269
Trust schemes	4,266	7,678
Equity investments plans and others	42,372	38,780
TOTAL	317,670	383,020

As at 31 December 2024 and 2023, the Group did not designate any financial assets (that would otherwise have been classified and measured at amortized cost or fair value through other comprehensive income) at fair value through profit or loss.

21. TERM DEPOSITS

The original maturities of the term deposits are as follows:

	31 December 2024	31 December 2023
More than 3 months to 12 months	1,790	2,593
More than 1 year to 2 years	1,003	566
More than 2 years to 3 years	24,776	12,739
More than 3 years	96,498	64,246
Subtotal	124,067	80,144
Add: Interests receivables	2,642	1,655
Less: Impairment provisions	(153)	(312)
NET CARRYING VALUE	126,556	81,487

These term deposits of the Group bear fixed interest rate ranging from 1.10% – 7.44% per annum as at 31 December 2024 (31 December 2023: bear fixed interest rate ranging from 2.20% – 6.30% per annum).

(Amounts in millions of Renminbi, unless otherwise stated)

22. PARTICULARS OF SUBSIDIARIES

(a) General information of subsidiaries

Particulars of the principal subsidiaries as of 31 December 2024 and 2023 are set out below:

Name	Place of incorporation and type of legal entity	Paid up/ registered share capital	Proportion of shareholders' interest and voting rights				Principal activities/ place of operation
			31 December 2024		31 December 2023		
			Direct	Indirect	Direct	Indirect	
PICC P&C	Beijing, PRC Corporation	RMB22,243	68.98%	–	68.98%	–	Non-life insurance, PRC
PICC Life	Beijing, PRC Corporation	RMB25,761	71.08%	8.92%	71.08%	8.92%	Life insurance, PRC
PICC Asset Management Company Limited ("PICC AMC")	Shanghai, PRC Limited Liability	RMB1,298	100.00%	–	100.00%	–	Investment management of insurance companies, PRC
PICC Health	Beijing, PRC Corporation	RMB8,568	69.32%	26.13%	69.32%	26.13%	Health insurance, PRC
PICC Pension Company Limited ("PICC Pension")	Hebei, PRC Limited Liability	RMB4,000	100.00%	–	100.00%	–	Endowment insurance, PRC
PICC Investment Holding Company Limited ("PICC Investment Holding")	Beijing, PRC Limited Liability	RMB800	100.00%	–	100.00%	–	Investment holding, PRC
PICC Capital Insurance Asset Management Co., Ltd. ("PICC Capital")	Beijing, PRC Limited Liability	RMB200	100.00%	–	100.00%	–	Investment management, PRC
PICC Reinsurance Company Limited ("PICC Reinsurance")	Beijing, PRC Corporation	RMB5,961	51.00%	49.00%	51.00%	49.00%	Reinsurance business, PRC
PICC (Hong Kong) Limited ("PICC HK") (note)	Hong Kong Corporation	HKD1,610	89.36%	–	89.36%	–	P&C insurance, Hong Kong SAR
PICC Financial Services Company Limited ("PICC Financial Services")	Tianjin, PRC Limited Liability	RMB1,415	70.68%	29.32%	70.68%	29.32%	Internet finance, PRC
PICC Information Technology Co., Ltd.	Shanghai, PRC Limited Liability	RMB400	100.00%	–	100.00%	–	Technology service, PRC

Note: Since there are no registered capital requirements for companies incorporated in Hong Kong, PICC HK is disclosed as its paid up capital.

(Amounts in millions of Renminbi, unless otherwise stated)

22. PARTICULARS OF SUBSIDIARIES (continued)

(a) General information of subsidiaries (continued)

Only principal subsidiaries which are directly held by the Company and have material impact on the consolidated financial statements are listed above. Other subsidiaries did not materially affect the Group's net financial position and operating results and were therefore not separately disclosed.

As at 31 December 2024, market value of shares of PICC P&C which is listed on the Main Board of The Stock Exchange of Hong Kong Limited is RMB174,198 million (31 December 2023: RMB129,026 million).

Capital supplementary bonds issued by these subsidiaries are set out in note 33 to these consolidated financial statements.

The Company and the following subsidiaries had outstanding capital supplementary bonds at the end of the year, which are all held by third parties:

	31 December 2024		31 December 2023	
	Nominal Amount	Carrying Amount	Nominal Amount	Carrying Amount
The Company	12,000	12,225	12,000	12,224
PICC Life	12,000	12,325	12,000	12,269
PICC P&C	20,000	20,433	8,000	8,365
PICC Health	3,000	3,121	3,000	3,107
PICC Reinsurance	2,000	2,028	2,000	2,027
TOTAL	49,000	50,132	37,000	37,992

At the end of the reporting period, the Company had other indirectly held subsidiaries that are not material to the Group. The principal activities of these subsidiaries are summarized as follows:

		Number of subsidiaries	
Principal activities of the subsidiaries	Place of incorporation and operation in the PRC	31 December 2024	31 December 2023
Insurance intermediaries	Beijing, Shanghai, Shenzhen and others	5	5
Insurance training services	Dalian, Hainan and others	2	2
Property development and management	Beijing, Shenzhen and others	13	12
Hotels, restaurants and others	Beijing, Shanghai, Chongqing and others	12	12
TOTAL		32	31

The legal form of above-mentioned subsidiaries is limited liability company.

(Amounts in millions of Renminbi, unless otherwise stated)

22. PARTICULARS OF SUBSIDIARIES (continued)

(b) Details of the non-wholly owned subsidiary that has material non-controlling interests

The table below shows details of the non-wholly owned subsidiary of the Group that has material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests 31 December 2024	31 December 2023	Profit allocated to non-controlling interests 2024	2023	Accumulated non-controlling interests 31 December 2024	31 December 2023
PICC P&C and its subsidiaries	Beijing, PRC	31.02%	31.02%	9,976	7,620	80,845	72,681

Summarized financial information in respect of the Group's subsidiary that has material non-controlling interests is set out below. The summarized financial information below represents amounts before intragroup elimination. Please refer to note 4 operating segment information for the financial information of other subsidiaries.

In particular, an interest in the equity interest of Industrial Bank is accounted for as a financial asset in the consolidated financial statements of PICC P&C but when combined with voting rights held by the Company and PICC Life, this interest is accounted for as an associate in the Group's consolidated financial statements. The information presented in this note does not consider the impact had these equity interests been accounted for as an associate in the consolidated financial statements of PICC P&C.

PICC P&C

	31 December 2024	31 December 2023
Total assets	778,244	703,623
Total liabilities	517,622	469,319
Total shareholders' equity	260,622	234,304
Equity attributable to owners of the Group	179,777	161,623
Non-controlling interests of the Group	80,845	72,681

(Amounts in millions of Renminbi, unless otherwise stated)

22. PARTICULARS OF SUBSIDIARIES (continued)

(b) Details of the non-wholly owned subsidiary that has material non-controlling interests (continued)

PICC P&C (continued)

	2024	2023
Total income	508,230	468,400
Total operating expenses	(477,338)	(445,895)
Share of profits of associates	7,123	5,530
Income tax expense	(5,854)	(3,469)
Profit for the year	32,161	24,566
Profit attributable to owners of the Group	22,185	16,946
Profit attributable to non-controlling interests of the Group	9,976	7,620
Other comprehensive income for the year	9,819	(1,133)
Total comprehensive income for the year	41,980	23,433
Dividends paid to non-controlling interests	4,809	3,298
Net cash inflow from operating activities	36,464	20,542
Net cash outflow from investing activities	(27,546)	(11,130)
Net cash outflow from financing activities	(6,050)	(14,223)
Net cash inflow/(outflow)	2,868	(4,811)

(c) Significant restrictions

As certain major subsidiaries of the Company are engaged in insurance business and regulated by the relevant insurance regulatory authorities, the ability of the Company and its subsidiaries to access assets held by these insurance subsidiaries to settle liabilities of the Group is restricted. As such, there are restrictions on the Group's ability to access or use the assets of these insurance subsidiaries to settle the liabilities of the Group. Please refer to note 41.1(b) for detailed disclosure on the relevant regulatory capital requirements.

(Amounts in millions of Renminbi, unless otherwise stated)

23. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

(a) The Group's investments in associates and joint ventures as at 31 December 2024 and 2023 are as follows:

	31 December 2024	31 December 2023
Associates		
Cost of investment in associates	71,329	71,395
Share of post-acquisition profits, other comprehensive income and other equity movement, less dividend received or receivable	96,397	85,182
Subtotal	167,726	156,577
Joint ventures		
Cost of investment in joint ventures	196	196
Share of post-acquisition profits, other comprehensive income and other equity movement, less dividend received or receivable	(106)	(108)
Subtotal	90	88
TOTAL	167,816	156,665

Movement of investments in associates and joint ventures is as follows:

Associates and joint ventures	1 January 2024	Additions	Disposals	Share of profit	Share of other comprehensive income	Share of other movement	Dividend received	Impairment	31 December 2024
Industrial Bank	90,830	–	–	8,992	684	10	(2,786)	–	97,730
Hua Xia Bank	45,128	–	–	4,146	909	(1)	(1,241)	–	48,941
Others	20,707	–	(29)	582	162	58	(335)	–	21,145
TOTAL	156,665	–	(29)	13,720	1,755	67	(4,362)	–	167,816

As at 31 December 2024, the carrying amount of the Group's investment in Industrial Bank was RMB97,730 million (31 December 2023: RMB90,830 million). As at 31 December 2024, the market value of the Group's investment in Industrial Bank was RMB51,330 million (31 December 2023: RMB39,596 million), which was lower than the carrying amount. Considering impairment indicator exists, the Group performed an impairment test on the carrying amount, which confirmed that there was no impairment at 31 December 2024 as the recoverable amount as determined by a value-in-use ("VIU") approach was higher than the carrying value.

(Amounts in millions of Renminbi, unless otherwise stated)

23. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

(a) The Group's investments in associates and joint ventures as at 31 December 2024 and 2023 are as follows: (continued)

The impairment test was performed by comparing the recoverable amount of Industrial Bank, determined by a VIU calculation, with its carrying amount. The VIU calculation uses discounted cash flow projections based on management's best estimates of future earnings available to ordinary shareholders prepared in accordance with IAS 36.

The recoverable amount of Industrial Bank was assessed by Watson (Beijing) International Asset Appraisal Co., Ltd. The key assumptions used in the VIU calculation of Industrial Bank are as follows:

Forecast period	5 years and perpetual
Long-term profit growth rate	2.5%
Discount rate	10.3%

As at 31 December 2024, the carrying amount of the Group's investment in Hua Xia Bank Co., Limited ("Hua Xia Bank") was RMB48,941 million (31 December 2023: RMB45,128 million). As at 31 December 2024, the market value of the Group's investment in Hua Xia Bank was RMB20,532 million (31 December 2023: RMB14,405 million), which was lower than the carrying amount. Considering impairment indicator exists, the Group performed an impairment test on the carrying amount, which confirmed that there was no impairment at 31 December 2024 as the recoverable amount as determined by a VIU approach was higher than the carrying value.

The impairment test was performed by comparing the recoverable amount of Hua Xia Bank, determined by a VIU calculation, with its carrying amount. The VIU calculation uses discounted cash flow projections based on management's best estimates of future earnings available to ordinary shareholders prepared in accordance with IAS 36.

The recoverable amount of Hua Xia Bank was assessed by Watson (Beijing) International Asset Appraisal Co., Ltd. The key assumptions used in the VIU calculation of Hua Xia Bank are as follows:

Forecast period	5 years and perpetual
Long-term profit growth rate	2.5%
Discount rate	10.5%

(Amounts in millions of Renminbi, unless otherwise stated)

23. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

(b) Particulars of the principal associates are as follows:

Associates	Place of registration	Principal activities/Place of operation	Percentage of ownership interest and voting rights held by the Group			
			31 December 2024		31 December 2023	
			Direct	Indirect	Direct	Indirect
Industrial Bank (1)	Fujian Province, PRC	Banking, PRC	0.85%	12.05%	0.85%	12.05%
Hua Xia Bank (2)	Beijing, PRC	Banking, PRC	–	16.11%	–	16.11%

The above table lists out the associates of the Group which principally affected the results of the year or form a substantial portion of the net assets of the Group. To give details of other associates would, in the opinion of the directors of the Company, result in particulars of excessive length.

Summarized consolidated financial information in respect of each of the Group's material associates is set out below. The summarized consolidated financial information below represents amounts shown in the associate's consolidated financial statements prepared in accordance with the relevant accounting policies and financial regulations applicable to entities established in the PRC, and adjusted for any material differences from IFRS Accounting Standards.

Industrial Bank and Hua Xia Bank are financial institutions. Therefore, their abilities to distribute dividends are subject to fulfilment of the relevant regulatory capital requirements.

(1) Industrial Bank

On 31 December 2012, the Company, PICC P&C and PICC Life in aggregate subscribed for approximately 1.38 billion shares of Industrial Bank through a private placement. After the completion of the subscription, the Group as a whole became the second largest shareholder of Industrial Bank.

On 19 April 2013, a member of senior management of PICC Life was nominated to be a director of Industrial Bank. The Group has been able to exercise significant influence on Industrial Bank, and therefore accounted for its equity interest in Industrial Bank as an associate using equity method of accounting.

On 9 July 2015, PICC P&C and PICC Life, the Company's subsidiaries, acquired 280 million and 328 million shares, respectively, of Industrial Bank in the open market. Therefore, the Group's aggregate interest in this associate was increased from 10.87% to 14.06%.

(Amounts in millions of Renminbi, unless otherwise stated)

23. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

(b) Particulars of the principal associates are as follows: (continued)

(1) Industrial Bank (continued)

On 31 March 2017, Industrial Bank completed its private offering. The Group did not subscribe for the shares proportionately, therefore, its total equity interest in Industrial Bank was diluted from 14.06% to 12.90%. The Group is of the view that it still has significant influence over Industrial Bank, as it appointed one director to the board of directors of Industrial Bank and the Group was the second largest shareholder of Industrial Bank.

As permitted by IAS 28 "Investments in Associates and Joint Ventures", for 2024, the Group accounts for the share of profit of Industrial Bank, from 1 October 2023 to 30 September 2024 taking into account any significant events or transactions for the period 1 October 2024 to 31 December 2024.

For 2023, the Group accounts for the share of profit of Industrial Bank, from 1 October 2022 to 30 September 2023, taking into account any significant events or transactions for the period 1 October 2023 to 31 December 2023.

	30 September 2024	30 September 2023
Total assets	10,307,428	9,923,294
Total liabilities	9,427,894	9,128,634
Net assets attributable to		
Equity holders of Industrial Bank	868,153	783,453
Non-controlling interests	11,381	11,207
Total equity	879,534	794,660

	Period from 1 October 2023 to 30 September 2024	Period from 1 October 2023 to 30 September 2023
Revenue	213,752	212,816
Profit attributable to		
Equity holders of Industrial Bank	75,157	84,534
Non-controlling interests	251	876
Profit for the period	75,408	85,410
Other comprehensive income/(loss) attributable to		
Equity holders of Industrial Bank	5,306	(1,766)
Non-controlling interests	2	–
Other comprehensive income/(loss) for the period	5,308	(1,766)
Total comprehensive income attributable to		
Equity holders of Industrial Bank	80,463	82,768
Non-controlling interests	253	876
Total comprehensive income for the period	80,716	83,644
Dividends received from the associate during the period	2,786	3,183

(Amounts in millions of Renminbi, unless otherwise stated)

23. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

(b) Particulars of the principal associates are as follows: (continued)

(1) Industrial Bank (continued)

Reconciliation of the above summarized financial information to the carrying amount of the interest in Industrial Bank recognised in the consolidated financial statements:

	30 September 2024	30 September 2023
Net assets of Industrial Bank attributable to equity holders of Industrial Bank	868,153	783,453
Total preference shares issued by Industrial Bank	(55,842)	(55,842)
Total perpetual bonds issued by Industrial Bank	(59,934)	(29,960)
Equity component of convertible bonds issued by Industrial Bank	(3,158)	(3,158)
Net assets attributable to ordinary shareholders of Industrial Bank	749,219	694,493
Proportion of the Group's interests in Industrial Bank	12.90%	12.90%
The Group's interests in net assets of Industrial Bank	96,649	89,590
Goodwill	445	445
Net fair value adjustment to the investee's identifiable assets and liabilities	2,426	2,426
Amortisation of intangible assets and financial instruments recognised in fair value adjustments	(1,790)	(1,631)
Carrying amount of the Group's interests in Industrial Bank	97,730	90,830

	31 December 2024	31 December 2023
Fair value of shares listed in Mainland China	51,330	39,596

(Amounts in millions of Renminbi, unless otherwise stated)

23. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

(b) Particulars of the principal associates are as follows: (continued)

(2) Hua Xia Bank

On 28 December 2015, PICC P&C entered into a share transfer agreement with Deutsche Bank Aktiengesellschaft ("Deutsche Bank"), Sal. Oppenheim jr. & Cie. AG & Co. Kommanditgesellschaft auf Aktien ("Sal. Oppenheim") and Deutsche Bank Luxembourg S.A. ("Deutsche Bank Luxembourg"), pursuant to which each of Deutsche Bank, Sal. Oppenheim and Deutsche Bank Luxembourg conditionally agreed to transfer to PICC P&C 877 million shares, 267 million shares and 992 million shares of Hua Xia Bank, respectively, held by them (amounting to a total of 2,136 million shares, representing approximately 19.99% of the total issued shares of Hua Xia Bank) and PICC P&C conditionally agreed to purchase these shares. This transaction was completed on 17 November 2016. Management has assessed the level of influence that the Group has on Hua Xia Bank, and determined that it has significant influence over Hua Xia Bank since 17 November 2016 even though the respective shareholding is below 20% because of the board representation and other arrangements made. Consequently, this investment has been classified as an associate and is accounted for using equity method.

On 28 December 2018, Hua Xia Bank completed its private offering. The PICC P&C did not subscribe for the shares proportionately, therefore, its total equity interest in Hua Xia Bank was diluted from 19.99% to 16.66%.

On 18 October 2022, Hua Xia Bank completed its private offering of shares, issued 527,704,485 new shares, raising net proceeds of RMB7,994 million. The PICC P&C, a subsidiary of the Group, did not subscribe for the shares proportionately, therefore its total equity interest in Hua Xia Bank was diluted from 16.66% to 16.11%.

