中国人民财产保险股份有限公司

PICC PROPERTY AND CASUALTY COMPANY LIMITED

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

(Stock Code: 2328)

ANNOUNCEMENT OF AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

The Board of Directors of PICC Property and Casualty Company Limited (the "**Company**") announces the audited results of the Company and its subsidiaries for the year ended 31 December 2024. This announcement sets out the full text of the 2024 Annual Report of the Company and fulfils the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcements of annual results.

By Order of the Board
PICC Property and Casualty Company Limited
Ding Xiangqun
Chairperson

Beijing, the PRC, 27 March 2025

As at the date of this announcement, the Chairperson of the Board of the Company is Ms. Ding Xiangqun (non-executive director), the Vice Chairperson of the Board is Mr. Yu Ze (executive director), Mr. Jiang Caishi, Mr. Zhang Daoming and Mr. Hu Wei are executive directors, and the independent directors are Mr. Cheng Fengchao, Mr. Wei Chenyang, Mr. Li Weibin, Mr. Qu Xiaobo and Ms. Xue Shuang.

Company Profile

The Company, the largest property and casualty insurance company on the Chinese mainland, was established in July 2003 with PICC Group as its sole promoter. The Company became the first domestic financial enterprise listed overseas when the Company was successfully listed on the Main Board of the Hong Kong Stock Exchange on 6 November 2003. The Company currently has a total share capital of 22,242,765,303 shares, of which 68.98% are held by PICC Group and 31.02% by H Shareholders.

PRINCIPAL ACTIVITIES

Motor vehicle insurance, commercial property insurance, cargo insurance, liability insurance, accidental injury insurance, short-term health insurance, agriculture insurance, credit insurance, surety insurance, household property insurance, marine hull insurance and other insurance businesses, which are denominated in RMB and foreign currencies, and the related reinsurance businesses as well as investment and funds application business permitted under the relevant laws and regulations of the PRC.

Contents

Financial Summary

Summaries of the results and the assets and liabilities of the Company and its subsidiaries for each of the past five financial years[1] are set out as follows:

RESULTS

	Year ended 31 December					
	2024	2023	Change	2022 (Restated)	2021	2020
	RMB million	*RMB million*	*%*	*RMB million*	*RMB million*	*RMB million*
Original insurance premium income[2]	**538,055**	515,807	4.3	485,434	448,384	432,019
Insurance revenue	**485,223**	457,203	6.1	424,355	Not applicable	Not applicable
Underwriting profit[3]	**5,713**	10,189	-43.9	14,364	1,521	4,177
Investment income	**Not applicable**	Not applicable	Not applicable	20,180	17,996	17,709
Net realised and unrealised gains/(losses) on investments	**Not applicable**	Not applicable	Not applicable	(3,706)	3,634	1,520
Share of profit or loss of associates and joint ventures	**7,123**	5,530	28.8	4,777	4,524	3,951
Interest income from financial assets not measured at fair value through profit or loss	**11,860**	11,710	1.3	Not applicable	Not applicable	Not applicable
Other investment income	**15,118**	4,077	270.8	Not applicable	Not applicable	Not applicable
Profit before income tax	**38,015**	28,035	35.6	34,020	26,028	24,676
Income tax expenses	**(5,854)**	(3,469)	68.8	(4,912)	(3,663)	(3,808)
Net profit for the year	**32,161**	24,566	30.9	29,108	22,365	20,868

ASSETS AND LIABILITIES

	At 31 December					
	2024	2023	Change	2022 (Restated)	2021	2020
	RMB million	*RMB million*	*%*	*RMB million*	*RMB million*	*RMB million*
Total assets	**778,244**	703,623	10.6	672,462	682,622	646,801
Total liabilities	**517,622**	469,319	10.3	450,857	476,973	456,770
Total equity	**260,622**	234,304	11.2	221,605	205,649	190,031

(1) The Company and its subsidiaries adopted the Hong Kong Financial Reporting Standards 17-Insurance Contracts and the Hong Kong Financial Reporting Standards 9-Financial Instruments on 1 January 2023. The financial information of the year 2022 was restated by the Company and its subsidiaries in accordance with the Hong Kong Financial Reporting Standards 17. In accordance with the transitional provisions of the Hong Kong Financial Reporting Standards 9, the Company and its subsidiaries elected not to restate figures of the year 2022.

The financial information for the years 2020 and 2021 was calculated in accordance with rules prior to the revisions of the insurance contracts accounting standards and financial instruments accounting standards.

(2) The original insurance premium income was calculated in accordance with the rules prior to the revision of the insurance contracts accounting standards.