	31 December 2024	31 December 2023
Total assets	4,376,491	4,254,766
Net assets attributable to equity holders of Hua Xia Bank	361,982	318,579

	2024	2023
Revenue	97,146	93,207
Profit attributable to equity holders of Hua Xia Bank	27,676	26,363
Dividends received from the associate during the year	1,241	982

(Amounts in millions of Renminbi, unless otherwise stated)

23. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

(b) Particulars of the principal associates are as follows: (continued)

(2) Hua Xia Bank (continued)

Reconciliation of the above summarized financial information to the carrying amount of interest in Hua Xia Bank recognised in the consolidated financial statements:

	31 December 2024	31 December 2023
Net assets of Hua Xia Bank attributable to equity holders of Hua Xia Bank	361,982	318,579
Total perpetual bonds issued by Hua Xia Bank	(60,000)	(39,993)
Net assets attributable to ordinary shareholders of Hua Xia Bank	301,982	278,586
Proportion of the Group's interests in Hua Xia Bank	16.11%	16.11%
The Group's interests in net assets of Hua Xia Bank	48,637	44,869
Net fair value adjustment to the investee's identifiable assets and liabilities	(63)	(63)
Amortisation of intangible assets recognised in fair value adjustments	322	322
Others	45	–
Carrying amount of the Group's interests in Hua Xia Bank	48,941	45,128
Fair value of shares listed in Mainland China	20,532	14,405

(c) Aggregate information of associates and joint ventures that are not individually material

As at 31 December 2024, apart from the two associates disclosed above, the Group has in aggregate 19 (31 December 2023: 20) immaterial associates and joint ventures and their aggregate information is presented below:

	2024	2023
The Group's share of profit	582	955
The Group's share of other comprehensive income	162	(47)
The Group's share of total comprehensive income	744	908
Aggregate carrying amount of the Group's interests in these associates and joint ventures	21,145	20,707

(Amounts in millions of Renminbi, unless otherwise stated)

24. INVESTMENT PROPERTIES

	31 December 2024	31 December 2023
Balance as at beginning of the year	15,791	15,085
Additions	86	102
Transfers from property and equipment (note 25)	480	1,287
Transfer from right-of-use assets (note 26)	28	83
Gains on revaluation of properties upon transfer from property and equipment	234	286
Gains on revaluation of properties upon transfer from right-of-use assets	87	123
Decrease in fair value of investment properties (note 6)	(472)	(463)
Transfer to property and equipment (note 25)	(904)	(445)
Transfer to right-of-use assets (note 26)	(70)	(263)
Disposals	(28)	(4)
Balance as at end of the year	15,232	15,791

The Group was still in the process of applying for title certificates for investment properties with a carrying value of RMB677 million as at 31 December 2024 (31 December 2023: RMB502 million). The directors of the Company do not expect this to have any significant impact on the operation of the Group.

As at 31 December 2024, the Group's investment properties with a carrying value of RMB916 million were pledged as collateral (31 December 2023: RMB917 million).

The Group's investment properties were revalued at the end of the reporting period by independent professional valuers. The investment properties held by the Company were revalued by Beijing Renda Real Estate and Land Asset Appraisal Co., Ltd. The investment properties held by PICC P&C were revalued by Cushman & Wakefield Shenzhen Valuation Co., Ltd. and Jones Lang LaSalle (Beijing) Land and Real Estate Appraisal Consultant Co., Ltd. The investment properties held by PICC Life were revalued by Shenzhen Shilian Land Real Estate Appraisal Co., Ltd. The investment properties held by PICC Investment Holding were revalued by Shenzhen Shilian Land Real Estate Appraisal Co., Ltd. Valuations were carried out by the following two approaches:

(1) The Group uses the direct comparison approach and assumes sale of the property interests in their existing states with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the relevant market. This approach rests on the wide acceptance of the market transactions as the best indicator and pre-supposes that evidence of relevant transactions in the marketplace can be extrapolated to similar properties, subject to allowances for variable factors; or

(2) The Group uses income approach and determines the fair value at the period end point by discounting the target properties' rental income derived from existing lease agreements and the potential rental income projected by reference to the current market rental status, at an appropriate capitalization rate.

(Amounts in millions of Renminbi, unless otherwise stated)

24. INVESTMENT PROPERTIES (continued)

The fair value of the investment properties is usually determined by these approaches according to professional judgement. Therefore, these fair values are categorised as Level 3.

There has been no change in the valuation technique used from the prior years. In estimating the fair value of the properties, the highest and best use of the properties are their current use.

When adopting the second approach to evaluate the valuation of the investment properties, one of the key inputs is the capitalisation rate used, which ranges from 4.00% to 7.50% as at 31 December 2024 (31 December 2023: ranges from 4.00% to 7.50%).

There was no transfer in or out of Level 3 of the Group during the year.

25. PROPERTY AND EQUIPMENT

	Land and buildings	Office equipment, furniture and fixtures	Motor vehicles	Construction in progress	TOTAL
COST					
As at 1 January 2024	38,846	11,956	1,837	5,547	58,186
Additions	304	2,078	88	200	2,670
Transfer of construction in progress	338	5	–	(343)	–
Transfer to Intangible assets (note 27)	–	–	–	(44)	(44)
Transfer from investment properties (note 24)	904	–	–	–	904
Transfer to investment properties (note 24)	(657)	–	–	–	(657)
Disposals	(150)	(372)	(218)	–	(740)
As at 31 December 2024	39,585	13,667	1,707	5,360	60,319
ACCUMULATED DEPRECIATION					
As at 1 January 2024	13,472	9,681	1,488	–	24,641
Provided for the year	1,443	976	127	–	2,546
Transfer to investment properties (note 24)	(177)	–	–	–	(177)
Disposals	(58)	(295)	(138)	–	(491)
As at 31 December 2024	14,680	10,362	1,477	–	26,519
IMPAIRMENT LOSSES					
As at 1 January 2024	826	2	–	15	843
Provided for the year	–	–	4	–	4
As at 31 December 2024	826	2	4	15	847
NET CARRYING VALUES					
As at 31 December 2024	24,079	3,303	226	5,345	32,953
As at 1 January 2024	24,548	2,273	349	5,532	32,702

(Amounts in millions of Renminbi, unless otherwise stated)

25. PROPERTY AND EQUIPMENT (continued)

	Land and buildings	Office equipment, furniture and fixtures	Motor vehicles	Construction in progress	TOTAL
COST					
As at 1 January 2023	38,212	11,106	1,935	6,554	57,807
Additions	443	1,258	11	322	2,034
Transfer of construction in progress	1,329	–	–	(1,329)	–
Transfer from investment properties (note 24)	445	–	–	–	445
Transfer to investment properties (note 24)	(1,541)	–	–	–	(1,541)
Disposals	(42)	(408)	(109)	–	(559)
As at 31 December 2023	38,846	11,956	1,837	5,547	58,186
ACCUMULATED DEPRECIATION					
As at 1 January 2023	12,269	9,147	1,427	–	22,843
Provided for the year	1,487	910	163	–	2,560
Transfer to investment properties (note 24)	(254)	–	–	–	(254)
Disposals	(30)	(376)	(102)	–	(508)
As at 31 December 2023	13,472	9,681	1,488	–	24,641
IMPAIRMENT LOSSES					
As at 1 January 2023	817	2	–	15	834
Provided for the year	9	–	–	–	9
As at 31 December 2023	826	2	–	15	843
NET CARRYING VALUES					
As at 31 December 2023	24,548	2,273	349	5,532	32,702
As at 1 January 2023	25,126	1,957	508	6,539	34,130

As at 31 December 2024, certain acquired buildings of the Group with a net book value of RMB585 million (31 December 2023: RMB478 million) were still in the process of title registration. The directors of the Company do not expect this to have any impact on the operation of the Group.

(Amounts in millions of Renminbi, unless otherwise stated)

26. RIGHT-OF-USE ASSETS

	Leasehold lands	Leased properties	Others	TOTAL
COST				
As at 1 January 2024	7,097	4,725	11	11,833
Additions	482	996	6	1,484
Transfer from investment properties (note 24)	70	–	–	70
Transfers from property and equipment (note 25)	(59)	–	–	(59)
Disposals	(38)	(1,140)	(7)	(1,185)
As at 31 December 2024	7,552	4,581	10	12,143
ACCUMULATED DEPRECIATION				
As at 1 January 2024	2,293	2,390	4	4,687
Provided for the year	195	1,039	9	1,243
Transfer to investment properties (note 24)	(31)	–	–	(31)
Disposals	(15)	(1,034)	(6)	(1,055)
As at 31 December 2024	2,442	2,395	7	4,844
IMPAIRMENT LOSSES				
As at 1 January 2024 and as at 31 December 2024	47	–	–	47
NET CARRYING VALUES				
As at 31 December 2024	5,063	2,186	3	7,252
As at 1 January 2024	4,757	2,335	7	7,099

(Amounts in millions of Renminbi, unless otherwise stated)

26. RIGHT-OF-USE ASSETS (continued)

	Leasehold lands	Leased properties	Others	TOTAL
COST				
As at 1 January 2023	7,000	5,072	15	12,087
Additions	30	1,036	16	1,082
Transfer from investment properties (note 24)	263	–	–	263
Transfers from property and equipment (note 25)	(142)	–	–	(142)
Disposals	(54)	(1,383)	(20)	(1,457)
As at 31 December 2023	7,097	4,725	11	11,833
ACCUMULATED DEPRECIATION				
As at 1 January 2023	2,151	2,767	13	4,931
Provided for the year	217	1,032	11	1,260
Transfer to investment properties (note 24)	(59)	–	–	(59)
Disposals	(16)	(1,409)	(20)	(1,445)
As at 31 December 2023	2,293	2,390	4	4,687
IMPAIRMENT LOSSES				
As at 1 January 2023 and as at 31 December 2023	47	–	–	47
NET CARRYING VALUES				
As at 31 December 2023	4,757	2,335	7	7,099
As at 1 January 2023	4,802	2,305	2	7,109

The above items of leasehold land are amortised on a straight-line basis over 30 – 70 years. For the year ended 31 December 2024, expense relating to leases of low-value assets and short-term leases that applied the simplified approach is approximately RMB81 million (2023: RMB106 million).

The Group has obtained the land use right certificates for all leasehold lands except for leasehold lands with carrying amount of RMB39 million (2023: RMB64 million) in which the Group is in the process of obtaining.

(Amounts in millions of Renminbi, unless otherwise stated)

27. INTANGIBLE ASSETS

	Software and others	
	2024	2023
COST		
At beginning of the year	8,725	7,471
Additions	1,323	1,259
Disposals	(1,103)	(5)
At end of the year	8,945	8,725
ACCUMULATED AMORTISATION		
At beginning of the year	5,173	3,941
Amortisation	1,431	1,236
Disposals	(1,091)	(4)
At end of the year	5,513	5,173
IMPAIRMENT LOSSES		
At beginning of the year	8	7
Recognition	31	1
Disposals	(7)	–
At end of the year	32	8
NET CARRYING VALUES		
At end of the year	3,400	3,544
At beginning of the year	3,544	3,523

28. DEFERRED TAX ASSETS AND LIABILITIES

(1) The movements of deferred tax assets and liabilities of the group during the year of 2024 and 2023 without offsets are as follows:

	31 December 2024 Deferred tax assets/(liabilities)	31 December 2023 Deferred tax assets/(liabilities)
As at the beginning of the year	13,086	14,608
Credit/(charged) to income statement during the year	(3,902)	416
Credit/(charged) to other comprehensive income during the year	2,782	(1,938)
As at the end of the year	11,966	13,086

(Amounts in millions of Renminbi, unless otherwise stated)

28. DEFERRED TAX ASSETS AND LIABILITIES (continued)

(2) The Group's deferred tax assets/liabilities as at 31 December 2024 and 31 December 2023 are as follows:

	31 December 2024		31 December 2023	
	Deferred tax assets/ (liabilities)	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)	Deductible/ (taxable) temporary differences
Deferred tax assets/(liabilities):				
Insurance contract liabilities	25,048	100,201	10,326	41,302
Provision for impairment losses	705	2,878	793	3,250
Employee benefits payable	5,362	22,065	4,218	17,328
Fair value change of investment properties	(2,073)	(8,541)	(2,039)	(8,390)
Financial assets measured at fair value through other comprehensive income	(15,036)	(61,144)	(6,305)	(25,629)
Fair value change of financial assets measured at fair value through profit or loss	(1,976)	(8,037)	3,834	15,496
Others	(64)	(235)	2,259	9,080
TOTAL	11,966	47,187	13,086	52,437

(3) Deferred tax assets, net of offsets

	31 December 2024	31 December 2023
Deferred tax assets	40,210	26,717
Deferred tax liabilities	(28,244)	(13,631)
Net value of deferred tax assets	12,430	13,488
Net value of deferred tax liabilities	(464)	(402)

(4) The breakdown of unrecognized deferred tax assets

	31 December 2024	31 December 2023
Deductible temporary differences	20,735	14,079
Deductible losses	46,132	25,287
TOTAL	66,867	39,366

Unrecognised deductible temporary differences and deductible tax losses arising from entities in the Group, which do not have sufficient future taxable profits available for realization.

(Amounts in millions of Renminbi, unless otherwise stated)

28. DEFERRED TAX ASSETS AND LIABILITIES (continued)

(5) The expiry dates of unused tax losses are as follows:

	31 December 2024	31 December 2023
The expiry dates of unused tax losses are as follows:		
2024	–	2,126
2025	1,238	1,523
2026	8,885	17
2027	11,986	10,828
2028	10,884	10,452
2029	12,864	66
After 2029	275	275
TOTAL	46,132	25,287

According to "Notice on the Extension of the Loss Carry Forward Years for High-Tech Enterprises and Science and Technology-based Small and Medium-sized Enterprises by the State Taxation Administration of the Ministry of Finance" (State Taxation Administration Notice No. 45 of 2018), one of the Company's subsidiaries is recognized as a high-tech enterprise, and its unrecovered losses incurred in the five years prior to the qualification year are allowed to be carried forward to be recouped in subsequent years, with the maximum carry forward period extended from 5 to 10 years.

(6) The Organisation for Economic Co-operation and Development ("OECD") Pillar Two model rules

The Group is within the scope of the OECD Pillar Two model rules. Pillar Two legislation has not been enacted in mainland China, the jurisdiction in which the Company is incorporated. Since the Pillar Two legislation was not effective at the reporting date in the major place of operation, the Group has no related current tax exposure. The Group applies the exception to recognising and disclosing information about deferred income tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

The Group is in the progress of assessing its exposure to the Pillar Two legislation for when it comes into effect. Due to the complexities in applying the legislation and effective tax rate calculation, the quantitative impact of the enacted or substantively enacted legislation is not yet reasonably estimable. Therefore, even for those entities with an accounting effective tax rate above 15%, there may still be Pillar Two tax implications.

(Amounts in millions of Renminbi, unless otherwise stated)

29. OTHER ASSETS

	31 December 2024	31 December 2023
Securities settlement receivables	6,103	2,640
Receivables from co-insurers for amounts paid on behalf	4,965	4,349
Deductible input value-added tax	4,871	5,250
Reinsurance guarantee deposits	1,663	398
Prepaid output value-added tax on premiums	1,433	1,482
Refundable deposits	1,416	1,375
Restricted funds	1,315	1,441
Prepayment for income tax	873	3,734
Prepayments and deposits	631	842
Loans and advances	437	636
Dividends receivable	316	117
Others	4,801	3,945
TOTAL	28,824	26,209
Less: impairment provision on other assets (a)	(1,769)	(1,813)
NET CARRYING VALUE	27,055	24,396

(a) The movements of provision for impairment of other assets are as follow:

	2024	2023
Balance as at the beginning of the year	1,813	2,398
Reversals of impairment losses	(44)	(7)
Others	–	(578)
Balance as at the end of the year	1,769	1,813

(Amounts in millions of Renminbi, unless otherwise stated)

30. PLEDGED ASSETS AND RESTRICTED DEPOSITS

(a) Deposits with restricted rights or ownership

As at 31 December 2024, demand deposits and term deposits amounting to RMB3,248 million (31 December 2023: RMB3,788 million) were subject to various restrictions, in particular for the Group's involvement in agricultural insurance and satellite launch risk insurance.

(b) Securities pledged for repurchase transactions

As described in note 32 to these consolidated financial statements, the Group entered into a number of arrangements to sell certain bond securities with commitments to repurchase in the future. These bond securities are continued to be recognised in these consolidated financial statements and classified as financial assets measured at fair value through profit or loss, financial assets measured at fair value through other comprehensive income and financial assets measured at amortized cost, but they are in effect pledged as collaterals for these transactions.

	31 December 2024	31 December 2023
Carrying amount of transferred assets	195,572	151,319
Carrying amount of associated liabilities – Securities sold under agreements to repurchase	111,236	108,969

31. FINANCIAL LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

According to the Notice of the General Office of the former China Banking and Insurance Regulatory Commission (the former "CBIRC") on Pilot Commercial Pension Business of Pension Insurance Companies (CBIRC [2022] No. 108), PICC Pension, a subsidiary of the Group, is one of the pension insurance companies participating in the pilot program. With effect from January 1, 2023, it is engaged in commercial pension business in 10 provinces (municipalities) including Beijing, Shanghai, Jiangsu, Zhejiang, Fujian, Shandong, Henan, Guangdong, Sichuan and Shaanxi. Commercial pension products refer to the products with functions for managing pension fund and risk protection operated by pension insurance companies. The Group uses separate accounts to manage the assets and liabilities related to commercial pension products in accordance with regulations, and the portion owned by investors is recognized as financial liabilities measured at fair value through profit or loss.

(Amounts in millions of Renminbi, unless otherwise stated)

32. SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE

	31 December 2024	31 December 2023
Transactions by marketplaces:		
Stock exchange	48,642	27,392
Inter-bank market	62,594	81,577
TOTAL	111,236	108,969

Debt securities are pledged for these transactions and details are set out in note 30(b) to these consolidated financial statements.

33. BONDS PAYABLE

As at 31 December 2024, bonds payable represent supplementary capital bonds issued.

	31 December 2024	31 December 2023
Carrying amount repayable in		
– More than five years	50,132	37,992
TOTAL	50,132	37,992

On 28 November 2024, PICC P&C issued capital supplementary bonds with par value of RMB12,000 million and a contractual period of ten years. With proper notice to the counterparties, PICC P&C has an option to redeem the bonds at par value at the end of the fifth year from the date of issue. The coupon rate of the bonds is 2.33% per annum in the first five years and 3.33% per annum in the following five years.

The contractual periods of these capital supplementary bonds are ten years. With proper notice to the counterparties, the Group has an option to redeem the capital supplementary bonds at par value at the end of the fifth year from the date of issue. The coupon rates of the bonds range from 2,33% – 3.68% in the first five years (2023: 3.29% – 3.68%) and 3.33% – 4.68% in the second five years (2023: 4.29% – 4.68%).

34. LEASE LIABILITIES

	31 December 2024	31 December 2023
Within one year	663	791
Within a period of more than one year but not more than two years	524	592
Within a period of more than two years but not more than five years	753	754
Within a period of more than five years	173	133
TOTAL	2,113	2,270

The incremental borrowing rates applied to lease liabilities range from 2.2% to 5.32% (2023: from 2.60% to 5.80%)

(Amounts in millions of Renminbi, unless otherwise stated)

35. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD

(1) Reconciliation of the liabilities for remaining coverage and the liabilities for incurred claims for insurance contracts measured under the premium allocation approach:

	2024				
	Liability for remaining coverage		Liability for incurred claims		
	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment for non-financial risk	TOTAL
Insurance contract liabilities as at 1 January (1)	158,953	5,416	145,754	5,496	315,619
Insurance contract assets as at 1 January (2)	(10,665)	401	6,779	457	(3,028)
Net insurance contracts liabilities as at 1 January (3)=(1)+(2)	148,288	5,817	152,533	5,953	312,591
Total insurance revenue (4)	(485,310)	–	–	–	(485,310)
Incurred claims and other directly attributable expenses (5)	–	–	384,442	4,479	388,921
Insurance acquisition cash flows amortisation (6)	94,309	–	–	–	94,309
Losses on onerous contracts and reversals of those losses (7)	–	176	–	–	176
Changes that relate to past service – changes in the fulfilment cash flows relating to the liabilities for incurred claims (8)	–	–	(7,873)	(3,739)	(11,612)
Other expenses (9)	–	–	–	–	–
Insurance service expenses (10)=(5)+(6)+(7)+(8)+(9)	94,309	176	376,569	740	471,794
Insurance service result (11)=(4)+(10)	(391,001)	176	376,569	740	(13,516)
Insurance finance income or expenses from insurance contracts issued (12)	4,319	15	6,114	232	10,680
Other income or expenses recognised in P&L (13)	–	–	–	–	–
Other income or expenses recognised in other comprehensive income (14)	(5)	–	7	1	3
Total amounts recognised in comprehensive income (15)=(11)+(12)+(13)+(14)	(386,687)	191	382,690	973	(2,833)
Investment components (16)	(51,199)	–	51,199	–	–
Premiums received (17)	543,875	–	–	–	543,875
Insurance acquisition cash flows (18)	(88,399)	–	–	–	(88,399)
Claims and other directly attributable expenses paid (19)	–	–	(407,152)	–	(407,152)
Other cash flows (20)	–	–	–	–	–
Total cash flows (21)=(17)+(18)+(19)+(20)	455,476	–	(407,152)	–	48,324
Other movements (22)	–	–	(3,449)	–	(3,449)
Net insurance contracts liabilities as at 31 December (23)=(3)+(15)+(16)+(21)+(22)	165,878	6,008	175,821	6,926	354,633
Insurance contract assets as at 31 December (24)	(8,762)	280	6,533	446	(1,503)
Insurance contract liabilities as at 31 December (25)	174,640	5,728	169,288	6,480	356,136

(Amounts in millions of Renminbi, unless otherwise stated)

35. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)

(1) Reconciliation of the liabilities for remaining coverage and the liabilities for incurred claims for insurance contracts measured under the premium allocation approach: (continued)

	2023				
	Liability for remaining coverage		Liability for incurred claims		
	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment for non-financial risk	TOTAL
Insurance contract liabilities as at 1 January (1)	144,523	3,276	127,442	4,667	279,908
Insurance contract assets as at 1 January (2)	(7,999)	468	6,176	437	(918)
Net insurance contracts liabilities as at 1 January (3)=(1)+(2)	136,524	3,744	133,618	5,104	278,990
Total insurance revenue (4)	(456,879)	–	–	–	(456,879)
Incurred claims and other directly attributable expenses (5)	–	–	350,734	4,036	354,770
Insurance acquisition cash flows amortisation (6)	94,436	–	–	–	94,436
Losses on onerous contracts and reversals of those losses (7)	–	2,071	–	–	2,071
Changes that relate to past service – changes in the fulfilment cash flows relating to the liabilities for incurred claims (8)	–	–	(10,143)	(3,361)	(13,504)
Other expenses (9)	–	–	–	–	–
Insurance service expenses (10)=(5)+(6)+(7)+(8)+(9)	94,436	2,071	340,591	675	437,773
Insurance service result (11)=(4)+(10)	(362,443)	2,071	340,591	675	(19,106)
Insurance finance income or expenses from insurance contracts issued (12)	4,401	2	4,767	174	9,344
Other income or expenses recognised in P&L (13)	–	–	–	–	–
Other income or expenses recognised in other comprehensive income (14)	1	–	(3)	–	(2)
Total amounts recognised in comprehensive income (15)=(11)+(12)+(13)+(14)	(358,041)	2,073	345,355	849	(9,764)
Investment components (16)	(48,846)	–	48,846	–	–
Premiums received (17)	514,245	–	–	–	514,245
Insurance acquisition cash flows (18)	(95,594)	–	–	–	(95,594)
Claims and other directly attributable expenses paid (19)	–	–	(371,921)	–	(371,921)
Other cash flows (20)	–	–	–	–	–
Total cash flows (21)=(17)+(18)+(19)+(20)	418,651	–	(371,921)	–	46,730
Other movements (22)	–	–	(3,365)	–	(3,365)
Net insurance contracts liabilities as at 31 December (23)=(3)+(15)+(16)+(21)+(22)	148,288	5,817	152,533	5,953	312,591
Insurance contract assets as at 31 December (24)	(10,665)	401	6,779	457	(3,028)
Insurance contract liabilities as at 31 December (25)	158,953	5,416	145,754	5,496	315,619

(Amounts in millions of Renminbi, unless otherwise stated)

35. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)

(2) Reconciliation of the liabilities for remaining coverage and the liabilities for incurred claims for insurance contracts not measured under the premium allocation approach:

	2024			
	Liability for remaining coverage			
	Excluding loss component	Loss component	Liability for incurred claims	TOTAL
Insurance contract liabilities as at 1 January (1)	575,350	16,247	73,514	665,111
Insurance contract assets as at 1 January (2)	(621)	–	747	126
Net insurance contracts liabilities as at 1 January (3)=(1)+(2)	574,729	16,247	74,261	665,237
Total insurance revenue (4)	(52,399)	–	–	(52,399)
Incurred claims and other directly attributable expenses (5)	–	(5,610)	31,230	25,620
Insurance acquisition cash flows amortisation (6)	10,498	–	–	10,498
Losses on onerous contracts and reversals of those losses (7)	–	(2,382)	–	(2,382)
Changes in the fulfilment cash flows relating to the liabilities for incurred claims (8)	–	–	(12,693)	(12,693)
Other expenses (9)	–	–	–	–
Insurance service expenses (10)=(5)+(6)+(7)+(8)+(9)	10,498	(7,992)	18,537	21,043
Insurance service result (11)=(4)+(10)	(41,901)	(7,992)	18,537	(31,356)
Insurance finance income or expenses from insurance contracts issued (12)	76,977	578	1,695	79,250
Other income or expenses recognised in P&L (13)	–	–	–	–
Other income or expenses recognised in other comprehensive income (14)	(19)	–	26	7
Total amounts recognised in comprehensive income (15)=(11)+(12)+(13)+(14)	35,057	(7,414)	20,258	47,901
Investment components (16)	(77,366)	–	77,366	–
Premiums received (17)	171,429	–	–	171,429
Insurance acquisition cash flows (18)	(13,977)	–	–	(13,977)
Claims and other directly attributable expenses paid (including investment components) (19)	–	–	(103,633)	(103,633)
Other cash flows (20)	–	–	–	–
Total cash flows (21)=(17)+(18)+(19)+(20)	157,452	–	(103,633)	53,819
Other movements (22)	(54)	–	(467)	(521)
Net insurance contracts liabilities as at 31 December (23)=(3)+(15)+(16)+(21)+(22)	689,818	8,833	67,785	766,436
Insurance contract assets as at 31 December (24)	(634)	–	409	(225)
Insurance contract liabilities as at 31 December (25)	690,452	8,833	67,376	766,661

(Amounts in millions of Renminbi, unless otherwise stated)

35. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)

(2) Reconciliation of the liabilities for remaining coverage and the liabilities for incurred claims for insurance contracts not measured under the premium allocation approach: (continued)

	2023			
	Liability for remaining coverage			
	Excluding loss component	Loss component	Liability for incurred claims	TOTAL
Insurance contract liabilities as at 1 January (1)	501,259	12,958	88,930	603,147
Insurance contract assets as at 1 January (2)	(755)	–	891	136
Net insurance contracts liabilities as at 1 January (3)=(1)+(2)	500,504	12,958	89,821	603,283
Total insurance revenue (4)	(47,021)	–	–	(47,021)
Incurred claims and other directly attributable expenses (5)	–	(4,854)	30,141	25,287
Insurance acquisition cash flows amortisation (6)	9,771	–	–	9,771
Losses on onerous contracts and reversals of those losses (7)	–	7,864	–	7,864
Changes in the fulfilment cash flows relating to the liabilities for incurred claims (8)	–	–	(7,259)	(7,259)
Other expenses (9)	–	–	–	–
Insurance service expenses (10)=(5)+(6)+(7)+(8)+(9)	9,771	3,010	22,882	35,663
Insurance service result (11)=(4)+(10)	(37,250)	3,010	22,882	(11,358)
Insurance finance income or expenses from insurance contracts issued (12)	28,389	279	1,418	30,086
Other income or expenses recognised in P&L (13)	–	–	–	–
Other income or expenses recognised in other comprehensive income (14)	(2)	–	17	15
Total amounts recognised in comprehensive income (15)=(11)+(12)+(13)+(14)	(8,863)	3,289	24,317	18,743
Investment components (16)	(67,608)	–	67,608	–
Premiums received (17)	165,417	–	–	165,417
Insurance acquisition cash flows (18)	(14,666)	–	–	(14,666)
Claims and other directly attributable expenses paid (including investment components) (19)	–	–	(107,376)	(107,376)
Other cash flows (20)	–	–	–	–
Total cash flows (21)=(17)+(18)+(19)+(20)	150,751	–	(107,376)	43,375
Other movements (22)	(55)	–	(109)	(164)
Net insurance contracts liabilities as at 31 December (23)=(3)+(15)+(16)+(21)+(22)	574,729	16,247	74,261	665,237
Insurance contract assets as at 31 December (24)	(621)	–	747	126
Insurance contract liabilities as at 31 December (25)	575,350	16,247	73,514	665,111

(Amounts in millions of Renminbi, unless otherwise stated)

35. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)

(3) Reconciliation of the asset for remaining coverage and the asset for incurred claims for reinsurance contracts measured under the premium allocation approach:

	2024				
	Asset for remaining coverage		Asset for incurred claims		
	Excluding loss recovery component	Loss recovery component	Present value of future cash flows	Risk adjustment for non-financial risk	TOTAL
Reinsurance contract assets as at 1 January (1)	(636)	297	29,012	955	29,628
Reinsurance contract liabilities as at 1 January (2)	(28)	–	13	–	(15)
Net reinsurance contract assets as at 1 January (3)=(1)+(2)	(664)	297	29,025	955	29,613
Allocation of reinsurance premiums (4)	(29,200)	–	–	–	(29,200)
Recoveries on incurred claims and other incurred reinsurance service expenses (5)	–	(72)	24,669	525	25,122
Recognition and reversals of the loss -recovery component (6)	–	306	–	–	306
Changes in the fulfilment cash flows relating to incurred claims recovery (7)	–	–	(875)	(450)	(1,325)
Effect of changes in the risk of reinsurers' non-performance (8)	–	–	(17)	–	(17)
Other recoveries (9)	–	–	–	–	–
Amounts recoverable from reinsurers (10)=(5)+(6)+(7)+(8)+(9)	–	234	23,777	75	24,086
Net expenses from reinsurance contracts held (11)=(4)+(10)	(29,200)	234	23,777	75	(5,114)
Finance income or expenses from reinsurance contracts held (12)	414	3	761	41	1,219
Other income or expenses recognised in P&L (13)	–	–	–	–	–
Other income or expenses recognised in other comprehensive income (14)	(8)	–	5	–	(3)
Total amounts recognised in comprehensive income (15)=(11)+(12)+(13)+(14)	(28,794)	237	24,543	116	(3,898)
Investment components (16)	(2,421)	–	2,421	–	–
Premiums ceded to reinsurers (17)	30,603	–	–	–	30,603
Amounts received from reinsurers relating to incurred claims and other expenses (including investment components) (18)	–	–	(23,378)	–	(23,378)
Other cash flows (19)	–	–	–	–	–
Total cash flows (20)=(17)+(18)+(19)	30,603	–	(23,378)	–	7,225
Other movements (21)	–	–	–	–	–
Net reinsurance contract assets as at 31 December (22)=(3)+(15)+(16)+(20)+(21)	(1,276)	534	32,611	1,071	32,940
Reinsurance contract assets as at 31 December (23)	(1,258)	532	32,508	1,069	32,851
Reinsurance contract liabilities as at 31 December (24)	(18)	2	103	2	89

(Amounts in millions of Renminbi, unless otherwise stated)

35. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)

(3) Reconciliation of the asset for remaining coverage and the asset for incurred claims for reinsurance contracts measured under the premium allocation approach: (continued)

	2023				
	Asset for remaining coverage		Asset for incurred claims		
	Excluding loss recovery component	Loss recovery component	Present value of future cash flows	Risk adjustment for non-financial risk	TOTAL
Reinsurance contract assets as at 1 January (1)	(1,263)	283	24,688	757	24,465
Reinsurance contract liabilities as at 1 January (2)	(96)	–	(14)	–	(110)
Net reinsurance contract assets as at 1 January (3)=(1)+(2)	(1,359)	283	24,674	757	24,355
Allocation of reinsurance premiums (4)	(28,746)	–	–	–	(28,746)
Recoveries on incurred claims and other incurred reinsurance service expenses (5)	–	(112)	23,971	582	24,441
Recognition and reversals of the loss -recovery component (6)	–	121	–	–	121
Changes in the fulfilment cash flows relating to incurred claims recovery (7)	–	–	(434)	(410)	(844)
Effect of changes in the risk of reinsurers' non-performance (8)	–	–	(10)	–	(10)
Other recoveries (9)	–	–	–	–	–
Amounts recoverable from reinsurers (10)=(5)+(6)+(7)+(8)+(9)	–	9	23,527	172	23,708
Net expenses from reinsurance contracts held (11)=(4)+(10)	(28,746)	9	23,527	172	(5,038)
Finance income or expenses from reinsurance contracts held (12)	502	5	484	26	1,017
Other income or expenses recognised in P&L (13)	–	–	–	–	–
Other income or expenses recognised in other comprehensive income (14)	(2)	–	4	–	2
Total amounts recognised in comprehensive income (15)=(11)+(12)+(13)+(14)	(28,246)	14	24,015	198	(4,019)
Investment components (16)	(2,161)	–	2,161	–	–
Premiums ceded to reinsurers (17)	31,102	–	–	–	31,102
Amounts received from reinsurers relating to incurred claims and other expenses (including investment components) (18)	–	–	(21,825)	–	(21,825)
Other cash flows (19)	–	–	–	–	–
Total cash flows (20)=(17)+(18)+(19)	31,102	–	(21,825)	–	9,277
Other movements (21)	–	–	–	–	–
Net reinsurance contract assets as at 31 December (22)=(3)+(15)+(16)+(20)+(21)	(664)	297	29,025	955	29,613
Reinsurance contract assets as at 31 December (23)	(636)	297	29,012	955	29,628
Reinsurance contract liabilities as at 31 December (24)	(28)	–	13	–	(15)

(Amounts in millions of Renminbi, unless otherwise stated)

35. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)

(4) Reconciliation of the asset for remaining coverage and the asset for incurred claims for reinsurance contracts not measured under the premium allocation approach:

	2024			
	Asset for remaining coverage			
	Excluding loss recovery component	Loss recovery component	Asset for incurred claims	TOTAL
Reinsurance contract assets as at 1 January (1)	(3,871)	91	13,411	9,631
Reinsurance contract liabilities as at 1 January (2)	(471)	2	366	(103)
Net reinsurance contract assets as at 1 January (3)=(1)+(2)	(4,342)	93	13,777	9,528
Allocation of reinsurance premiums (4)	(4,420)	–	–	(4,420)
Recoveries on incurred claims and other incurred reinsurance service expenses (5)	–	(36)	3,207	3,171
Recognition and reversals of the loss recovery component (6)	–	(5)	–	(5)
Changes in the fulfilment cash flows relating to incurred claims recovery (7)	–	–	(1,609)	(1,609)
Effect of changes in the risk of reinsurers' non-performance (8)	578	–	(65)	513
Other recoveries (9)	–	–	–	–
Amounts recoverable from reinsurers (10)=(5)+(6)+(7)+(8)+(9)	578	(41)	1,533	2,070
Net expenses from reinsurance contracts held (11)=(4)+(10)	(3,842)	(41)	1,533	(2,350)
Finance income or expenses from reinsurance contracts held (12)	107	–	325	432
Other income or expenses recognised in P&L (13)	–	–	–	–
Other income or expenses recognised in other comprehensive income (14)	(31)	6	34	9
Total amounts recognised in comprehensive income (15)=(11)+(12)+(13)+(14)	(3,766)	(35)	1,892	(1,909)
Investment components (16)	(1,184)	–	1,184	–
Premiums ceded to reinsurers (17)	4,722	–	–	4,722
Amounts received from reinsurers relating to incurred claims and other expenses (including investment components) (18)	–	–	(5,590)	(5,590)
Other cash flows (19)	–	–	–	–
Total cash flows (20)=(17)+(18)+(19)	4,722	–	(5,590)	(868)
Other movements (21)	–	–	–	–
Net reinsurance contract assets as at 31 December (22)=(3)+(15)+(16)+(20)+(21)	(4,570)	58	11,263	6,751
Reinsurance contract assets as at 31 December (23)	(4,290)	56	11,145	6,911
Reinsurance contract liabilities as at 31 December (24)	(280)	2	118	(160)

(Amounts in millions of Renminbi, unless otherwise stated)

35. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)

(4) Reconciliation of the asset for remaining coverage and the asset for incurred claims for reinsurance contracts not measured under the premium allocation approach: (continued)