(3) After application of the Hong Kong Financial Reporting Standards 17, the underwriting profit of the Company and its subsidiaries was calculated as set below:

Underwriting profit = insurance revenue - [insurance service expenses + net expenses/(income) from reinsurance contracts held + (finance expenses/(income) from insurance contracts issued - finance income/(expenses) from reinsurance contracts held)]

Original insurance premium income	Market share	Underwriting profit	Combined ratio
RMB538,055 million	31.8%	RMB5,713 million	98.8%

Total investment income	Total investment yield	Net profit for the Year	Return on equity
RMB34,937 million	5.5%	RMB32,161 million	13.0%

Proposed final dividend per share	Proposed total dividend per share (including interim dividend) for the Year	Comprehensive solvency margin ratio	Core solvency margin ratio
RMB0.332	RMB0.54	232.6%	211.0%

Company Honours

Ranked 31st in the Main List of "Top 100 in Comprehensive Strengths" of "Hong Kong Stocks – Top 100"
On list for 12 consecutive years

Top 100 Hong Kong Listed Companies Research Centre, Finet

"Outstanding Enterprise Model of Social Responsibility"

Xinhuanet and National Publicity and Education Center for Rural Revitalization
2024 Boao Forum for Entrepreneurs

ESG rating upgraded to AA level

MSCI

No. 1 in the "2024 China Insurance Competitiveness Rankings", "Excellent Property Insurance Company of the Year"

Tsinghua Financial Review
"Bauhinia Awards"

"Excellent Property Insurance Company of the Year"

National Business Daily
2024 "Gold Tripod Award"

TOP 5 of Property Insurance in New Financial Competitiveness List and TOP 1 on Property Insurance Efficiency Improvement List in 2024

Southern Weekly
2024 New Finance Conference

"2024 Brand Influence Insurance Company"

hexun.com
22nd China Finance and Economics Billboard

"Excellent Insurance Protection Brand of the Year"

Shanghai Securities News
"2024 Golden Wealth Management"

The "Modern Marine Ranch Insurance Escort 'Blue Granary' Model of PICC" was selected as one of the Top 10 Innovative Models in respect Financial Support for Agriculture

Ministry of Agriculture and Rural Affairs
Top 10 Innovative Models in respect of Financial Support for Agriculture in 2023

Most Influential Award for Serving the Belt and Road Initiative in the Insurance Industry in 2023

"Belt and Road" Reinsurance Community of China

Agricultural Germplasm Resources Protection Insurance was selected as one of "2024 CCTV Financial Power Annual Cases"

China Media Group
"2024 CCTV Financial Power Annual Ceremony"

The 95518 Customer Service Center was awarded the "2024 Top 10 Call Center (more than 1,000 seats) and Excellent Customer Experience Award"

China Electronics Chamber of Commerce
The 20th Annual Conference and the Annual Awards Ceremony on China Call Center Industry Development of the Year

"2024 Ark Award for Digital Finance Practice in the Insurance Industry"

Securities Times
"2024 China Insurance Ark Award"

"Intelligent Q&A Application Scheme for Medical Insurance Knowledge Based on Large Language Model" won the First Prize

National Healthcare Security Administration
2024 National Smart Medical Insurance Competition

The "Auto Insurance Claims Logic Concentration Project" awarded as an Excellent Case of "InsurTech" category

2024 IDC Technology Application Scenario Innovation Award in China Financial Industry

"All-flash distributed storage construction solution for insurance applications" was awarded the "2024 China Computational Power Conference Pioneer Case of Foundation Building"

2024 China Computational Power Conference

Chairperson's Statement

Dear Shareholders,

In 2024, an extraordinary year in the history of China, PICC P&C strived for progress in step with the development of China. During the Year, PICC P&C, under the correct leadership and with strong support from PICC Group, resolutely delivered people's insurance in a politically-oriented and people-centric way, and further positioned itself in serving the Chinese modernization and building China's strength in finance. The Company, dedicated to its responsibilities and determined in making progress, has achieved solid results in terms of high-quality development as well as outstanding operating performances in spite of difficulties and challenges, playing a "leading role" in property insurance industry in serving the Chinese modernization.

We pursued the progress while ensuring stability and steadily improved the comprehensive strength. In 2024, the Company seized the opportunity brought about by the recovery of China's economy, actively responded to the structural adjustment of the insurance market with focus on quality and strength, and **made steady progress in the business development.** The Company achieved an original insurance premium income of RMB538,055 million for the Year, representing a year-on-year increase of 4.3%, and the market share steadily ranked first in the industry. **The quality and efficiency of the business operation have witnessed steady enhancement.** The Company generated a combined ratio of 98.8%, an underwriting profit of RMB5,713 million, a total investment income of RMB34,937 million, a net profit of RMB32,161 million and a return on equity of 13.0%. **The capital strength of the Company steadily enhanced** with the issuance of the capital supplementary bonds of RMB12 billion and an adequate and stable solvency. **The Company maintained positive and stable shareholder returns**, with an interim dividend of RMB0.208 per share distributed to shareholders of the Company, and a final dividend of RMB0.332 per share proposed by the Board. The comprehensive strength and brand influence of the Company were highly appraised by all sectors of the society, and the Company received awards including the "Excellent Property Insurance Company of the Year" and the "2024 Brand Influence Insurance Company".

We effectively served the overall development of the country and played a demonstration and leading role. By focusing on the implementation of Five Priorities of "technology finance, green finance, inclusive finance, elderly care finance and digital finance", the Company improved its high-quality insurance services for major national strategies, key areas and weak sectors, undertaking an aggregated insurance liability of RMB2,988 trillion for the Year. The Company improved China Integrated Circuit Insurance Consortium, established China Urban and Rural Residential Building Catastrophe Insurance Pool, and coordinated the establishment of Green Marine Hull Insurance Pool and Insurance Service Alliance for Overseas Fleet of Domestically-manufactured Commercial Aircrafts. The Company launched China's first comprehensive catastrophe insurance product in Hebei province, built Three Centers of high level in Shanghai, namely shipping insurance center, technology insurance center and reinsurance center, established China's first "carbon neutrality" insurance outlet in Xiamen, and gave full support to the construction of Hainan Free Trade Port. The insurance business of the Company covering Chinese overseas interests was available in 143 countries and regions, fully demonstrating its role of "national team" and "main force" in insurance industry.

By fulfilling the original mission, we strived to ensure better life of the people with focus on serving the real economy, social stability and people's livelihood. **We deeply participated in the development of the multi-level social security system.** The social medical insurance served 840 million people, with the participation rate of long-term care insurance pilot program exceeding 65%. **The coverage and availability of "Huimin Insurance" have seen a continuous increase.** 151 "Huimin Insurance" projects were launched, serving 73.27 million people. **In support of national food security and rural revitalization**, the agriculture insurance provided risk protection of RMB2.1 trillion for 55.42 million rural households. **The Company spared no efforts in rescues and disaster reliefs and claim services**, made active responses to road collapse of Meizhou-Dapu Expressway in Guangdong province, breaching of dyke in Huarong county, Hunan Province, typhoon Yagi and Trami and other disasters and emergencies, and handled over 180 million cases. **In terms of consumer protection**, the Company provided the elderly with innovative and updated services, extending care from PICC.

We upheld the integrity and innovation and strived for self-driven development momentum. The Company, in active response to the market demand, accelerated the shift towards new growth driver. **By adhering to value-oriented principle**, the Company accelerated the construction of specialized distribution channels, and improved its professional capabilities in actuarial, underwriting and claim settlement. **With focus on innovation-driven development**, the Company published the "PICC China Earthquake Catastrophe Model", "the PICC Pricing Model for Meteorological Index Insurance", and "Risk-based Pricing Model for the Internet Security Insurance", launched various pioneering insurance products, including comprehensive insurance for pilot production, comprehensive insurance for scientific and technological breakthroughs, and exclusive insurance for low-altitude economy, and optimized and expanded its risk reduction services. **In support of accelerating digital transformation**, the Company vigorously promoted the application of AI platforms to improve its operating efficiency and deliver more convenient and intelligent insurance service to the customers.

Chairperson's Statement

We made overall plan for development and safety and built a solid foundation for stable operation. Adhering to the principle of risk prevention and control as the eternal theme of financial work, the Company ensured a correct understanding of operation, performance and risk. The Company enhanced the level of corporate governance, improved the comprehensive risk management system, consolidated the responsibilities of the three lines of defense, strengthened the risk prevention and control in key areas, and conducted dynamic monitoring to achieve early identification, early warning, early exposure and early mitigation of risks. We took the lead in maintaining market discipline by underwriting motor insurance as filed to the regulator, enhanced the ability for implementation of compliance, and actively cultivated the insurance culture with Chinese characteristics.

The above achievements are also attributable to strong support from the shareholders, the customers and all sectors of the society. On behalf of the Board, I would like to express our sincere gratitude! We sincerely hope that you will, as always, provide the support to the reform and development of the Company, and work together with us to create a new chapter of high-quality development of the Company!

We have embarked on a new journey and are making confident strides on the march forward. The year 2025 is a key year for the implementation of the guidelines of the Third Plenary Session of the 20th CPC Central Committee, a pivotal year for PICC Group to deepen the reform and build itself into a first-class insurance and financial group and the beginning year for building PICC P&C into a world leading property and casualty insurance company. We will, under the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, unswervingly follow the path of financial development with Chinese characteristics. **We will plan and promote our development in serving the overall development of the country** by deepening the supply-side structural reform with emphasis on the insurance coverage functionality and stepping up the supply of high-quality insurance services to major national strategies, key areas and weak links. We aim to consolidate our leading advantages in domestic market and elevate position in international market. **In support of the Five Priorities of "technology finance, green finance, inclusive finance, elderly care finance, and digital finance"**, we will give top priority to the development of science and technology insurance in serving the real economy, promote green insurance from the perspective of harmony between humanity and nature, further optimize the inclusive insurance supply mechanism, deeply participated in the integrated health and inclusive pension ecology of PICC Group, and provide high-quality services to "Belt and Road" Initiative, to seize the development opportunities while effectively serving the economic and social development. **As part of our efforts to prioritize the development quality and efficiency**, we will meet the market demand with tailored products and services, strive for excellence in quality and efficiency, promote innovative risk reduction services in our business model, and enhance our competition advantages with our professional capabilities and innovation. **To uphold the bottom line of risk prevention**, we will attach greater importance to the prevention and mitigation of risks and compliant operations, play a leading role in compliant operation, prevent and mitigate the risks in key areas, continue to improve overall risk management system and lay a sound foundation for stable development. **In terms of strengthening the team construction**, we will, by focusing on employees as the essential and key resource, build up our management teams of all levels, teams on the ground and professional talent teams to stimulate the vitality for further reform and gather the strength for building the Company into a first-class insurance company. We will strive to make new contributions to high-quality development and reward the shareholders, customers, employees and the society with outstanding protection functions and performance results!