	2023			
	Asset for remaining coverage			
	Excluding loss recovery component	Loss recovery component	Asset for incurred claims	TOTAL
Reinsurance contract assets as at 1 January (1)	(1,024)	32	13,856	12,864
Reinsurance contract liabilities as at 1 January (2)	(530)	1	277	(252)
Net reinsurance contract assets as at 1 January (3)=(1)+(2)	(1,554)	33	14,133	12,612
Allocation of reinsurance premiums (4)	(6,254)	–	–	(6,254)
Recoveries on incurred claims and other incurred reinsurance service expenses (5)	–	(40)	4,526	4,486
Recognition and reversals of the loss recovery component (6)	–	98	–	98
Changes in the fulfilment cash flows relating to incurred claims recovery (7)	–	–	201	201
Effect of changes in the risk of reinsurers' non-performance (8)	543	–	3	546
Other recoveries (9)	–	–	–	–
Amounts recoverable from reinsurers (10)=(5)+(6)+(7)+(8)+(9)	543	58	4,730	5,331
Net expenses from reinsurance contracts held (11)=(4)+(10)	(5,711)	58	4,730	(923)
Finance income or expenses from reinsurance contracts held (12)	142	1	285	428
Other income or expenses recognised in P&L (13)	–	–	–	–
Other income or expenses recognised in other comprehensive income (14)	(3)	1	17	15
Total amounts recognised in comprehensive income (15)=(11)+(12)+(13)+(14)	(5,572)	60	5,032	(480)
Investment components (16)	(1,505)	–	1,505	–
Premiums ceded to reinsurers (17)	4,289	–	–	4,289
Amounts received from reinsurers relating to incurred claims and other expenses (including investment components) (18)	–	–	(6,893)	(6,893)
Other cash flows (19)	–	–	–	–
Total cash flows (20)=(17)+(18)+(19)	4,289	–	(6,893)	(2,604)
Other movements (21)	–	–	–	–
Net reinsurance contract assets as at 31 December (22)=(3)+(15)+(16)+(20)+(21)	(4,342)	93	13,777	9,528
Reinsurance contract assets as at 31 December (23)	(3,871)	91	13,411	9,631
Reinsurance contract liabilities as at 31 December (24)	(471)	2	366	(103)

(Amounts in millions of Renminbi, unless otherwise stated)

35. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)

(5) Reconciliation of the measurement components of insurance contracts not measured under the premium allocation approach:

	2024			
	Present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin(a)	TOTAL
Insurance contract liabilities as at 1 January (1)	560,067	11,319	93,725	665,111
Insurance contract assets as at 1 January (2)	92	31	3	126
Net insurance contracts liabilities as at 1 January (3)=(1)+(2)	560,159	11,350	93,728	665,237
Contractual service margin recognised for the service provided (4)	–	–	(14,772)	(14,772)
Change in the risk adjustment for non-financial risk (5)	–	(1,377)	–	(1,377)
Experience adjustments for the period (6)	(132)	–	–	(132)
Changes that relate to current service (7)=(4)+(5)+(6)	(132)	(1,377)	(14,772)	(16,281)
Contracts initially recognised in the year (8)	(26,533)	3,021	25,240	1,728
Changes in estimates that adjust the contractual service margin (9)	(5,491)	(64)	5,555	–
Changes in estimates that do not adjust the contractual service margin (10)	(4,153)	43	–	(4,110)
Other changes that relate to future service (11)	–	–	–	–
Changes that relate to future service (12)=(8)+(9)+(10)+(11)	(36,177)	3,000	30,795	(2,382)
Changes in the fulfilment cash flows relating to the liability for incurred claims (13)	(11,293)	(1,400)	–	(12,693)
Other changes that relate to past service (14)	–	–	–	–
Changes that relate to past service (15)=(13)+(14)	(11,293)	(1,400)	–	(12,693)
Insurance service result (16)=(7)+(12)+(15)	(47,602)	223	16,023	(31,356)
Insurance finance income or expenses from insurance contracts issued (17)	74,327	989	3,934	79,250
Other income or expenses recognised in P&L (18)	–	–	–	–
Other income or expenses recognised in other comprehensive income (19)	2	2	3	7
Total amounts recognised in comprehensive income (20)=(16)+(17)+(18)+(19)	26,727	1,214	19,960	47,901
Premiums received (21)	171,429	–	–	171,429
Insurance acquisition cash flows (22)	(13,977)	–	–	(13,977)
Claims and other directly attributable expenses paid (including investment components) (23)	(103,633)	–	–	(103,633)
Other cash flows (24)	–	–	–	–
Total cash flows (25)=(21)+(22)+(23)+(24)	53,819	–	–	53,819
Other movements (26)	(521)	–	–	(521)
Net insurance contracts liabilities as at 31 December (27)=(3)+(20)+(25)+(26)	640,184	12,564	113,688	766,436
Insurance contract assets as at 31 December (28)	(239)	12	2	(225)
Insurance contract liabilities as at 31 December (29)	640,423	12,552	113,686	766,661

(Amounts in millions of Renminbi, unless otherwise stated)

35. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)

(5) Reconciliation of the measurement components of insurance contracts not measured under the premium allocation approach: (continued)

	2023			
	Present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin(a)	TOTAL
Insurance contract liabilities as at 1 January (1)	504,463	11,066	87,618	603,147
Insurance contract assets as at 1 January (2)	93	43	–	136
Net insurance contracts liabilities as at 1 January (3)=(1)+(2)	504,556	11,109	87,618	603,283
Contractual service margin recognised for the service provided (4)	–	–	(10,396)	(10,396)
Change in the risk adjustment for non-financial risk (5)	–	(1,096)	–	(1,096)
Experience adjustments for the period (6)	(471)	–	–	(471)
Changes that relate to current service (7)=(4)+(5)+(6)	(471)	(1,096)	(10,396)	(11,963)
Contracts initially recognised in the year (8)	(15,479)	2,196	15,956	2,673
Changes in estimates that adjust the contractual service margin (9)	3,159	(464)	(2,695)	–
Changes in estimates that do not adjust the contractual service margin (10)	5,470	(279)	–	5,191
Other changes that relate to future service (11)	–	–	–	–
Changes that relate to future service (12)=(8)+(9)+(10)+(11)	(6,850)	1,453	13,261	7,864
Changes in the fulfilment cash flows relating to the liability for incurred claims (13)	(6,690)	(569)	–	(7,259)
Other changes that relate to past service (14)	–	–	–	–
Changes that relate to past service (15)=(13)+(14)	(6,690)	(569)	–	(7,259)
Insurance service result (16)=(7)+(12)+(15)	(14,011)	(212)	2,865	(11,358)
Insurance finance income or expenses from insurance contracts issued (17)	26,392	451	3,243	30,086
Other income or expenses recognised in P&L (18)	–	–	–	–
Other income or expenses recognised in other comprehensive income (19)	11	2	2	15
Total amounts recognised in comprehensive income (20)=(16)+(17)+(18)+(19)	12,392	241	6,110	18,743
Premiums received (21)	165,417	–	–	165,417
Insurance acquisition cash flows (22)	(14,666)	–	–	(14,666)
Claims and other directly attributable expenses paid (including investment components) (23)	(107,376)	–	–	(107,376)
Other cash flows (24)	–	–	–	–
Total cash flows (25)=(21)+(22)+(23)+(24)	43,375	–	–	43,375
Other movements (26)	(164)	–	–	(164)
Net insurance contracts liabilities as at 31 December (27)=(3)+(20)+(25)+(26)	560,159	11,350	93,728	665,237
Insurance contract assets as at 31 December (28)	92	31	3	126
Insurance contract liabilities as at 31 December (29)	560,067	11,319	93,725	665,111

(Amounts in millions of Renminbi, unless otherwise stated)

35. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)

(5) Reconciliation of the measurement components of insurance contracts not measured under the premium allocation approach: (continued)

(a) For insurance contracts issued that are not measured under the premium allocation approach, an analysis of the contractual service margin by transition method is included in the following tables:

	2024			
	Contracts measured under the modified retrospective approach	Contracts measured under the fair value approach	Other insurance contracts	TOTAL
Insurance contract liabilities as at 1 January (1)	68,620	4,403	20,702	93,725
Insurance contract assets as at 1 January (2)	–	–	3	3
Net insurance contracts liabilities as at 1 January (3)=(1)+(2)	68,620	4,403	20,705	93,728
Contractual service margin recognised for the service provided (4)	(9,490)	(686)	(4,596)	(14,772)
Change in the risk adjustment for non-financial risk (5)	–	–	–	–
Experience adjustments for the period (6)	–	–	–	–
Changes that relate to current service (7)=(4)+(5)+(6)	(9,490)	(686)	(4,596)	(14,772)
Contracts initially recognised in the year (8)	–	–	25,240	25,240
Changes in estimates that adjust the contractual service margin (9)	4,139	2,497	(1,081)	5,555
Changes in estimates that do not adjust the contractual service margin (10)	–	–	–	–
Other changes that relate to future service (11)	–	–	–	–
Changes that relate to future service (12)=(8)+(9)+(10)+(11)	4,139	2,497	24,159	30,795
Changes in the fulfilment cash flows relating to the liability for incurred claims (13)	–	–	–	–
Other changes that relate to past service (14)	–	–	–	–
Changes that relate to past service (15)=(13)+(14)	–	–	–	–
Insurance service result (16)=(7)+(12)+(15)	(5,351)	1,811	19,563	16,023
Insurance finance income or expenses from insurance contracts issued (17)	2,924	121	889	3,934
Other income or expenses recognised in P&L (18)	–	–	–	–
Other income or expenses recognised in other comprehensive income (19)	–	–	3	3
Total amounts recognised in comprehensive income (20)=(16)+(17)+(18)+(19)	(2,427)	1,932	20,455	19,960
Premiums received (21)	–	–	–	–
Insurance acquisition cash flows (22)	–	–	–	–
Claims and other directly attributable expenses paid (including investment components) (23)	–	–	–	–
Other cash flows (24)	–	–	–	–
Total cash flows (25)=(21)+(22)+(23)+(24)	–	–	–	–
Other movements (26)	–	–	–	–
Net insurance contracts liabilities as at 31 December (27)=(3)+(20)+(25)+(26)	66,193	6,335	41,160	113,688
Insurance contract assets as at 31 December (28)	–	–	2	2
Insurance contract liabilities as at 31 December (29)	66,193	6,335	41,158	113,686

(Amounts in millions of Renminbi, unless otherwise stated)

35. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)

(5) Reconciliation of the measurement components of insurance contracts not measured under the premium allocation approach: (continued)

(a) For insurance contracts issued that are not measured under the premium allocation approach, an analysis of the contractual service margin by transition method is included in the following tables: (continued)

	2023			
	Contracts measured under the modified retrospective approach	Contracts measured under the fair value approach	Other insurance contracts	TOTAL
Insurance contract liabilities as at 1 January (1)	75,566	3,141	8,911	87,618
Insurance contract assets as at 1 January (2)	–	–	–	–
Net insurance contracts liabilities as at 1 January (3)=(1)+(2)	75,566	3,141	8,911	87,618
Contractual service margin recognised for the service provided (4)	(7,642)	(589)	(2,165)	(10,396)
Change in the risk adjustment for non-financial risk (5)	–	–	–	–
Experience adjustments for the period (6)	–	–	–	–
Changes that relate to current service (7)=(4)+(5)+(6)	(7,642)	(589)	(2,165)	(10,396)
Contracts initially recognised in the year (8)	–	–	15,956	15,956
Changes in estimates that adjust the contractual service margin (9)	(1,964)	1,732	(2,463)	(2,695)
Changes in estimates that do not adjust the contractual service margin (10)	–	–	–	–
Other changes that relate to future service (11)	–	–	–	–
Changes that relate to future service (12)=(8)+(9)+(10)+(11)	(1,964)	1,732	13,493	13,261
Changes in the fulfilment cash flows relating to the liability for incurred claims (13)	–	–	–	–
Other changes that relate to past service (14)	–	–	–	–
Changes that relate to past service (15)=(13)+(14)	–	–	–	–
Insurance service result (16)=(7)+(12)+(15)	(9,606)	1,143	11,328	2,865
Insurance finance income or expenses from insurance contracts issued (17)	2,660	119	464	3,243
Other income or expenses recognised in P&L (18)	–	–	–	–
Other income or expenses recognised in other comprehensive income (19)	–	–	2	2
Total amounts recognised in comprehensive income (20)=(16)+(17)+(18)+(19)	(6,946)	1,262	11,794	6,110
Premiums received (21)	–	–	–	–
Insurance acquisition cash flows (22)	–	–	–	–
Claims and other directly attributable expenses paid (including investment components) (23)	–	–	–	–
Other cash flows (24)	–	–	–	–
Total cash flows (25)=(21)+(22)+(23)+(24)	–	–	–	–
Other movements (26)	–	–	–	–
Net insurance contracts liabilities as at 31 December (27)=(3)+(20)+(25)+(26)	68,620	4,403	20,705	93,728
Insurance contract assets as at 31 December (28)	–	–	3	3
Insurance contract liabilities as at 31 December (29)	68,620	4,403	20,702	93,725

(Amounts in millions of Renminbi, unless otherwise stated)

35. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)

(6) Reconciliation of the measurement components of reinsurance contracts not measured under the premium allocation approach:

	2024			
	Present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin(a)	TOTAL
Reinsurance contract assets as at 1 January (1)	7,394	795	1,442	9,631
Reinsurance contract liabilities as at 1 January (2)	(1,100)	572	425	(103)
Net reinsurance contract assets as at 1 January (3)=(1)+(2)	6,294	1,367	1,867	9,528
Contractual service margin recognised for the service provided (4)	–	–	(1,368)	(1,368)
Change in the risk adjustment for non-financial risk (5)	–	(100)	–	(100)
Experience adjustments for the period (6)	219	–	–	219
Changes that relate to current service (7)=(4)+(5)+(6)	219	(100)	(1,368)	(1,249)
Reinsurance contracts initially recognised in the period (8)	(1,042)	108	934	–
Changes in estimates that adjust the contractual service margin (9)	(168)	(14)	182	–
Changes in estimates that do not adjust the contractual service margin (10)	–	–	–	–
Recognition and reversals of a loss-recovery component (11)	–	–	(5)	(5)
Other changes that relate to future service (12)	–	–	–	–
Changes that relate to future service (13)=(8)+(9)+(10)+(11)+(12)	(1,210)	94	1,111	(5)
Changes in the fulfilment cash flows relating to incurred claims recovery (14)	(1,338)	(271)	–	(1,609)
Other changes that relate to past service (15)	–	–	–	–
Changes that relate to past service (16)=(14)+(15)	(1,338)	(271)	–	(1,609)
Changes in the risk of reinsurers non-performance (17)	513	–	–	513
Net expenses from reinsurance contracts held (18)=(7)+(13)+(16)+(17)	(1,816)	(277)	(257)	(2,350)
Finance income or expenses from reinsurance contracts held (19)	282	88	62	432
Other income or expenses recognised in P&L (20)	–	–	–	–
Other income or expenses recognised in other comprehensive income (21)	(3)	5	7	9
Total amounts recognised in comprehensive income (22)=(18)+(19)+(20)+(21)	(1,537)	(184)	(188)	(1,909)
Premiums ceded to reinsurers (23)	4,722	–	–	4,722
Amounts received from reinsurers relating to incurred claims and other expenses (including investment components) (24)	(5,590)	–	–	(5,590)
Other cash flows (25)	–	–	–	–
Total cash flows (26)=(23)+(24)+(25)	(868)	–	–	(868)
Other movements (27)	–	–	–	–
Net reinsurance contract assets as at 31 December (28)=(3)+(22)+(26) +(27)	3,889	1,183	1,679	6,751
Reinsurance contract assets as at 31 December (29)	5,211	598	1,102	6,911
Reinsurance contract liabilities as at 31 December (30)	(1,322)	585	577	(160)

(Amounts in millions of Renminbi, unless otherwise stated)

35. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)

(6) Reconciliation of the measurement components of reinsurance contracts not measured under the premium allocation approach: (continued)

	2023			
	Present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin(a)	TOTAL
Reinsurance contract assets as at 1 January (1)	10,566	884	1,414	12,864
Reinsurance contract liabilities as at 1 January (2)	(913)	511	150	(252)
Net reinsurance contract assets as at 1 January (3)=(1)+(2)	9,653	1,395	1,564	12,612
Contractual service margin recognised for the service provided (4)	–	–	(2,592)	(2,592)
Change in the risk adjustment for non-financial risk (5)	–	(99)	–	(99)
Experience adjustments for the period (6)	923	–	–	923
Changes that relate to current service (7)=(4)+(5)+(6)	923	(99)	(2,592)	(1,768)
Reinsurance contracts initially recognised in the period (8)	(1,225)	110	1,115	–
Changes in estimates that adjust the contractual service margin (9)	(1,653)	29	1,624	–
Changes in estimates that do not adjust the contractual service margin (10)	–	–	–	–
Recognition and reversals of a loss-recovery component (11)	–	–	98	98
Other changes that relate to future service (12)	–	–	–	–
Changes that relate to future service (13)=(8)+(9)+(10)+(11)+(12)	(2,878)	139	2,837	98
Changes in the fulfilment cash flows relating to incurred claims recovery (14)	332	(131)	–	201
Other changes that relate to past service (15)	–	–	–	–
Changes that relate to past service (16)=(14)+(15)	332	(131)	–	201
Changes in the risk of reinsurers non-performance (17)	546	–	–	546
Net expenses from reinsurance contracts held (18)=(7)+(13)+(16)+(17)	(1,077)	(91)	245	(923)
Finance income or expenses from reinsurance contracts held (19)	311	61	56	428
Other income or expenses recognised in P&L (20)	–	–	–	–
Other income or expenses recognised in other comprehensive income (21)	11	2	2	15
Total amounts recognised in comprehensive income (22)=(18)+(19)+(20)+(21)	(755)	(28)	303	(480)
Premiums ceded to reinsurers (23)	4,289	–	–	4,289
Amounts received from reinsurers relating to incurred claims and other expenses (including investment components) (24)	(6,893)	–	–	(6,893)
Other cash flows (25)	–	–	–	–
Total cash flows (26)=(23)+(24)+(25)	(2,604)	–	–	(2,604)
Other movements (27)	–	–	–	–
Net reinsurance contract assets as at 31 December (28)=(3)+(22)+(26) +(27)	6,294	1,367	1,867	9,528
Reinsurance contract assets as at 31 December (29)	7,394	795	1,442	9,631
Reinsurance contract liabilities as at 31 December (30)	(1,100)	572	425	(103)

(Amounts in millions of Renminbi, unless otherwise stated)

35. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)

(6) Reconciliation of the measurement components of reinsurance contracts not measured under the premium allocation approach: (continued)

(a) For reinsurance contracts issued that are not measured under the premium allocation approach, an analysis of the contractual service margin by transition method is included in the following tables:

	2024			
	Contracts measured under the modified retrospective approach	Contracts measured under the fair value approach	Other reinsurance contracts	TOTAL
Reinsurance contract assets as at 1 January (1)	496	118	828	1,442
Reinsurance contract liabilities as at 1 January (2)	99	75	251	425
Net reinsurance contract assets as at 1 January (3)=(1)+(2)	595	193	1,079	1,867
Contractual service margin recognised for the service provided (4)	(268)	(38)	(1,062)	(1,368)
Change in the risk adjustment for non-financial risk (5)	–	–	–	–
Experience adjustments for the period (6)	–	–	–	–
Changes that relate to current service (7)=(4)+(5)+(6)	(268)	(38)	(1,062)	(1,368)
Reinsurance contracts initially recognised in the period (8)	–	–	934	934
Changes in estimates that adjust the contractual service margin (9)	(52)	24	210	182
Changes in estimates that do not adjust the contractual service margin (10)	–	–	–	–
Recognition and reversals of a loss-recovery component (11)	(19)	53	(39)	(5)
Other changes that relate to future service (12)	–	–	–	–
Changes that relate to future service (13)=(8)+(9)+(10)+(11)+(12)	(71)	77	1,105	1,111
Changes in the fulfilment cash flows relating to incurred claims recovery (14)	–	–	–	–
Other changes that relate to past service (15)	–	–	–	–
Changes that relate to past service (16)=(14)+(15)	–	–	–	–
Changes in the risk of reinsurers non-performance (17)	–	–	–	–
Net expenses from reinsurance contracts held (18)=(7)+(13)+(16)+(17)	(339)	39	43	(257)
Finance income or expenses from reinsurance contracts held (19)	19	7	36	62
Other income or expenses recognised in P&L (20)	–	–	–	–
Other income or expenses recognised in other comprehensive income (21)	1	–	6	7
Total amounts recognised in comprehensive income (22)=(18)+(19)+(20)+(21)	(319)	46	85	(188)
Premiums ceded to reinsurers (23)	–	–	–	–
Amounts received from reinsurers relating to incurred claims and other expenses (including investment components) (24)	–	–	–	–
Other cash flows (25)	–	–	–	–
Total cash flows (26)=(23)+(24)+(25)	–	–	–	–
Other movements (27)	–	–	–	–
Net reinsurance contract assets as at 31 December (28)=(3)+(22)+(26)+(27)	276	239	1,164	1,679
Reinsurance contract assets as at 31 December (29)	184	103	815	1,102
Reinsurance contract liabilities as at 31 December (30)	92	136	349	577

(Amounts in millions of Renminbi, unless otherwise stated)

35. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)

(6) Reconciliation of the measurement components of reinsurance contracts not measured under the premium allocation approach: (continued)

(a) For reinsurance contracts issued that are not measured under the premium allocation approach, an analysis of the contractual service margin by transition method is included in the following tables: (continued)

	2023			
	Contracts measured under the modified retrospective approach	Contracts measured under the fair value approach	Other reinsurance contracts	TOTAL
Reinsurance contract assets as at 1 January (1)	703	204	507	1,414
Reinsurance contract liabilities as at 1 January (2)	103	19	28	150
Net reinsurance contract assets as at 1 January (3)=(1)+(2)	806	223	535	1,564
Contractual service margin recognised for the service provided (4)	(851)	(124)	(1,617)	(2,592)
Change in the risk adjustment for non-financial risk (5)	–	–	–	–
Experience adjustments for the period (6)	–	–	–	–
Changes that relate to current service (7)=(4)+(5)+(6)	(851)	(124)	(1,617)	(2,592)
Reinsurance contracts initially recognised in the period (8)	–	–	1,115	1,115
Changes in estimates that adjust the contractual service margin (9)	613	88	923	1,624
Changes in estimates that do not adjust the contractual service margin (10)	–	–	–	–
Recognition and reversals of a loss-recovery component (11)	2	(1)	97	98
Other changes that relate to future service (12)	–	–	–	–
Changes that relate to future service (13)=(8)+(9)+(10)+(11)+(12)	615	87	2,135	2,837
Changes in the fulfilment cash flows relating to incurred claims recovery (14)	–	–	–	–
Other changes that relate to past service (15)	–	–	–	–
Changes that relate to past service (16)=(14)+(15)	–	–	–	–
Changes in the risk of reinsurers non-performance (17)	–	–	–	–
Net expenses from reinsurance contracts held (18)=(7)+(13)+(16)+(17)	(236)	(37)	518	245
Finance income or expenses from reinsurance contracts held (19)	24	7	25	56
Other income or expenses recognised in P&L (20)	–	–	–	–
Other income or expenses recognised in other comprehensive income (21)	1	–	1	2
Total amounts recognised in comprehensive income (22)=(18)+(19)+(20)+(21)	(211)	(30)	544	303
Premiums ceded to reinsurers (23)	–	–	–	–
Amounts received from reinsurers relating to incurred claims and other expenses (including investment components) (24)	–	–	–	–
Other cash flows (25)	–	–	–	–
Total cash flows (26)=(23)+(24)+(25)	–	–	–	–
Other movements (27)	–	–	–	–
Net reinsurance contract assets as at 31 December (28)=(3)+(22)+(26) +(27)	595	193	1,079	1,867
Reinsurance contract assets as at 31 December (29)	496	118	828	1,442
Reinsurance contract liabilities as at 31 December (30)	99	75	251	425

(Amounts in millions of Renminbi, unless otherwise stated)

35. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)

(7) Expected release of the contractual service margin for insurance contracts not measured under the premium allocation approach:

	As at 31 December 2024		As at 31 December 2023	
Number of years until expected to be released	Insurance contracts Issued	Reinsurance contracts issued	Insurance contracts Issued	Reinsurance contracts issued
Within 5 years (including 5 years)	42,577	1,160	34,618	1,471
More than 5 years	71,111	519	59,110	396
TOTAL	113,688	1,679	93,728	1,867

(8) Impact of contracts initially recognised in the year – insurance contracts measured not under the premium allocation approach:

	2024			2023		
	Non-onerous contracts	Onerous contracts	TOTAL	Non-onerous contracts	Onerous contracts	TOTAL
Insurance acquisition cash flows	10,820	3,636	14,456	10,409	6,029	16,438
Incurred claims and other directly attributable expenses	85,805	56,004	141,809	62,846	75,586	138,432
Estimates of the present value of future cash outflows	96,625	59,640	156,265	73,255	81,615	154,870
Estimates of the present value of future cash inflows	(124,159)	(58,639)	(182,798)	(90,549)	(79,800)	(170,349)
Risk adjustment for non-financial risk	2,294	727	3,021	1,338	858	2,196
Contractual service margin	25,240	–	25,240	15,956	–	15,956
TOTAL	–	1,728	1,728	–	2,673	2,673

(Amounts in millions of Renminbi, unless otherwise stated)

35. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)

(9) Impact of contracts recognised in the year – reinsurance contracts not measured under the premium allocation approach:

	2024	2023
Estimates of the present value of future cash outflows	1,278	1,960
Estimates of the present value of future cash inflows	(2,320)	(3,185)
Risk adjustment for non-financial risk	108	110
Contractual service margin	934	1,115
TOTAL	–	–

(10) The following table describes the composition of the assets or liabilities and their fair values of the underlying items corresponding to insurance contracts with direct participation in profit-sharing features:

	31 December 2024	31 December 2023
Financial assets at fair value through profit or loss	84,278	102,852
Debt investments at fair value through other comprehensive income	162,708	146,694
Equity investments at fair value through other comprehensive income	12,754	9,541
Others	24,046	(5,185)
TOTAL	283,786	253,902

(Amounts in millions of Renminbi, unless otherwise stated)

36. PENSION BENEFIT OBLIGATION

The Group is committed to defined benefit retirement benefit plans. Through the retirement benefit plans, the Group offered pension and medical benefits for employees who retired on or prior to 31 July 2003. The amounts of these pension and medical benefits are paid monthly according to a policy agreed with these employees and number of years of services of these employees with the Group. The Group also offered an early retirement program to certain employees during its group reorganisation in 2003. For employees who joined this program, they are entitled to various periodic benefits up to their normal retirement ages. The beneficiaries of these pension benefits are not in active employment with the Group and these benefits are fully vested. There is no plan asset for these pension benefits.

(a) The movements in the present value of early retirement and retirement benefits are shown below:

	2024	2023
At beginning of the year	2,720	2,776
Interest cost on pension benefit obligation (note 9)	61	75
Actuarial losses arising from experience adjustments	2	(33)
Actuarial losses arising from changes in financial assumptions	215	112
Benefits paid	(203)	(210)
At end of the year	2,795	2,720

The plans typically expose the Group to interest rate risk, longevity risk and inflation risk.

- Interest rate risk: an increase/(decrease) in the bond interest rate will (decrease)/increase the plan liability.
- Longevity risk: the present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
- Inflation risk: as inflation rises, expenses related to medical care, retirement living costs, equipment expenditures, and other subsidy benefits will increase, consequently leading to a higher plan liability.

For defined benefit retirement benefit plans, the Group offered pension and medical benefits for employees who retired on or prior to 31 July 2003. The Group employs a third-party actuary annually to conduct an actuarial assessment of the pension benefit scheme and issue a special actuarial report. At the end of 2024, Towers Watson was engaged to conduct an actuarial assessment of the pension benefit plan and issued the Actuarial Assessment Report for PICC Group as at 31 December 2024. The actuarial report was signed by Wu Haichuan, a North American actuary, a member of the American Association of Actuaries and a member of the China Association of Actuaries.

(Amounts in millions of Renminbi, unless otherwise stated)

36. PENSION BENEFIT OBLIGATION (continued)

(b) The discount rates and the principal actuarial assumptions for the above obligations are as follows:

	31 December 2024	31 December 2023
Discount rates:		
– Early retirement benefits	1.25%	2.25%
– Retirement benefits	1.50%	2.50%
– Supplementary medical benefits	1.75%	2.50%
Average annual growth rates:		
– Early retirement benefits	2.50%	2.50%
– Medical expenses	8.00%	8.00%

Discount rates are set to be the government bond yields with similar maturities and vary for different types of benefits. The durations of early retirement benefits, retirement benefits and supplementary medical benefits are 4 years, 8 years and 11 years as at 31 December 2024 (31 December 2023: 4 years, 8 years and 10 years).

(c) The maturity of these benefits, in terms of undiscounted cash flows, is presented as follows:

	31 December 2024	31 December 2023
No more than 3 months	47	48
3 to 12 months (including 12 months)	141	145
1 to 5 years (including 5 years)	727	749
More than 5 years	2,428	2,604
TOTAL	3,343	3,546

(d) Sensitivity analysis

Significant actuarial assumptions for the determination of the defined obligation are discount rate and average annual growth rate. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

	Change in assumptions	Effect on the pension benefit obligation	
		2024	2023
Discount rate	+50bps	(134)	(127)
Discount rate	-50bps	145	138
Average annual growth rate	+50bps	139	132
Average annual growth rate	-50bps	(129)	(123)

(Amounts in millions of Renminbi, unless otherwise stated)

37. OTHER LIABILITIES

	31 December 2024	31 December 2023
Salaries and welfare payable	34,020	30,700
Payables to non-controlling interests of consolidated structure entities	22,393	16,800
Value added tax and other taxes payable	8,207	8,229
Premiums received in advance	7,319	5,625
Payables to co-insurers and refund premiums	3,360	2,866
Dividends Payable	2,788	–
Payable to suppliers	1,494	2,023
Insurance deposits received	674	574
Bank borrowings	357	603
Others	12,641	10,517
TOTAL	93,253	77,937

38. ISSUED CAPITAL

	31 December 2024	31 December 2023
Issued and fully paid ordinary shares of RMB1 each (in million shares)		
A shares	35,498	35,498
H shares	8,726	8,726
TOTAL	44,224	44,224
Issued capital		
A shares	35,498	35,498
H shares	8,726	8,726
TOTAL	44,224	44,224

39. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.

(a) General risk reserve

Pursuant to "Financial Standards of Financial Enterprises – Implementation Guide" issued by the MOF of the PRC on 30 March 2007, a general risk reserve should be set aside to cover catastrophic or other losses as incurred by companies operating in the insurance businesses. The Group's respective entities would need to make appropriations for such reserve based on their respective annual profit, year-end risk assets or asset management fee income as determined in their annual financial statements. This reserve is not available for profit distribution and cannot be transferred to capital.

(b) Catastrophic loss reserve

Pursuant to the relevant regulatory requirements, the Group is required to make appropriation to a reserve when the agriculture and nuclear insurance business records underwriting profits. This reserve cannot be used for dividend distribution or conversion into capital, but can be utilised when there are catastrophic losses.

(c) Surplus reserve

In accordance with the Company Law and the Articles of Association, the Company is required to make appropriation to a statutory surplus reserve based on its profit for the year (after offsetting any prior years' losses) as determined based on applicable financial regulations in the PRC in their annual statutory financial statements. When the balance of such reserve fund reaches 50% of the capital, any further appropriation is optional. The Company may also make appropriation to a discretionary surplus reserve provided that the appropriation is approved by a resolution of the shareholders. Subject to resolutions passed in general meetings, the statutory and discretionary surplus reserves can be transferred to the share capital. The balance of the statutory surplus reserve fund after transfers to the share capital should not be less than 25% of the share capital.

(Amounts in millions of Renminbi, unless otherwise stated)

39. RESERVES (continued)

(d) Principal items of other reserves were summarized as follows:

	Transfer to issued capital (1)	Compensation for post–employment benefit obligation (2)	Transactions with non-controlling interests	Other reserves of associates	TOTAL
As at 31 December 2024	(17,942)	2,847	(69)	(8)	(15,172)
As at 31 December 2023	(17,942)	2,847	(69)	(62)	(15,226)

(1) In 2009, the Company obtained approval from the MOF for converting into a joint stock company. During the process, certain assets were revalued and the corresponding revaluation surplus was transferred to the issued capital. On consolidation, these revaluations were reversed, creating a negative balance.

(2) In 2009, the Company recognised an amount of RMB2,847 million recoverable from the MOF as compensation for the Company's assumption of post-employment benefit obligation. The amount was recognised as a special capital contribution from the MOF and was credited to other reserves. The amount has been fully recovered from the MOF.

40. NON-CONTROLLING INTERESTS

	31 December 2024	31 December 2023
PICC P&C	87,525	79,557
PICC Life	7,921	7,195
PICC Health	3,063	2,920
Others	46	25
TOTAL	98,555	89,697

41. CAPITAL AND RISK MANAGEMENT

41.1 Capital management

(a) Governance framework

The primary objective of the Group's risk and financial management framework is to protect the Group's shareholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Key management recognises the critical importance of having efficient and effective risk management systems in place.

The risk management structure runs through the board of directors, the management and all functional departments and covers all business sectors and branches at all levels of the Group. The board of directors is ultimately responsible for the risk management, internal control, and compliance policy formulation of the Group. The Risk Management & Consumers' Rights and Interests Protection Committee is responsible for having a comprehensive understanding of significant risks faced by the Group and relevant risk management, as well as supervising the effectiveness of the operation of risk management system.

(b) Capital management approach

The Group seeks to optimise the structure and sources of capital to ensure that it consistently maximises returns to the shareholders.

The Group's approach to managing capital involves managing assets, liabilities and risks in a coordinated way, assessing shortfalls between reported and required capital levels (by each regulated entity) on a regular basis and taking appropriate actions to adjust the capital position of the Group in light of changes in economic conditions and risk characteristics.

The primary source of capital used by the Group is equity shareholders' funds and issued bonds. The Group also makes reinsurance arrangements to manage its regulatory capital requirements.

The solvency results of the Group's principal subsidiaries of the fourth quarter of 2024 are prepared in accordance with the requirements of the "Notice on the Distribution of the Regulatory Rules on the Solvency of Insurance Companies(II)" (CBIRC [2021] No. 51) and the "Notice on Matters concerning the Formal Implementation of the Regulatory Rules on the Solvency of Insurance Companies(II)" (CBIRC [2021] No. 52) and the "Notice on Optimizing the Regulatory Standards for the Solvency of Insurance Companies by the National Financial Regulatory Administration" (NFRA [2023] No.5) and the relevant notices issued by the former CBIRC.

Insurance companies carrying out business in China are required to comply with capital requirements imposed by the National Financial Regulatory Administration ("NFRA"). These capital requirements are generally known as solvency requirements in the insurance industry.

41. CAPITAL AND RISK MANAGEMENT (continued)

41.1 Capital management (continued)

(b) Capital management approach (continued)

Insurance companies comply with requirements on both the core capital and actual capital (sum of core and supplementary capital). Under China Risk Oriented Solvency System, the minimum capital is calculated by formula prescribed by the NFRA. The minimum capital requirement is a result of quantifications of underwriting risks, market risks, credit risks and results of an internal control assessment.

Comprehensive and core solvency margin ratios are defined as actual capital and core capital divided by the minimum capital requirements, respectively. Comprehensive and core solvency margin ratio have to be higher than 100% and 50% respectively for compliance with the solvency requirements. The solvency results of PICC P&C, PICC Life and PICC Health of the fourth quarter of 2024 meet the above regulatory requirements.

The NFRA can take a number of regulatory measures against any insurance company non-compliant with the solvency requirements. These regulatory measures include restriction on business scope, dividend distributions, investment strategy; order to transfer business or place reinsurance; removal of senior executives of the insurance companies.

(c) Regulatory framework

Regulators are primarily interested in protecting the rights of policyholders and monitor them closely to ensure that the Group is satisfactorily managing affairs for their benefit. At the same time, regulators are also interested in ensuring that the Group maintains an appropriate solvency position to meet unforeseen liabilities arising from economic shocks or natural disasters.

41.2 Risk management

The Group's activities are exposed to insurance risk and varieties of financial risks. The Group issues contracts that transfer insurance risk or financial risk or both. The key financial risk is that proceeds from the sale of financial assets will not be sufficient to fund the obligations arising from the Group's insurance and investment contracts. The most important components of financial risk are credit risk, liquidity risk and market risk. This section summarizes these risks.

41. CAPITAL AND RISK MANAGEMENT (continued)

41.2 Risk management (continued)

(a) Insurance risk

(1) Insurance risk types

The risk under an insurance contract is the possibility of occurrence of insured events and uncertainty of the amount and timing of the resulting claims. The principal risk the Group faces under such contracts is that the actual claims and benefit payments exceed the carrying amount of insurance liabilities. This could occur due to any of the following factors:

Occurrence risk – the possibility that the number of insured events will differ from that expected.

Severity risk – the possibility that the costs of the events will differ from those expected.

Development risk – the possibility that changes may occur in the amount of a policyholder's obligation at the end of the contract period.

The variability of risks is improved by diversification of risk of loss to a large portfolio of insurance contracts as a more diversified portfolio is less likely to be affected across the board by change in any subset of the portfolio. The variability of risks is also improved by careful risk selection and implementation of underwriting strategy and guidelines.

When the underwriting risks principally are mortality risks, epidemics, widespread changes in lifestyle and natural disasters, they may result in earlier or more claims than expected; when the underwriting risks principally are longevity risks, continued improvement in medical science and social conditions that would improve longevity, they may result in losses to annuity or similar contracts. For contracts with discretionary participation features, a significant portion of these insurance risks is shared with the insured parties.

Insurance risk of life insurance contracts is also affected by the policyholders' rights to terminate the contracts, to pay reduced premiums, refuse to pay premiums or to avail annuity conversion rights. Therefore, the resulting insurance risk is subject to policyholders' behavior and decisions.

For non-life insurance contracts, claims are often affected by many factors such as climate changes, natural disasters, calamities, and terrorist activities.