Ding Xiangqun
Chairperson

Beijing, the PRC
27 March 2025

Discussion and Analysis of Operating Results and Financial Conditions

I. BUSINESS OVERVIEW

In 2024, in an effort to actively implement the decisions and plans of the CPC Central Committee and fully implement the strategic arrangements of PICC Group, the Company and its subsidiaries adhered to the original mission of the “People’s Insurance serves the People”, followed the general principle of seeking progress while maintain stability, and spared no efforts to serve the Five Priorities of “technology finance, green finance, inclusive finance, elderly care finance, and digital finance”. We continued to deepen the reform and innovation, improved the business and management system, proactively prevented and mitigated risks and created new momentum and advantages of development to give full play to insurance’s functions as the economic shock absorber and social stabilizer, and promoted high-quality development in serving the modernization with Chinese characteristics and building China’s strength in finance.

CONTINUED INCREASE IN INSURANCE BUSINESS AND STABLE IMPROVEMENT OF BUSINESS PERFORMANCE

In 2024, the Company and its subsidiaries continued to consolidate the role of core business, improved the product and service innovation and construction of professional distribution channels, and have achieved an original insurance premium income *(Note 1)* of RMB538,055 million, representing a year-on-year increase of 4.3%. The market share accounted for 31.8% *(Note 2)* of the property and casualty insurance market in the PRC, continuing to maintain a leading position in the industry. The insurance revenue reached RMB485,223 million, representing a year-on-year increase of 6.1%. The Company and its subsidiaries continued to optimize the structure of motor vehicle insurance and vigorously expanded the market share of new household motor vehicle insurance to 38.8%. The insurance revenue of the motor vehicle insurance *(Note 3)* reached RMB294,701 million, representing a year-on-year increase of 4.5%. The Company and its subsidiaries continuously improved their professional operational capabilities, enhanced risk-based pricing, accelerated the development of individual non-motor vehicle insurance business, and improved the structure of corporate insurance business to enhance the ability to serve the real economy. The insurance revenue of non-motor vehicle insurance increased by 8.8% year-on-year to RMB190,522 million, and accounted for 39.3% of the total insurance revenue, up by 1.0 pp year-on-year.

The Company and its subsidiaries, through business quality management and control and detail-oriented management of expenses, improved the operating efficiency of all links of value chain with new technology, and actively responded to the challenges brought about by market competition and disasters and accidents, further consolidating the resilience of sustainable development. The underwriting profit *(Note 4)* was RMB5,713 million with a combined ratio of 98.8%. By grasping the opportunities in financial market and optimizing the investment asset allocation, the Company and its subsidiaries achieved a total investment income of RMB34,937 million. The net profit was RMB32,161 million, reaching historical high, and the return on equity was 13.0%, representing a year-on-year increase of 2.2 pp.

As at 31 December 2024, the total assets of the Company and its subsidiaries amounted to RMB778,244 million and the net assets amounted to RMB260,622 million. The comprehensive solvency margin ratio *(Note 5)* was 232.6%, representing an increase of 0.2 pp as compared to the beginning of 2024. The core solvency margin ratio *(Note 5)* was 211.0%, representing an increase of 2.3 pp as compared to the beginning of 2024.

Notes:

1. The original insurance premium income was calculated in accordance with the rules prior to the revision of the insurance contract accounting standards.

2. Calculated based on the data of the PRC insurance industry published on the website of the NFRA. Commencing from June 2021, the aggregate data of property insurance companies published by the NFRA (former CBIRC) was temporarily exclusive of certain institutions undergoing settlement of risks in the insurance industry.

3. Insurance revenue of the motor vehicle insurance and non-motor vehicle insurance include ceded-in insurance.

4. Underwriting profit = insurance revenue – [insurance service expenses + net expenses/(income) from reinsurance contracts held + (finance expenses/(income) from insurance contracts issued – finance income/(expenses) from reinsurance contracts held)].