The Group's risk management objectives, policies and processes and the methodology used to measure risk have not changed significantly compared with previous period.

(Amounts in millions of Renminbi, unless otherwise stated)

41. CAPITAL AND RISK MANAGEMENT (continued)

41.2 Risk management (continued)

(a) Insurance risk (continued)

(2) Insurance risk concentration

Non-life claims of certain provinces in the PRC are often affected by natural disasters including flooding, earthquakes and typhoons. Therefore, an undue concentration of risk units in these areas may have an impact on the severity of claim payments on a portfolio basis. The Group has achieved geographical diversification by accepting risks in different provinces of the PRC (including Hong Kong SAR).

The Group's concentration of non-life insurance risk is managed by products and geographical locations, including premiums before and after reinsurance. The location with the highest insurance risk concentration is coastal and developed provinces (including Hong Kong SAR).

For life and health insurance contracts, their insurance risks usually do not vary significantly in relation to the geographical locations of the insured and therefore geographical concentration by locations is not presented.

An analysis for estimation of insurance risk exposure per class of business is provided in the following tables:

31 December 2024	Insurance contract assets	Insurance contract liabilities	Reinsurance contract assets	Reinsurance contract liabilities
PICC P&C	1,713	401,837	40,506	59
PICC Life	–	620,872	61	32
PICC Health	–	92,376	1,621	–

31 December 2023	Insurance contract assets	Insurance contract liabilities	Reinsurance contract assets	Reinsurance contract liabilities
PICC P&C	2,885	371,829	38,891	21
PICC Life	–	528,290	42	99
PICC Health	–	75,668	2,721	–

(3) Reinsurance

The Group limits its exposure to losses within non-life insurance operations through participation in reinsurance arrangements. The majority of the business ceded is placed on the quota share basis or the surplus line basis with retention limits varying by product lines. There are profit commission, sliding, scale commission and loss participation limit clauses in various proportional reinsurance contracts. Excess of loss catastrophic reinsurance is also arranged to limit the Group's exposure to certain catastrophic events.

Even though the Group may have reinsurance arrangements, it is not relieved of its direct obligations to its policyholders, and thus a credit exposure exists with respect to the businesses ceded, to the extent that the reinsurers are unable to meet their obligations assumed under such reinsurance agreements.

(Amounts in millions of Renminbi, unless otherwise stated)

41. CAPITAL AND RISK MANAGEMENT (continued)

41.2 Risk management (continued)

(a) Insurance risk (continued)

(4) Key assumptions and sensitivity analysis

Long-term life insurance contracts

In the process of measuring the insurance contract reserves for long-term life insurance contracts, the Group has to make significant judgments on the assumptions of insurance accident rate, surrender rate, expense, discount rate, mortality, morbidity and policy dividends. These measurement assumptions are based on information available at the balance sheet date. The relevant assumptions are detailed in note 3.

The Group has considered the respective impact of various independent assumptions based on future experience on the insurance contract reserves. When testing an assumption, the other assumptions remain the same.

The following tables present information on how reasonably possible changes in assumptions impact insurance contract liabilities for PICC Life:

		Pre-tax impact on profit		Pre-tax impact on equity		Pre-tax impact on profit		Pre-tax impact on equity	
		2024		31 December 2024		2023		31 December 2023	
Assumptions	Change in assumptions	Before reinsurance	After reinsurance	Before reinsurance	After reinsurance	Before reinsurance	After reinsurance	Before reinsurance	After reinsurance
Mortality/morbidity	+10%	(538)	(439)	(2,322)	(2,224)	(545)	(444)	(1,498)	(1,397)
Mortality/morbidity	-10%	526	445	2,458	2,376	520	419	1,543	1,442
Lapse and surrenders rate	+25%	527	527	1,175	1,175	240	239	625	624
Lapse and surrenders rate	-25%	(773)	(774)	(1,318)	(1,319)	(348)	(348)	(794)	(794)
Expenses	+10%	(187)	(187)	(363)	(363)	(202)	(203)	(322)	(323)
Expenses	-10%	184	184	360	360	161	160	281	280

(Amounts in millions of Renminbi, unless otherwise stated)

41. CAPITAL AND RISK MANAGEMENT (continued)

41.2 Risk management (continued)

(a) Insurance risk (continued)

(4) Key assumptions and sensitivity analysis (continued)

Long-term life insurance contracts (continued)

The following tables present information on how reasonably possible changes in assumptions impact insurance contract liabilities for PICC Health:

		Pre-tax impact on profit		Pre-tax impact on equity		Pre-tax impact on profit		Pre-tax impact on equity	
		2024		31 December 2024		2023		31 December 2023	
Assumptions	Change in assumptions	Before reinsurance	After reinsurance	Before reinsurance	After reinsurance	Before reinsurance	After reinsurance	Before reinsurance	After reinsurance
Mortality/morbidity	+10%	(603)	(501)	(675)	(570)	(717)	(574)	(1,021)	(877)
Mortality/morbidity	-10%	599	497	672	567	718	576	1,029	884
Lapse and surrenders rate	+25%	187	198	283	295	176	193	75	93
Lapse and surrenders rate	-25%	(198)	(210)	(64)	(77)	(183)	(202)	(7)	(27)
Expenses	+10%	(19)	(19)	(40)	(40)	(23)	(23)	(34)	(34)
Expenses	-10%	19	19	40	40	23	23	34	34

The above analyses do not take into account the mitigating effect from asset-liability management and possible actions taken by management in view of these changes.

Non-life insurance and short-term health insurance contracts

The principal assumption underlying the estimates is the Group's past claims development experience. Judgement is used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

The range of reasonable estimates of LIC, projected using different statistical techniques and various key assumptions, represents different views on the speed of settlements, changes in premium rates and the underwriting controls over ultimate losses.

It is not possible to quantify the sensitivity of certain variables such as legislative change and uncertainty in the estimation process with any degree of confidence. Furthermore, because of delays that arise between the occurrence of a claim and its subsequent notification and eventual settlement, the LIC is not quantifiable with certainty at the end of 2024 and 2023.

(Amounts in millions of Renminbi, unless otherwise stated)

41. CAPITAL AND RISK MANAGEMENT (continued)

41.2 Risk management (continued)

(a) Insurance risk (continued)

(4) Key assumptions and sensitivity analysis (continued)

Non-life insurance and short-term health insurance contracts (continued)

The following analysis shows the development of claims over a period of time on a gross basis:

	Accident year – gross					
	Year ended 31 December					
	2020	2021	2022	2023	2024	TOTAL
Estimated cumulative claims paid by PICC P&C:						
Total cumulative undiscounted claims paid						
At the end of current year	279,884	315,563	331,070	362,420	395,250	1,684,187
One year later	278,261	315,081	321,466	362,074		1,276,882
Two years later	277,899	315,012	313,962			906,873
Three years later	277,602	313,436				591,038
Four years later	276,509					276,509
Estimated cumulative claims of PICC P&C	276,509	313,436	313,962	362,074	395,250	1,661,231
Cumulative claims paid by PICC P&C	(271,744)	(305,475)	(293,490)	(328,165)	(264,434)	(1,463,308)
Subtotal as at 31 December 2024						197,923
Prior year adjustments, unallocated loss adjustment expenses, discount, non-financial risk adjustment, etc. of PICC P&C						26,606
Gross LIC of other insurance subsidiaries						26,003
LIC, gross						250,532

(Amounts in millions of Renminbi, unless otherwise stated)

41. CAPITAL AND RISK MANAGEMENT (continued)

41.2 Risk management (continued)

(a) Insurance risk (continued)

(4) Key assumptions and sensitivity analysis (continued)

Non-life insurance and short-term health insurance contracts (continued)

The following analysis shows the development of non-life claims over a period of time on a net basis:

	Accident year – net					
	Year ended 31 December					
	2020	2021	2022	2023	2024	TOTAL
Estimated cumulative claims paid by PICC P&C:						
Total cumulative undiscounted claims paid						
At the end of current year	255,114	287,366	299,423	331,652	363,233	1,536,788
One year later	253,738	285,476	290,387	331,354		1,160,955
Two years later	253,116	285,239	283,444			821,799
Three years later	252,973	284,095				537,068
Four years later	251,984					251,984
Estimated cumulative claims of PICC P&C	251,984	284,095	283,444	331,354	363,233	1,514,110
Cumulative claims paid by PICC P&C	(248,242)	(278,181)	(266,245)	(304,198)	(244,935)	(1,341,801)
Subtotal as at 31 December 2024						172,309
Prior year adjustments, unallocated loss adjustment expenses, discount, non-financial risk adjustment, etc. of PICC P&C						11,143
Net LIC of other insurance subsidiaries						22,135
LIC, net						205,587

The ultimate liabilities will vary as a result of subsequent developments. Differences resulting from the re-assessment of the ultimate liabilities are recognised in subsequent years.

As the claims of PICC Life and PICC Health are usually settled within one year, an analysis of the development of claims by year was not reflected.

41. CAPITAL AND RISK MANAGEMENT (continued)

41.2 Risk management (continued)

(b) Financial risks

(1) Credit risk

Credit risk is the risk that one party to a financial instrument or insurance contract will cause a financial loss to the other party by failing to discharge an obligation.

The Group is exposed to credit risks primarily associated with its cash and cash equivalents, financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income, insurance contract assets, reinsurance contract assets, term deposits, financial assets measured at fair value through profit or loss and other assets, etc. The Group uses a variety of controls to identify, measure, monitor and report credit risk.

The Group evaluates its credit risks in investments by both qualitative and quantitative analysis, including studying the relevant industry, enterprise management, financial factors, company prospects, as well as the use of internal credit models. The Group mitigates credit risk by using a variety of methods including impositions of aggregate counterparty exposure limits and increasing the diversification of fixed income investment portfolios.

The Group's credit risk associated with insurance mainly arises from non-life insurance business for which the Group only issues insurance policies on credit to corporate customers or to individuals who purchase certain policies through insurance intermediaries. A policyholder usually has a maximum credit period of three months but a longer period can be granted on a discretionary basis. For large corporate customers and certain multi-year policies, payments by instalments are usually arranged.

Except for domestic reinsurance company, reinsurance of the Group is mainly placed with stated-owned reinsurers and reinsurers with Standard & Poor's ratings of A- (or ratings of an equal level given by other international rating institutions such as A.M. Best, Fitch or Moody's) or above. The Group's management performs regular assessment of creditworthiness of reinsurers to update reinsurance purchase strategies and ascertain suitable allowances for impairment of reinsurance assets.

As to debt investment, the Group rates these investments by internal credit rating policies, selects counterparties with high credit quality and sets strict entry criteria.

The Group's debt investment mainly includes domestic government bonds, financial institution bonds, corporate bonds guaranteed by state-owned commercial banks and large enterprise groups, deposits in state-owned or national commercial banks, trust schemes, debt investment plans and asset backed plans, etc. The Group manages the credit risk for these investments mainly through controlling the investment scales, selecting counterparties within the financial institutions with appropriate credit quality prudently, balancing the credit risks and rate of return of investment and considering the internal and external credit rating information comprehensively.

41. CAPITAL AND RISK MANAGEMENT (continued)

41.2 Risk management (continued)

(b) Financial risks (continued)

(1) Credit risk (continued)

Guarantees and other credit enhancement arrangements

The group holds securities purchased under resale agreements where debt-type investments held by counterparties are used as collateral. In the event of a default by the counterparties, the group has the right to obtain the collateral.

Credit quality

The majority of the Group's bank deposits are with the four largest state-owned commercial banks and other national commercial banks. Most of the reinsurance contracts are entered into with state-owned reinsurance companies or large international reinsurance companies. The Group believes these commercial banks and reinsurance companies have a high credit quality. The trustees of the Group's trust plans, creditors' investments plans and asset support plans are mostly large domestic trust companies and asset management companies.

Expected credit loss

From 1 January 2023, the Group formulates the credit losses of debt instruments measured at amortized cost and financial assets measured at fair value through other comprehensive income using ECL models according to IFRS 9 requirements.

Parameters of ECL model

The parameters and assumptions involved in ECL model are described below:

The Group considers the credit risk characteristics of different financial instruments when determining if there is significant increase in credit risk. For financial instruments with or without significant increase in credit risk, 12-month or lifetime expected credit losses are provided respectively. The expected credit loss is the result of discounting the product of EAD, PD and LGD.

(1) Exposure at Default (EAD): EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months or over the remaining lifetime.

(2) Probability of Default (PD): The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.

(3) Loss given Default (LGD): LGD represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by seniority of claim and availability of collateral or other credit support.

41. CAPITAL AND RISK MANAGEMENT (continued)

41.2 Risk management (continued)

(b) Financial risks (continued)

(1) Credit risk (continued)

Judgement of significant increase in credit risk ("SICR")

The Group considers various reasonable supporting information to judge if there is significant increase in credit risk, including the forward-looking information, when determining the ECL staging for financial assets. Major factor being considered include regulatory and operating environment, internal and external credit ratings, solvency, and operational capabilities. The Group could base on individual financial instruments or portfolios of financial instruments with similar credit risk characteristics to determine ECL staging by comparing the credit risks of the financial instruments at the reporting date with initial recognition.

The judgement criteria mainly include the significant fluctuations in evaluation of bonds, significant changes in the financial business performance of the issuers, obvious changes in the issuers' ability and willingness of the solvency, incidents that affect the security of the bonds and other indicators of SICR, etc. In the judgement of whether the financial instruments have SICR after initial recognition, the Group considers the 30 days past due as one of criteria of SICR, in accordance with the standard.

The definition of credit-impaired assets

Under IFRS 9, in order to determine whether credit impairment occurs, the defined standards adopted by the Group are consistent with the internal credit risk management objectives for relevant financial assets, while considering quantitative and qualitative indicators. When the Group assesses whether the debtor has credit impairment, the following factors are mainly considered:

- Default (considered to be default if it is 90 days past due);
- The debtor has significant financial difficulties;
- The lender gives the debtor concessions for economic or contractual reasons due to the debtor's financial difficulties, where such concessions are normally reluctant to be made by the lender;
- The debtor is likely to go bankrupt or other financial restructuring;
- The active market for financial assets disappears;
- Purchase or generate a financial asset at a significant discount that reflects the fact of credit loss.

The credit impairment of financial assets may be caused by the joint effects of multiple events, and may not be caused by separately identifiable events.

41. CAPITAL AND RISK MANAGEMENT (continued)

41.2 Risk management (continued)

(b) Financial risks (continued)

(1) Credit risk (continued)

Forward-looking information

The determinations of 12 months and the lifetime EAD, PD and LGD also incorporates forward-looking information. The Group has performed historical data analysis and identified the key macroeconomic variables associated with credit risk and expected credit losses for each portfolio. The Group has developed macroeconomic forward looking adjustment model by establishing a pool of macro-economic indicators, preparing data, filtering model factors and adjusting forward-looking elements, and the indicators include Gross Domestic Product (GDP), Customer Price Index (CPI) and other macroeconomic variables. Through regression analysis, the relationship for ECL is established, and the ECL is then determined through forecasting economic indicator.

During the reporting period, the Group adjusted the predicted values of forward-looking economic indicators by statistical analysis and also considered the range of possible outcomes represented by each scenario, to determine the final macroeconomic scenarios and weights for measuring the relevant expected credit loss. The Group has the highest weight of the base scenario, and the weight of the base scenario is higher than the sum of the weight of other base scenarios.

The cumulative year-on-year growth rate of GDP used in the various scenarios to evaluate ECL at 31 December 2024 ranges from 4.07% to 5.81% under the base, optimistic, and adverse scenarios.

Similar to other economic forecasts, the estimates of economic indicators have high inherent uncertainties, actual results may have significant difference with estimates. The Group considered the estimates above represented the optimal estimation of possible outcomes.

(Amounts in millions of Renminbi, unless otherwise stated)

41. CAPITAL AND RISK MANAGEMENT (continued)

41.2 Risk management (continued)

(b) Financial risks (continued)

(1) Credit risk (continued)

Credit exposure

The following table presents the credit risk exposure of the main financial assets under the scope of expected credit loss. Without considering guarantee or any other credit enhancement measures, for on-balance sheet assets, the maximum credit risk exposure is presented as the net carrying amount of the main financial assets:

	31 December 2024			
	Stage 1	**Stage 2**	**Stage 3**	**Maximum credit risk exposure**
Cash and cash equivalents	44,132	–	–	44,132
Financial investments:				
Financial assets measured at amortized cost	311,716	4,435	80	316,231
Debt instruments measured at fair value through other comprehensive income	523,581	–	–	523,581
Term deposits	126,556	–	–	126,556
Restricted statutory deposits	14,745	–	–	14,745
TOTAL	1,020,730	4,435	80	1,025,245

	31 December 2023			
	Stage 1	**Stage 2**	**Stage 3**	**Maximum credit risk exposure**
Cash and cash equivalents	28,835	–	–	28,835
Financial investments:				
Financial assets measured at amortized cost	310,191	8,386	28	318,605
Debt instruments measured at fair value through other comprehensive income	338,717	–	–	338,717
Term deposits	81,487	–	–	81,487
Restricted statutory deposits	13,433	–	–	13,433
TOTAL	772,663	8,386	28	781,077

(Amounts in millions of Renminbi, unless otherwise stated)

41. CAPITAL AND RISK MANAGEMENT (continued)

41.2 Risk management (continued)

(b) Financial risks (continued)

(1) Credit risk (continued)

Impairment stage changes

The following tables explain the changes in the gross carrying amount and impairment provision of the main financial assets between the beginning and the end of the annual period due to these factors:

	Stage 1		Stage 2		Stage 3		
	12-month ECL		Lifetime ECL		Lifetime ECL		TOTAL
Financial assets measured at amortized cost	Gross carrying amount	Impairment provision	Gross carrying amount	Impairment provision	Gross carrying amount	Impairment provision	Impairment provision
1 January 2024	311,984	1,793	8,785	399	532	504	2,696
Net increase/(decrease) for the year	(3,407)	(1,235)	(257)	(3)	(134)	(186)	(1,424)
Net amount transfer in/(out) from Stage 1 to Stage 2	4,011	314	(4,011)	(314)	–	–	–
Net amount transfer in/(out) from Stage 1 to Stage 3	–	–	–	–	–	–	–
Net amount transfer in/(out) from Stage 2 to Stage 3	–	–	–	–	–	–	–
31 December 2024	312,588	872	4,517	82	398	318	1,272

	Stage 1		Stage 2		Stage 3		
	12-month ECL		Lifetime ECL		Lifetime ECL		TOTAL
Debt instruments measured at fair value through other comprehensive income	Gross carrying amount	Impairment provision	Gross carrying amount	Impairment provision	Gross carrying amount	Impairment provision	Impairment provision
1 January 2024	338,717	652	–	–	–	–	652
Net increase/(decrease) for the year	184,864	(288)	–	–	–	–	(288)
Net amount transfer in/(out) from Stage 1 to Stage 2	–	–	–	–	–	–	–
Net amount transfer in/(out) from Stage 1 to Stage 3	–	–	–	–	–	–	–
Net amount transfer in/(out) from Stage 2 to Stage 3	–	–	–	–	–	–	–
31 December 2024	523,581	364	–	–	–	–	364