5. The solvency results were calculated in accordance with the Rules for the Supervision of Insurance Company Solvency (II) and the relevant notices issued by the NFRA (former CBIRC).

Discussion and Analysis of Operating Results and Financial Conditions

OPTIMIZING AND IMPROVING THE MODERN INSURANCE SERVICE SYSTEM AND CONTINUING TO STEP UP THE SUPPORT FOR NATIONAL STRATEGIES

The Company and its subsidiaries made great efforts to serve the real economy with focus on the Five Priorities of "technology finance, green finance, inclusive finance, elderly care finance, and digital finance", giving full play to insurance's functions as the economic shock absorber and social stabilizer. In 2024, the Company and its subsidiaries undertook an aggregated insurance liability of RMB2,988 trillion, serving 128 million individual customers and 4.444 million corporate customers, representing an increase of 4.1% and 5.1% respectively as compared to the beginning of the Year. **In terms of serving technology finance**, the Company and its subsidiaries established a scientific and technological achievements and intellectual property rights certification center, launched the country's first comprehensive insurance for pilot production, the country's first batch of insurance for scientific and technological breakthroughs, exclusive insurance for low-altitude economy and insurance for loss of overseas patent/trademark registration related expenses. **In terms of serving green finance**, the green insurance provided risk protection of RMB161.9 trillion, representing a year-on-year increase of 10.5%. In low carbon operation practice, the Company and its subsidiaries established the country's first "carbon neutrality" insurance outlet in Xiamen. **In terms of serving inclusive finance**, the Company and its subsidiaries focused on micro, small and medium-sized enterprises and private enterprises, and launched the "micro-assurance" exclusive product, providing risk protection of RMB45 billion for 97,000 micro, small and medium-sized enterprises and self-employed individuals. In support of the rural revitalization, the Company and its subsidiaries provided risk protection of RMB2.1 trillion for 55.42 million rural households, and the full cost insurance and plantation income insurance for the three staple crops covered 320 million mu of land. The Company and its subsidiaries further improved the insurance protection for new citizens, with the participation rate of pilot insurance for occupational injury of new business forms reaching 86%. The Company and its subsidiaries established and upgraded China Urban and Rural Residential Building Catastrophe Insurance Pool, and the coverage of regional catastrophe insurance was expanded to 118 cities in 20 provinces (autonomous regions, municipalities), providing risk protection for 410 million people. The Company and its subsidiaries actively developed the social medical insurance business which covered 289 cities in 30 provinces (autonomous regions, municipalities), serving 840 million people. **In terms of serving elderly care finance**, the Company has issued a plan for further improving financial services for the convenience of elderly population, launched an elderly-friendly version of WeChat official account, and promoted the elderly-friendly and barrier-free renovation of business outlets. The Company and its subsidiaries vigorously developed the long-term care insurance, with the participation rate of national level pilot projects exceeding 65%. **In terms of serving digital finance**, the Company and its subsidiaries innovated digital economy insurance products, and launched the "Computing Chain Insurance", the portfolio insurance products for computing power industrial chain. "Carefree on Cloud" and a number of proposals were included in the list of cybersecurity insurance pilot projects of the Ministry of Industry and Information Technology. The protection amount of cybersecurity insurance increased by 31.3% year on year. In addition, the Company and its subsidiaries actively served the national regional development strategy and high-quality development of the "Belt and Road" Initiative, established high quality marine cargo insurance center, technology insurance center and reinsurance center in Shanghai, participated in national shipping and trade digitalization program as the only representative from insurance industry, and launched the world's first cargo insurance for China's "one-stop" multi-modal container transportation. The Company and its subsidiaries actively served the "Belt and Road" Initiative, and provided risk protection of RMB1.9 trillion for overseas business of Chinese enterprises in 143 countries and regions.

ENHANCING THE CAPACITY OF RISK REDUCTION SERVICES AND MAKING BEST EFFORTS TO RESPOND TO MAJOR DISASTERS AND ACCIDENTS

By focusing on innovation-driven development, the Company and its subsidiaries actively promoted the implementation of risk reduction services, updated the "Wan Xiang Yun" platform, and built a value chain of whole process risk reduction services. By way of risk identification, the Company and its subsidiaries issued 4.137 million risk survey reports, achieving 100% coverage of digital risk survey of corporate business. By risk monitoring and early warning, the Company and its subsidiaries provided 1.6069 million risk reduction services in safe production liability insurance, property insurance and other key insurance sectors, and provided 14.6392 million weather early warnings and more than 193,700 IoT early warnings. In face of severe disasters in 2024, the Company and its subsidiaries, always bearing in mind the mission of serving the people, issued "19 Measures on Accelerating Claim Settlement" to support the post-disaster recovery and reconstruction as well as loss compensation. In 2024, the Company and its subsidiaries organized the rescue services in 255 major disasters and accidents, made 38 disaster claim settlement emergency responses, and mobilized over 40,000 persons for claim settlement, by which, the Company and its subsidiaries responded to various major disasters and accidents properly, such as freezing rain and snow disasters, rainstorm in South China, road collapse on Meizhou-Dapu Expressway in Guangdong, landslide in Zhaotong, Yunnan, earthquake in Wushi, Xinjiang Autonomous Region, Typhoon Yagi, Bebinca and Pulasan and other major disasters. In 2024, the Company and its subsidiaries handled more than 180 million claims, representing a year-on-year increase of 32.0%.

II. PRINCIPAL ACTIVITIES AND OPERATION ANALYSIS

(I) INSURANCE BUSINESS

1. Business Overview

Underwriting results

In 2024, the Company and its subsidiaries achieved an insurance revenue of RMB485,223 million, representing a year-on-year increase of RMB28,020 million (or 6.1%). The insurance revenue of each operating segment achieved growth. The Company and its subsidiaries promoted comprehensive cost reduction and efficiency enhancement and actively implemented the requirement of consistency between regulatory filings and actual underwriting. The comprehensive expense ratio was 25.8%, representing a year-on-year decrease of 1.4 pp. Due to the impact of severe disasters and accidents as well as the rise in cost of debt arising from the decrease in discount rate, the comprehensive loss ratio of the Company and its subsidiaries was 73.0%, representing a year-on-year increase of 2.4 pp. The net loss from major disasters exceeded the average of the last five years by 50.9%, reaching the highest level in recent years. The combined ratio was 98.8%, representing a year-on-year increase of 1.0 pp. The Company and its subsidiaries recorded an insurance service result of RMB14,380 million and an underwriting profit of RMB5,713 million.

Discussion and Analysis of Operating Results and Financial Conditions

The following table sets forth the key operation results and selected financial indicators of the insurance business of the Company and its subsidiaries for the relevant periods:

	2024 *RMB million*	2023 *RMB million*	Change %
Insurance revenue	**485,223**	457,203	6.1
Insurance service expenses	**(465,392)**	(431,991)	7.7
Net expenses from reinsurance contracts held	**(5,451)**	(6,142)	-11.3
Insurance service result	**14,380**	19,070	-24.6
Finance expenses from insurance contracts issued	**(9,901)**	(10,127)	-2.2
Finance income from reinsurance contracts held	**1,234**	1,246	-1.0
Underwriting profit	**5,713**	10,189	-43.9
Comprehensive loss ratio (%) (1)	**(73.0)**	(70.6)	Increased by 2.4 pp
Comprehensive expense ratio (%) (2)	**(25.8)**	(27.2)	Decreased by 1.4 pp
Combined ratio (%) (3)	**(98.8)**	(97.8)	Increased by 1.0 pp

(1) Comprehensive loss ratio = [incurred claims and loss adjustment expenses for the period + changes in fulfilment cash flows related to liability for incurred claims + (recognition and reversal of loss component – loss component allocated in liability for remaining coverage) + net expenses/(income) from reinsurance contracts held + (finance expenses/(income) from insurance contracts issued – finance income/(expenses) from reinsurance contracts held)]/insurance revenue

(2) Comprehensive expense ratio = (amortization of insurance acquisition cash flows + maintenance costs)/insurance revenue

(3) Combined ratio = [insurance service expenses + net expenses/(income) from reinsurance contracts held + (finance expenses/(income) from insurance contracts issued – finance income/(expenses) from reinsurance contracts held)]/insurance revenue; or combined ratio = comprehensive loss ratio + comprehensive expense ratio

Premiums by distribution channels

The following table sets forth the original insurance premium income of the Company and its subsidiaries by distribution channels for the relevant periods:

	2024			2023	
	Amount	Percentage	Change	Amount	Percentage
	RMB million	%	%	*RMB million*	%
Insurance agents	**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	**168,315**	**31.3**	**10.3**	152,613	29.6
Insurance brokers	**43,986**	**8.2**	**5.8**	41,562	8.0
Total	**538,055**	**100.0**	**4.3**	515,807	100.0

Premiums by region

The following table sets forth the original insurance premium income of the Company and its subsidiaries by top ten regions for the relevant periods:

	2024	2023	Change
	RMB million	*RMB million*	%
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

2. *Operating Segment Data*

In order to facilitate investors' understanding of the operating results of the insurance segments, the Company allocated the insurance revenue, insurance service expenses, and other profit or loss items of the reinsurance business to each insurance segment and simulated the net operating results of each insurance segment.

(1) Motor vehicle insurance

The following table sets forth the key operating results and selected financial indicators of the motor vehicle insurance business of the Company and its subsidiaries for the relevant periods:

	2024 RMB million	2023 RMB million	Change %
Insurance revenue	**294,701**	282,117	4.5
Insurance service expenses	**(278,658)**	(266,923)	4.4
Underwriting profit (1)	**9,285**	8,623	7.7
Comprehensive loss ratio (%)	**(72.6)**	(70.4)	Increased by 2.2 pp
Comprehensive expense ratio (%)	**(24.2)**	(26.5)	Decreased by 2.3 pp
Combined ratio (%)	**(96.8)**	(96.9)	Decreased by 0.1 pp

(1) The underwriting profit of each insurance segment includes the allocated profit or loss of reinsurance business.