(Amounts in millions of Renminbi, unless otherwise stated)

41. CAPITAL AND RISK MANAGEMENT (continued)

41.2 Risk management (continued)

(b) Financial risks (continued)

(1) Credit risk (continued)

Impairment stage changes (continued)

The following tables explain the changes in the gross carrying amount and impairment provision of the main financial assets between the beginning and the end of the annual period due to these factors: (continued)

	Stage 1		Stage 2		Stage 3		
	12-month ECL		Lifetime ECL		Lifetime ECL		TOTAL
Financial assets measured at amortized cost	Gross carrying amount	Impairment provision	Gross carrying amount	Impairment provision	Gross carrying amount	Impairment provision	Impairment provision
1 January 2023	271,322	982	8,226	180	589	573	1,735
Net increase/(decrease) for the year	44,373	841	(3,152)	189	(57)	(69)	961
Net amount transfer in/(out) from Stage 1 to Stage 2	(3,711)	(30)	3,711	30	–	–	–
Net amount transfer in/(out) from Stage 1 to Stage 3	–	–	–	–	–	–	–
Net amount transfer in/(out) from Stage 2 to Stage 3	–	–	–	–	–	–	–
31 December 2023	311,984	1,793	8,785	399	532	504	2,696

	Stage 1		Stage 2		Stage 3		
	12-month ECL		Lifetime ECL		Lifetime ECL		TOTAL
Debt instruments measured at fair value through other comprehensive income	Gross carrying amount	Impairment provision	Gross carrying amount	Impairment provision	Gross carrying amount	Impairment provision	Impairment provision
1 January 2023	305,993	374	156	125	–	–	499
Net increase/(decrease) for the year	32,724	278	(156)	(125)	–	–	153
Net amount transfer in/(out) from Stage 1 to Stage 2	–	–	–	–	–	–	–
Net amount transfer in/(out) from Stage 1 to Stage 3	–	–	–	–	–	–	–
Net amount transfer in/(out) from Stage 2 to Stage 3	–	–	–	–	–	–	–
31 December 2023	338,717	652	–	–	–	–	652

(Amounts in millions of Renminbi, unless otherwise stated)

41. CAPITAL AND RISK MANAGEMENT (continued)

41.2 Risk management (continued)

(b) Financial risks (continued)

(1) Credit risk (continued)

Measurement of expected credit losses

The following table contains an analysis of the credit risk grading of financial assets at amortized cost and debt instruments measured at fair value through other comprehensive income. The carrying amount of financial assets below also represents the Group's maximum exposure to credit risk on these assets:

For financial assets that meet the condition of only paying principal and interest, except for overseas bonds held, the credit ratings of other financial assets are given by qualified domestic rating agencies, and their risk disclosures is as follows:

Domestic debt investments measured at amortized cost and debt investments measured at fair value through other comprehensive income	31 December 2024	31 December 2023
Credit rating		
AAA	604,987	534,636
AA+	715	337
AA	–	142
A–	–	–
A-1	–	–
A and lower rating	597	111
Not rated or exempted from rating	227,980	118,116
TOTAL	834,279	653,342

Government bonds and certain financial bonds issued by policy banks with low credit risks are included in the not rated or exempted from rating category.

For overseas bonds that meet the condition of only paying principal and interest, Moody's ratings are used, and their credit risk exposures is as follows:

Overseas debt investments measured at amortized cost and debt investments measured at fair value through other comprehensive income	31 December 2024	31 December 2023
Credit rating		
Aaa	601	34
Aa (include Aa1, Aa2 and Aa3)	571	206
A (include A1, A2 and A3)	3,165	2,594
Baa (include Baa1, Baa2 and Baa3)	375	523
Not rated	821	623
TOTAL	5,533	3,980

41. CAPITAL AND RISK MANAGEMENT (continued)

41.2 Risk management (continued)

(b) Financial risks (continued)

(2) Liquidity risk

Liquidity risk is the risk of not having access to sufficient funds or being unable to liquidate a position in a timely manner at a reasonable price to meet the Group's obligations as they become due.

The Group is exposed to liquidity risk on insurance policies that permit surrender, withdrawal or other forms of early termination. The Group seeks to manage its liquidity risk by matching to the extent possible the duration of its investment assets with the duration of its insurance policies and to ensure that the Group is able to meet its payment obligations and fund its lending and investment operations on a timely basis.

The Group manages the liquidity risks of its major operating subsidiaries by requiring them to perform cash flow forecasts on a quarterly basis under different scenarios and establish contingency plans for any expected shortfall of liquidity.

The Group held cash and cash equivalents which accounted for 2.50% of total assets as at 31 December 2024 (31 December 2023: 1.85%).

It is unusual for an enterprise primarily transacting insurance business to predict the requirements of funding with absolute certainty, as the theory of probability is applied on insurance contracts to ascertain the likely provision and the period when such liabilities will require settlement. The amounts and maturity periods of these insurance liabilities are thus based on management's best estimate according to statistical techniques and past experience.

(Amounts in millions of Renminbi, unless otherwise stated)

41. CAPITAL AND RISK MANAGEMENT (continued)

41.2 Risk management (continued)

(b) Financial risks (continued)

(2) Liquidity risk (continued)

Maturity profiles of financial assets and financial liabilities

The table below summarizes maturity profiles of main financial assets and major financial liabilities of the Group. Maturity profiles of financial assets and financial liabilities are prepared, using the contractual or expected collection or repayment dates. The maturity date is determined based on the remaining contractual terms, liabilities payable upon notification are classified as demand liabilities.

	31 December 2024						
	On demand/ past due	Within 3 months	3 to 12 months	1 to 5 years	More than 5 years	No maturity date	TOTAL
Financial assets							
Cash and cash equivalents	24,519	19,613	–	–	–	–	44,132
Financial assets measured at amortized cost	–	7,406	29,344	162,583	180,269	–	379,602
Financial assets measured at fair value through other comprehensive income	–	5,359	33,373	139,556	403,055	115,778	697,121
Financial assets measured at fair value through profit or loss	–	1,483	5,842	24,346	124,133	197,313	353,117
Term deposits	–	7,795	23,105	79,317	22,300	–	132,517
Restricted statutory deposits	–	34	3,654	11,511	–	–	15,199
TOTAL	24,519	41,690	95,318	417,313	729,757	313,091	1,621,688
Financial liabilities							
Financial liabilities measured at fair value through profit or loss	–	–	–	–	–	7,506	7,506
Securities sold under agreements to repurchase	–	111,239	–	–	–	–	111,239
Investment contract liabilities	1,934	78	253	5,902	5	–	8,172
Bonds payable	–	8,397	1,145	17,075	31,532	–	58,149
Lease liabilities	–	201	541	1,419	154	–	2,315
TOTAL	1,934	119,915	1,939	24,396	31,691	7,506	187,381

(Amounts in millions of Renminbi, unless otherwise stated)

41. CAPITAL AND RISK MANAGEMENT (continued)

41.2 Risk management (continued)

(b) Financial risks (continued)

(2) Liquidity risk (continued)

Maturity profiles of financial assets and financial liabilities (continued)

	31 December 2023						
	On demand/ past due	Within 3 months	3 to 12 months	1 to 5 years	More than 5 years	No maturity date	TOTAL
Financial assets							
Cash and cash equivalents	20,274	8,561	–	–	–	–	28,835
Financial assets measured at amortized cost	–	7,745	27,461	184,977	221,245	–	441,428
Financial assets measured at fair value through other comprehensive income	–	7,059	24,203	140,999	289,300	96,541	558,102
Financial assets measured at fair value through profit or loss	–	3,771	11,335	37,455	178,597	202,491	433,649
Term deposits	–	4,259	12,643	68,499	2,072	–	87,473
Restricted statutory deposits	–	3,271	2,911	7,937	–	–	14,119
TOTAL	20,274	34,666	78,553	439,867	691,214	299,032	1,563,606
Financial liabilities							
Financial liabilities measured at fair value through profit or loss	–	–	–	–	–	4,089	4,089
Securities sold under agreements to repurchase	–	109,000	–	–	–	–	109,000
Investment contract liabilities	1,736	184	3,145	2,741	198	–	8,004
Bonds payable	–	110	953	5,321	42,687	–	49,071
Lease liabilities	–	193	646	1,544	148	–	2,531
TOTAL	1,736	109,487	4,744	9,606	43,033	4,089	172,695

(Amounts in millions of Renminbi, unless otherwise stated)

41. CAPITAL AND RISK MANAGEMENT (continued)

41.2 Risk management (continued)

(b) Financial risks (continued)

(2) Liquidity risk (continued)

Insurance liquidity risk

For insurance and reinsurance contracts issued, the liquidity of undiscounted cash flow is as follows (the LRC for insurance contracts issued and the ARC for reinsurance contracts held measured under the PAA are not included in the tables):

	31 December 2024						
	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years	TOTAL
Reinsurance contract assets, net	20,429	4,447	1,995	1,554	977	2,585	31,987
Insurance contract liabilities, net	141,532	69,804	68,031	47,887	64,779	1,291,553	1,683,586

	31 December 2023						
	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years	TOTAL
Reinsurance contract assets, net	24,810	6,690	3,163	1,786	926	1,383	38,758
Insurance contract liabilities, net	150,510	71,470	61,741	49,481	47,991	1,188,239	1,569,432

Amount that policyholders can demand repayment at any time:

	31 December 2024		31 December 2023	
	Amount that policyholders can demand repayment at any time	Carrying amount	Amount that policyholders can demand repayment at any time	Carrying amount
Insurance contract liabilities	569,333	710,483	499,606	601,655

41. CAPITAL AND RISK MANAGEMENT (continued)

41.2 Risk management (continued)

(b) Financial risks (continued)

(3) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates (currency risk), market interest rates (interest rate risk) or market prices (other price risk).

The Group uses multiple methods managing market risk, including using sensitive analysis, Value-at-Risk ("VaR"), stress test, scenario analysis and other quantitative models to analyse market risks; mitigating market risk through a diversified investment portfolio; implementing investment risk budget management, setting an acceptable risk tolerance level according to development goals, making investment risk budget and tracking the risk control results dynamically to maintain market risk exposure within an acceptable level.

Foreign currency risk

Currency risk is the risk that the future cash flow of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's principal transactions are settled in Renminbi ("RMB"), and it is not exposed to significant risk except for certain insurance policies settled in United States Dollars ("USD") and Hong Kong Dollars ("HKD"), and other foreign currencies, as well as the foreign exchange risk arising from holding certain financial assets and liabilities denominated in USD, HKD, and other foreign currencies.

(Amounts in millions of Renminbi, unless otherwise stated)

41. CAPITAL AND RISK MANAGEMENT (continued)

41.2 Risk management (continued)

(b) Financial risks (continued)

(3) Market risk (continued)

Foreign currency risk (continued)

The table below summarizes the Group's main assets and liabilities by major currency, expressed in RMB equivalent:

31 December 2024	RMB	USD in RMB equivalent	HKD in RMB equivalent	Others in RMB equivalent	Total in RMB equivalent
Cash and cash equivalents	41,263	1,293	1,535	41	44,132
Financial assets measured at amortized cost	316,231	–	–	–	316,231
Financial assets measured at fair value through other comprehensive income	633,604	3,262	2,493	–	639,359
Financial assets measured at fair value through profit or loss	312,338	3,914	1,418	–	317,670
Insurance contract assets	1,417	269	33	9	1,728
Reinsurance contract assets	37,683	596	1,493	(10)	39,762
Term deposits	123,124	2,770	662	–	126,556
Restricted statutory deposits	14,745	–	–	–	14,745
Total assets	1,480,405	12,104	7,634	40	1,500,183
Financial liabilities measured at fair value through profit or loss	7,506	–	–	–	7,506
Securities sold under agreements to repurchase	111,236	–	–	–	111,236
Insurance contract liabilities	1,118,181	1,794	2,691	131	1,122,797
Reinsurance contract liabilities	67	2	2	–	71
Investment contract liabilities	8,166	–	5	–	8,171
Bonds payable	50,132	–	–	–	50,132
Total liabilities	1,295,288	1,796	2,698	131	1,299,913
Net exposure	185,117	10,308	4,936	(91)	200,270

(Amounts in millions of Renminbi, unless otherwise stated)

41. CAPITAL AND RISK MANAGEMENT (continued)

41.2 Risk management (continued)

(b) Financial risks (continued)

(3) Market risk (continued)

Foreign currency risk (continued)

The table below summarizes the Group's main assets and liabilities by major currency, expressed in RMB equivalent: (continued)

31 December 2023	RMB	USD in RMB equivalent	HKD in RMB equivalent	Others in RMB equivalent	Total in RMB equivalent
Cash and cash equivalents	27,154	1,145	488	48	28,835
Financial assets measured at amortized cost	318,605	–	–	–	318,605
Financial assets measured at fair value through other comprehensive income	430,755	4,021	482	–	435,258
Financial assets measured at fair value through profit or loss	373,854	4,567	4,599	–	383,020
Insurance contract assets	1,480	1,415	(2)	9	2,902
Reinsurance contract assets	36,827	903	1,701	(172)	39,259
Term deposits	78,898	2,514	75	–	81,487
Restricted statutory deposits	13,433	–	–	–	13,433
Total assets	1,281,006	14,565	7,343	(115)	1,302,799
Financial liabilities measured at fair value through profit or loss	4,089	–	–	–	4,089
Securities sold under agreements to repurchase	108,969	–	–	–	108,969
Insurance contract liabilities	975,731	2,445	2,685	(131)	980,730
Reinsurance contract liabilities	104	14	(1)	1	118
Investment contract liabilities	7,985	–	–	–	7,985
Bonds payable	37,992	–	–	–	37,992
Total liabilities	1,134,870	2,459	2,684	(130)	1,139,883
Net exposure	146,136	12,106	4,659	15	162,916

(Amounts in millions of Renminbi, unless otherwise stated)

41. CAPITAL AND RISK MANAGEMENT (continued)

41.2 Risk management (continued)

(b) Financial risks (continued)

(3) Market risk (continued)

Foreign currency risk (continued)

Sensitivity analysis

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax and equity due to changes in the fair value of currency sensitive main financial assets and liabilities.

	31 December 2024	
Exchange rate of foreign currencies	Pre-tax impact on profit Increase/(decrease)	Pre-tax impact on equity Increase/(decrease)
+5%	747	758
-5%	(747)	(758)

	31 December 2023	
Exchange rate of foreign currencies	Pre-tax impact on profit Increase/(decrease)	Pre-tax impact on equity Increase/(decrease)
+5%	858	897
-5%	(858)	(897)

The method used for deriving sensitivity information and significant variables has not changed from the previous year.

Interest rate risk

Interest rate risk is the risk that the value/future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Floating rate instruments expose the Group to cash flow interest rate risk, while fix rate instruments expose the Group to fair value interest rate risk.

Based on asset liability matching gap analysis, the Group implements sensitive analysis and stress tests to monitor and to evaluate interest rate risk regularly. The Group manages interest rate risk by monitoring the average duration and expiry dates as well as adjusting composition of portfolio.

41. CAPITAL AND RISK MANAGEMENT (continued)

41.2 Risk management (continued)

(b) Financial risks (continued)

(3) Market risk (continued)

Interest rate risk (continued)

Sensitivity analysis

At 31 December 2024, with all other variables held constant, if market interest rates had been 50 basis points higher or lower, the impact on the Group's profit before tax for the year from the corresponding changes in the Group's related financial assets and insurance and reinsurance contracts would be a decrease of RMB2,019 million or an increase of RMB1,552 million (31 December 2023: a decrease of RMB4,439 million or an increase of RMB3,926 million); the impact on the Group's shareholders' equity before tax was an increase of RMB15,737 million or a decrease of RMB21,660 million (31 December 2023 an increase of RMB13,249 million or a decrease of RMB17,956 million)

Other price risk

Other price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Group's price risk exposure mainly relates to the stock and fund investments whose values will fluctuate as a result of changes in market prices, and insurance contracts with direct participation features.

The Group's price risk policy requires setting and managing investment objectives. Subject to laws and regulatory policies, the Group manages price risk by diversification of investments, setting limits for investments in different securities, etc.

Sensitivity analysis

At 31 December 2024, with all other variables held constant, if the value of investments held by the Group, including stocks, equity funds and asset management products etc., which fluctuates with market prices had been 5% higher or lower, the impact on the Group's profit before tax for the year from the corresponding changes in the Group's related financial assets and insurance contracts would be an increase of RMB5,703 million or a decrease of RMB6,228 million (31 December 2023: an increase of RMB9,958 million or a decrease of RMB10,028 million); the impact on the Group's shareholders' equity before tax was an increase of RMB12,759 million or a decrease of RMB13,284 million (31 December 2023: an increase of RMB13,701 million or a decrease of RMB13,771 million).

42. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS

Determination of fair value and the fair value hierarchy

This note provides information on how the Group determines the fair value of its financial assets and financial liabilities. For details on the fair value measurement of investment properties, please refer to note 24 of these consolidated financial statements.

The Group's financial assets mainly include cash and cash equivalents, financial assets measured at fair value through profit or loss, term deposits, financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income, restricted statutory deposits, etc.

The Group's financial liabilities mainly include financial liabilities measured at fair value through profit or loss, securities sold under agreements to repurchase, investment contract liabilities and bonds payable, etc.

For the carrying amounts and fair values of financial assets measured at amortized cost and bonds payable that are not measured at fair value, please refer to note 42 (c) of these consolidated financial statements.

The carrying amounts of other financial assets and financial liabilities approximate their fair values.

(Amounts in millions of Renminbi, unless otherwise stated)

42. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Determination of fair value and the fair value hierarchy (continued)

(a) Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

Items	Fair value 31 December 2024	Fair value hierarchy	Valuation technique(s) and key input(s)
Financial assets measured at fair value through profit or loss	113,567	Level 1	Quoted bid prices in an active market.
Financial assets measured at fair value through profit or loss	151,867	Level 2	Quotes for the same or similar assets in inactive markets, or for the same or similar assets from third-party valuation service providers.
Financial assets measured at fair value through profit or loss	46,791	Level 3	Valuation techniques with non-observable input value are used to determine fair value, such as liquidity-restricted securities valuation method, comparable company method, net asset value method and recent financing price.
Financial assets measured at fair value through profit or loss	5,445	Level 3	Fair value of the investments is based on the use of internal discounted cash flow valuation models.
Debt instruments measured at fair value through other comprehensive income	16,077	Level 1	Quoted bid prices in an active market.
Debt instruments measured at fair value through other comprehensive income	507,504	Level 2	Quotes for the same or similar assets in inactive markets, or for the same or similar assets from third-party valuation service providers.
Equity instruments measured at fair value through other comprehensive income	23,420	Level 1	Quoted bid prices in an active market.
Equity instruments measured at fair value through other comprehensive income	63,635	Level 2	Quotes for the same or similar assets in inactive markets, or for the same or similar assets from third-party valuation service providers.
Equity instruments measured at fair value through other comprehensive income	4,276	Level 3	Valuation techniques with non-observable input value are used to determine fair value, such as liquidity-restricted securities valuation method, comparable company method, net asset value method and recent financing price.
Equity instruments measured at fair value through other comprehensive income	24,447	Level 3	Fair value of the investments is based on the use of internal discounted cash flow valuation models.
Financial liabilities measured at fair value through profit or loss	7,506	Level 2	Quotes for the same or similar liabilities in inactive markets, or for the same or similar liabilities from third-party valuation service providers.