The Company and its subsidiaries have always adhered to the concept of high-quality development, constantly strengthened risk selection, continued to promote the professional building of distribution channels and effectively consolidated market share. The insurance revenue of motor vehicle insurance was RMB294,701 million, representing a year-on-year increase of 4.5%.

The Company and its subsidiaries dynamically adjusted pricing policy by optimizing risk assessment models, improved the quality and efficiency of claims settlement services and implemented risk reduction services. However, due to the impact of multiple factors such as the frequent occurrence of disasters and accidents including rain, snow, ice and extreme weather, the rising popularity of new energy vehicles, and the increase in prices of automobile spare part, repair labor cost and compensation standards for personal injury, the comprehensive loss ratio of the motor vehicle insurance was 72.6%, representing a year-on-year increase of 2.2 pp. The Company and its subsidiaries strengthened the expense management of motor vehicle insurance, strictly implemented the requirement of consistency between regulatory filings and actual underwriting of motor vehicle insurance, enhanced sales capability and strengthened cost control. The comprehensive expense ratio of the motor vehicle insurance was 24.2%, representing a year-on-year decrease of 2.3 pp. The combined ratio was 96.8%, representing a year-on-year decrease of 0.1 pp. The motor vehicle insurance business achieved an underwriting profit of RMB9,285 million.

(2) Agriculture insurance

The following table sets forth the key operating results and selected financial indicators of the agriculture insurance business of the Company and its subsidiaries for the relevant periods:

	2024 *RMB million*	2023 *RMB million*	Change %
Insurance revenue	**55,466**	52,857	4.9
Insurance service expenses	**(55,993)**	(50,190)	11.6
Underwriting profit	**158**	2,233	-92.9
Comprehensive loss ratio (%)	**(84.2)**	(80.3)	Increased by 3.9 pp
Comprehensive expense ratio (%)	**(15.5)**	(15.5)	Remained the same
Combined ratio (%)	**(99.7)**	(95.8)	Increased by 3.9 pp

The Company and its subsidiaries focused on the full promotion of rural revitalization, the building of China's strength in agriculture and other national strategies, promoted the "expansion of coverage of agriculture insurance, increase of varieties of agriculture insurance products and enhancement of agriculture insurance protection", and made every effort to expand the regional coverage of the full cost and plantation income insurance for the three staple crops, leading to an increase in the coverage rate of agriculture insurance. The insurance revenue of agriculture insurance achieved RMB55,466 million, representing a year-on-year increase of 4.9%.

The Company and its subsidiaries strengthened underwriting risk management, optimized product pricing, continued to improve business structure, enriched product offerings, promoted the separation between underwriting and claims of agriculture insurance, created an embedded risk reduction service model for agriculture insurance products, achieved accurate identification, early warning, detection and assessment of agricultural risks, and launched catastrophe claims emergency response and disaster reduction services. Affected by the year-on-year increase in losses due to cold waves, freezes, storms, droughts, typhoons and other disasters in 2024, the comprehensive loss ratio of the agriculture insurance was 84.2%, and the combined ratio was 99.7%, both representing a year-on-year increase of 3.9 pp. The agriculture insurance business achieved an underwriting profit of RMB158 million.

(3) Accidental injury and health insurance

The following table sets forth the key operating results and selected financial indicators of the accidental injury and health insurance business of the Company and its subsidiaries for the relevant periods:

	2024 *RMB million*	2023 *RMB million*	Change %
Insurance revenue	**48,918**	43,747	11.8
Insurance service expenses	**(47,292)**	(40,885)	15.7
Underwriting profit	**242**	1,007	-76.0
Comprehensive loss ratio (%)	**(62.1)**	(59.3)	Increased by 2.8 pp
Comprehensive expense ratio (%)	**(37.4)**	(38.4)	Decreased by 1.0 pp
Combined ratio (%)	**(99.5)**	(97.7)	Increased by 1.8 pp

In line with the fundamental requirement of "serving to enhance the people's livelihood and well-being", the Company and its subsidiaries comprehensively promoted the upgrading and expansion of the coverage of accidental injury and health insurance. The Company and its subsidiaries actively participated in the construction of the "1+3+N" multi-tier medical insurance system, vigorously expanded the service areas, sectors and groups covered by inclusive health insurance, innovated the supply of products in potential sectors and increased the penetration rate of accidental injury insurance for motor vehicle drivers and passengers. The insurance revenue of accidental injury and health insurance achieved RMB48,918 million, representing a year-on-year increase of 11.8%.