(Amounts in millions of Renminbi, unless otherwise stated)

42. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Determination of fair value and the fair value hierarchy (continued)

(a) Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Items	Fair value 31 December 2023	Fair value hierarchy	Valuation technique(s) and key input(s)
Financial assets measured at fair value through profit or loss	129,004	Level 1	Quoted bid prices in an active market.
Financial assets measured at fair value through profit or loss	200,642	Level 2	Quotes for the same or similar assets in inactive markets, or for the same or similar assets from third-party valuation service providers.
Financial assets measured at fair value through profit or loss	35,496	Level 3	Valuation techniques with non-observable input value are used to determine fair value, such as comparable company method, net asset value method and recent financing price.
Financial assets measured at fair value through profit or loss	17,878	Level 3	Fair value of the investments is based on the use of internal discounted cash flow valuation models.
Debt instruments measured at fair value through other comprehensive income	15,470	Level 1	Quoted bid prices in an active market.
Debt instruments measured at fair value through other comprehensive income	323,247	Level 2	Quotes for the same or similar assets in inactive markets, or for the same or similar assets from third-party valuation service providers.
Equity instruments measured at fair value through other comprehensive income	12,820	Level 1	Quoted bid prices in an active market.
Equity instruments measured at fair value through other comprehensive income	52,704	Level 2	Quotes for the same or similar assets in inactive markets, or for the same or similar assets from third-party valuation service providers.
Equity instruments measured at fair value through other comprehensive income	3,371	Level 3	Valuation techniques with non-observable input value are used to determine fair value, such as comparable company method, net asset value method and recent financing price.
Equity instruments measured at fair value through other comprehensive income	27,646	Level 3	Fair value of the investments is based on the use of internal discounted cash flow valuation models.
Financial liabilities measured at fair value through profit or loss	4,089	Level 2	Quotes for the same or similar liabilities in inactive markets, or for the same or similar liabilities from third-party valuation service providers.

As at 31 December 2024, the Group transferred certain debt securities with a carrying amount of RMB8,022 million (2023: RMB8,109 million) from Level 1 to Level 2 as the Group could not obtain quoted prices in active markets. The Group transferred debt securities with a carrying amount of RMB12,499 million (2023: RMB8,743 million) from Level 2 to Level 1 as the Group is able to obtain quoted prices in active markets.

(Amounts in millions of Renminbi, unless otherwise stated)

42. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Determination of fair value and the fair value hierarchy (continued)

(b) Reconciliation of Level 3 fair value measurements

	2024	2023
As at 1 January	84,391	71,172
Unrealised gains recognised in other comprehensive income	1,899	1,656
Additions	14,163	18,077
Losses recognised in profit or loss	1,686	(1,182)
Transfer from Level 3 to Level 1	(2)	(441)
Disposals	(21,178)	(4,891)
As at 31 December	80,959	84,391

As at 31 December 2024 and 2023, the majority of Level 3 assets and liabilities measured at fair value mainly uses unobservable inputs such as the discount rate, liquidity discount, comparable company multiples etc in valuation.

(c) Fair value of financial assets and liabilities not measured at fair value

Some of the Group's financial assets and financial liabilities are not measured at fair value at the end of each reporting period but their fair values are disclosed in the table set out at the beginning of this note. The levels of fair value in the fair value hierarchy in respect of these fair values disclosed are as follows:

	Fair value level at 31 December 2024			
	Level 1	Level 2	Level 3	TOTAL
Financial assets:				
Financial assets measured at amortized cost	4,303	172,910	172,265	349,478
Financial liabilities:				
Bonds payable	–	51,176	–	51,176

	Fair value level at 31 December 2023			
	Level 1	Level 2	Level 3	TOTAL
Financial assets:				
Financial assets measured at amortized cost	3,152	131,097	203,421	337,670
Financial liabilities:				
Bonds payable	–	38,226	–	38,226

The fair value of debt instruments classified within the Level 2 and Level 3 of the hierarchy is determined by discounted cash flow model. The significant input value in this model reflects the discount rate that represents the counterparty's or the Group's risk.

(Amounts in millions of Renminbi, unless otherwise stated)

43. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	2024				
	Securities sold under agreements to repurchase (note 32)	Bonds payable (note 33)	Bank borrowings (note)	Lease liabilities (note 34)	TOTAL
As at 1 January 2024	108,969	37,992	603	2,270	149,834
Financing cash flows	623	10,725	(261)	(1,057)	10,030
Finance costs	1,644	1,415	15	56	3,130
New leases entered/lease modified	–	–	–	844	844
As at 31 December 2024	111,236	50,132	357	2,113	163,838

	2023				
	Securities sold under agreements to repurchase (note 32)	Bonds payable (note 33)	Bank borrowings (note)	Lease liabilities (note 34)	TOTAL
At 1 January 2023	100,939	44,581	548	2,291	148,359
Financing cash flows	7,885	(9,723)	53	(1,170)	(2,955)
Finance costs	145	3,134	2	73	3,354
New leases entered/lease modified	–	–	–	1,076	1,076
At 31 December 2023	108,969	37,992	603	2,270	149,834

Note: Bank borrowings were included in other liabilities and disclosed in note 37.

(Amounts in millions of Renminbi, unless otherwise stated)

44. CONTINGENCIES AND COMMITMENTS

(a) Contingencies

Due to the nature of the insurance business, the Group is subject to legal proceedings in the ordinary course of business, including being the plaintiff or the defendant in litigation and arbitration. Such legal proceedings mostly involve claims on the Group's insurance policies and the losses incurred will be partly indemnified by reinsurers or other recoveries including salvage and subrogation. The Group took into account potential losses arising from these legal proceedings when measuring insurance contract liabilities.

(b) Capital commitments

	31 December 2024	31 December 2023
Property and equipment commitments:		
Contracted, but not provided for	896	725

	31 December 2024	31 December 2023
Investment commitments:		
Contracted, but not provided for	8,353	1,184

45. OPERATING LEASING ARRANGEMENTS

The Group as lessor

The Group leases its investment properties (note 24) under operating lease arrangements, with lease terms ranging from 1 to 15 years. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rental adjustments according to the then prevailing market conditions.

Undiscounted lease payments receivable on leases are as follows:

	31 December 2024	31 December 2023
Within one year, inclusive	407	410
In the second year, inclusive	280	261
In the third year, inclusive	207	194
In the fourth year, inclusive	156	129
In the fifth year, inclusive	120	71
After five years	193	138
TOTAL	1,363	1,203

46. RELATED PARTY DISCLOSURES

(a) A party is considered to be related to the Group if:

(1) the party is a person or a close member of that person's family and that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group; or

(2) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or a joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a); and

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(Amounts in millions of Renminbi, unless otherwise stated)

46. RELATED PARTY DISCLOSURES (continued)

(b) The Company is a state-owned enterprise and its controlling shareholder is the MOF.

(c) During the year, the Group had the following significant related party transactions:

Transactions with associates:	2024	2023
Industrial Bank		
Gross written premiums	214	241
Investment income	283	535
Dividend income	2,786	3,183
Claims and policyholders' benefits	142	176
Handling charges and commissions	34	40
Hua Xia Bank		
Gross written premiums	6	16
Investment income	92	1
Dividend income	1,241	982
Handling charges and commissions	3	–
Claims and policyholders' benefits	–	5
Other associates		
Investment income	33	275
Dividend income	335	480
Other income	12	5
Purchase of spare parts	171	122
Other operating and administrative expense	1	4

Transactions with these associates were conducted on a basis with reference to prevailing rates with other third parties.

(Amounts in millions of Renminbi, unless otherwise stated)

46. RELATED PARTY DISCLOSURES (continued)

(d) Balances with related parties

Receivables from associates	31 December 2024	31 December 2023
Industrial Bank		
Cash and cash equivalents	2,596	3,141
Financial assets measured at fair value through other comprehensive income	947	675
Term deposits	6,280	6,242
Hua Xia Bank		
Cash and cash equivalents	100	188
Term deposits	3,525	–
Other associates		
Financial assets measured at fair value through other comprehensive income	830	811
Other assets	6	9

Payables to associates	31 December 2024	31 December 2023
Other associates		
Other liabilities	14	11

(e) Compensation of key management personnel

Key management personnel of the Company include certain Directors, Supervisors and Senior Management. The summary of compensation of key management personnel for 2024 and 2023 is as follows:

	2024 (in RMB'000)	2023 (in RMB'000) (Restated)
Short-term employee benefits	7,537	19,413
Other long-term benefits	1,065	1,179
Retirement benefits	2,351	2,378
Total compensation paid to key management personnel	10,953	22,970

46. RELATED PARTY DISCLOSURES (continued)

(f) Transactions with state-owned entities in the PRC

The MOF is the controlling shareholder of the Company. The MOF is the component of the State Council of PRC (“State Council”) and performs government functions such as finance, taxation and management of state-owned assets authorized by the State Council.

The Group’s key business is insurance and investment related and therefore the business transactions with other government-related entities are primarily mainly include sales of insurance policies, purchase of reinsurance, deposits placed with banks, investments in debts or bonds and commissions paid to banks and postal offices for insurance policies distributed.

The Group considers that transactions with government-related entities are activities conducted in the ordinary course of business, and that the dealings of the Group have not been significantly or unduly affected by the fact that the Group and those government-related entities are ultimately controlled or owned by the PRC government. The Group has also established pricing policies for products and services and such pricing policies do not depend on whether or not the customers are government-related entities.

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.

47. STRUCTURED ENTITIES

The Group issues certain structured entities, and acts as a manager for such entities according to the contracts. Meanwhile, the Group may be exposed to variability of returns as a result of holding shares of the structured entities. In addition, the Group may also hold structured entities originated and managed by other asset managers. To determine whether it exercises control over a structured entity, the Group primarily evaluates its overall economic interest in the entity (including returns derived from direct holdings and anticipated management fees etc.) as well as the scope of its decision-making authority over the entity. At each balance sheet date, additions, redemptions or liquidations of structured entities included in the scope of consolidation result in a change in the scope of consolidation.

(Amounts in millions of Renminbi, unless otherwise stated)

47. STRUCTURED ENTITIES (continued)

(a) As at 31 December 2024, management determined that the Group has control of certain structured entities and the significant consolidated structured entities are as follows:

Name	Attributable equity interest	Paid-in capital	Principal activities
PICC Capital – Nanjing Yangtze River State Investment Shantytown Renovation Debt Investment Schemes	100.00%	5,700	Debt investment schemes
PICC Asset – China Resources Land 2024 No. 1 Consumer Infrastructure Asset-Backed Schemes	99.98%	5,334	Asset-Backed Schemes
Central Wealth – Growth 1010 Phase – Guangzhou City Investment Group Collective Capital Trust Schemes	100.00%	4,200	Trust Schemes
Central Wealth – Growth 1199 Phase – Guangzhou Industrial Investment No. 4 Collective Capital Trust Schemes	94.29%	3,300	Trust Schemes
PICC Capital – Shanxi Transportation Control Infrastructure Debt Investment Plan	100.00%	3,000	Debt investment schemes
Guangxin • Guangxin • Taixiang No. 56 Collective Fund Trust Schemes	100.00%	3,000	Trust Schemes

(b) Investments in unconsolidated structured entities are disclosed in respective notes of "Financial assets measured at amortized cost", "Financial assets measured at fair value through other comprehensive income" and "Financial assets measured at fair value through profit or loss". The corresponding investment income is recorded in profit or loss as changes in fair values, realised gains/losses, dividend or interest income, and impairment losses. Certain subsidiaries of the Group are managers of these structured entities and therefore are considered sponsor of these entities. Assets management income earned by the asset management segment is disclosed in note 7 to these consolidated financial statements.

As at 31 December 2024, the interest rate of the Group's debt investment schemes were 3.47%-6.00% per annum (2023: 3.67%-6.52% per annum); The trust schemes mainly invest in debt instruments and provides an annual return of 3.07%-6.00% (2023: 3.58%-6.00%) to the Group; Asset management products contain a variety of financial products that are not quoted in active markets and provide their investors with fixed or determinable returns, these financial products include securitised assets, creditor's right of return and asset-backed security offered by banks, securities companies or asset management companies, as at 31 December 2023, the yields of these financial products were 2.25%-6.08% (2023: 2.98%-6.08%).

(Amounts in millions of Renminbi, unless otherwise stated)

47. STRUCTURED ENTITIES (continued)

The Group does not control any of these structured entities and therefore does not consolidate these structured entities. The following table shows the Groups' interests in unconsolidated structured entities. It also shows the Group's maximum exposure to these unconsolidated structured entities, representing the Group's maximum possible risk exposure that could occur. The Group does not provide any financial support for these unconsolidated structured entities:

	31 December 2024		
	Carrying amount of the investment	The Group's maximum exposure	Interest held by the Group
Products managed by the Group (note 1)	28,293	28,293	Investment income and management fee
Products managed by third parties (note 2)	167,454	167,454	Investment income
TOTAL	195,747	195,747	

	31 December 2023		
	Carrying amount of the investment	The Group's maximum exposure	Interest held by the Group
Products managed by the Group (note 1)	93,460	93,460	Investment income and management fee
Products managed by third parties (note 2)	282,927	282,927	Investment income
TOTAL	376,387	376,387	

Note 1: As at 31 December 2024, the size of unconsolidated structured entities that the Group sponsored was RMB427,967 million (31 December 2023: RMB678,074 million). As at 31 December 2024, the size of the unconsolidated structured entities that the Group sponsored but had no interest was RMB323,856 million (as at 31 December 2023: RMB489,832 million), which were mainly funds, asset management products and pension products, etc., sponsored by the Group to generate management service fee income. In 2024, the management service fee from these structured entities was RMB351 million (2023: RMB543 million), which was recorded as other income.

Note 2: The structured entities are sponsored by third party financial institutions and the information related to the size of these structured entities were not publicly available.

(Amounts in millions of Renminbi, unless otherwise stated)

48. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

Company	31 December 2024	31 December 2023
ASSETS		
Cash and bank balances	693	139
Financial assets purchased under resale agreements	3,190	499
Financial investment:		
Financial assets measured at fair value through profit or loss	2,701	3,632
Financial assets measured at amortized cost	4,212	5,647
Debt financial assets measured at fair value through other comprehensive income	10,634	6,332
Equity financial assets measured at fair value through other comprehensive income	4,845	4,021
Term Deposits	581	572
Long-term equity investment	92,390	92,209
Investment properties	2,232	2,499
Fixed assets	2,911	2,854
Intangible assets	160	135
Other assets	614	806
TOTAL ASSETS	125,163	119,345
LIABILITIES AND EQUITY		
LIABILITIES		
Securities sold under agreements to repurchase	890	600
Salaries and staff welfare payables	3,695	3,588
Tax payable	3	2
Bonds payable	12,225	12,224
Other liabilities	3,777	604
TOTAL LIABILITIES	20,590	17,018
EQUITY		
Issued capital	44,224	44,224
Capital reserves	35,578	35,578
Other comprehensive income	472	(79)
Surplus reserves	16,835	15,697
Retained profits	7,464	6,907
TOTAL EQUITY	104,573	102,327
TOTAL EQUITY AND LIABILITIES	125,163	119,345

(Amounts in millions of Renminbi, unless otherwise stated)

48. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (continued)

The movements in reserves and retained profits of the Company are set out below:

	2024					
	Issued capital	Capital reserves	Other comprehensive income	Surplus reserves	Retained profits	Total equity
Balance at January 2024	44,224	35,578	(79)	15,697	6,907	102,327
Amount of change this year						
(1) Net profit	–	–	–	–	11,380	11,380
(2) Other comprehensive income	–	–	551	–	–	551
Total comprehensive income	–	–	551	–	11,380	11,931
(3) Profit Distribution						
1.Appropriations to surplus reserves	–	–	–	1,138	(1,138)	–
2.Profit distribution to shareholders	–	–	–	–	(9,685)	(9,685)
Balance at 31 December 2024	44,224	35,578	472	16,835	7,464	104,573

	2023					
	Issued capital	Capital reserves	Other comprehensive income	Surplus reserves	Retained profits	Total equity
Balance at January 2023	44,224	35,578	218	14,922	7,276	102,218
Amount of change this year						
(1) Net profit	–	–	–	–	7,747	7,747
(2) Other comprehensive income	–	–	(297)	–	–	(297)
Total comprehensive income	–	–	(297)	–	7,747	7,450
(3) Profit Distribution						
1.Appropriations to surplus reserves	–	–	–	775	(775)	–
2.Profit distribution to shareholders	–	–	–	–	(7,341)	(7,341)
Balance at 31 December 2023	44,224	35,578	(79)	15,697	6,907	102,327

48. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (continued)

The balance sheet and reserve movement of the Company disclosed in this note are prepared in accordance with China Accounting Standards ("CAS"), the primary accounting standards for the Company to determine the amount of retained profits available for distribution.

There is no material difference in recognition and measurement between CAS and the significant accounting policies as disclosed in note 2.5 in preparation of the above balance sheet and reserve movement of the Company.

There is no significant difference between the consolidated financial statements prepared in accordance with IFRS Accounting Standards and CAS by the Group in the equity as at 31 December 2024 and 31 December 2023 and no significant difference in the net profit for the respective years then ended.

49. EVENT AFTER THE REPORTING PERIOD

(1) On 24 March 2025, PICC P&C redeemed the capital supplementary bonds of RMB8 billion issued on 23 March 2020.

(2) On 27 March 2025, the Board of Directors of the Company proposed a final dividend of RMB11.70 cents (tax inclusive) per ordinary share for the year ended 31 December 2024, amounting to a total of approximately RMB5,174 million. The above proposal is subject to the approval of shareholders' general meeting of the Company.

50. APPROVAL OF THE FINANCIAL STATEMENTS

These consolidated financial statements were approved by the Board of Directors of the Company on 27 March 2025.

PICC

中国人民保险集团股份有限公司

THE PEOPLE'S INSURANCE COMPANY (GROUP) OF CHINA LIMITED