The Company and its subsidiaries strengthened underwriting control, expense control and claims cost management, optimized the claims settlement process, continuously enhanced the service quality, established a risk reduction service model in the supervision of the health insurance fund, and enhanced the ability to reduce and control the risk of the total expenditure of the medical insurance fund. However, affected by the continuing rise in medical costs and the increase in compensation standard, the comprehensive loss ratio was 62.1%, representing a year-on-year increase of 2.8 pp. The comprehensive expense ratio was 37.4%, representing a year-on-year decrease of 1.0 pp. The accidental injury and health insurance business achieved an underwriting profit of RMB242 million.

(4) Liability insurance

The following table sets forth the key operating results and selected financial indicators of the liability insurance business of the Company and its subsidiaries for the relevant periods:

	2024 *RMB million*	2023 *RMB million*	Change %
Insurance revenue	**37,112**	32,906	12.8
Insurance service expenses	**(37,622)**	(33,443)	12.5
Underwriting loss	**(1,914)**	(2,299)	Not applicable
Comprehensive loss ratio (%)	**(74.0)**	(73.6)	Increased by 0.4 pp
Comprehensive expense ratio (%)	**(31.2)**	(33.4)	Decreased by 2.2 pp
Combined ratio (%)	**(105.2)**	(107.0)	Decreased by 1.8 pp

The Company and its subsidiaries improved their ability to acquire business, optimized resource allocation, actively adjusted the business structure of liability insurance, and coordinated the synchronized development of traditional liability insurance and emerging liability insurance businesses, resulting in an insurance revenue of liability insurance of RMB37,112 million, representing a year-on-year increase of 12.8%.

The Company and its subsidiaries upgraded digital risk management and control, strengthened the centralized audit of high-risk business of liability insurance, promoted the standard claims settlement, and strengthened the detail-oriented management of expenses. The liability insurance business maintained positive development. The comprehensive expense ratio of the liability insurance was 31.2%, representing a year-on-year decrease of 2.2 pp. The combined ratio was 105.2%, representing a year-on-year decrease of 1.8 pp. The Company and its subsidiaries recorded a year-on-year decrease in loss of RMB385 million.

(5) Commercial property insurance

The following table sets forth the key operating results and selected financial indicators of the commercial property insurance of the Company and its subsidiaries for the relevant periods:

	2024 *RMB million*	2023 *RMB million*	Change %
Insurance revenue	**18,042**	17,229	4.7
Insurance service expenses	**(18,278)**	(16,736)	9.2
Underwriting loss	**(2,420)**	(661)	Not applicable
Comprehensive loss ratio (%)	**(85.8)**	(76.2)	Increased by 9.6 pp
Comprehensive expense ratio (%)	**(27.6)**	(27.6)	Remained the same
Combined ratio (%)	**(113.4)**	(103.8)	Increased by 9.6 pp

The Company and its subsidiaries focused on serving the construction of a modernized industrial system, increased the depth and breadth of services to the real economy, enhanced insurance coverage for high-tech enterprises and enterprises that use special and sophisticated technologies to produce novel and unique products, and increased the supply of exclusive insurance products for micro, small and medium-sized enterprises, so as to meet the diversified and specific risk protection needs of enterprises. The insurance revenue of commercial property insurance achieved RMB18,042 million, representing a year-on-year increase of 4.7%.

The Company and its subsidiaries tightened management of the high-risk business of commercial property insurance, strengthened risk identification before underwriting and risk prevention during the term of insurance, and endeavored to improve the risk reduction service level. However, the year 2024 witnessed severe disasters and acciadents, which the Company and its subsidiaries confronted with full efforts and effectively fulfilled their insurance responsibilities. The comprehensive loss ratio of commercial property insurance was 85.8%, representing a year-on-year increase of 9.6 pp. The combined ratio was 113.4%.

(6) Other insurance

Other insurance includes credit and surety insurance, cargo insurance, household property insurance, special risk insurance, marine hull insurance and construction insurance. The following table sets forth the key operating results and selected financial indicators of other insurance of the Company and its subsidiaries for the relevant periods:

	2024 *RMB million*	2023 *RMB million*	Change %
Insurance revenue	**30,984**	28,347	9.3
Insurance service expenses	**(27,549)**	(23,814)	15.7
Underwriting profit	**362**	1,286	-71.9
Comprehensive loss ratio (%)	**(65.5)**	(64.5)	Increased by 1.0 pp
Comprehensive expense ratio (%)	**(33.3)**	(31.0)	Increased by 2.3 pp
Combined ratio (%)	**(98.8)**	(95.5)	Increased by 3.3 pp

The Company and its subsidiaries actively promoted the upgrade of liability protection offered by motor vehicle-related household property insurance, improved the comprehensive catastrophe insurance system, seized the market opportunities in freight logistics to ensure smooth flow, served the construction of the "Belt and Road", and provided risk protection for cross-border trade. The insurance revenue of other insurance achieved RMB30,984 million, representing a year-on-year increase of 9.3%.

The Company and its subsidiaries continued to strengthen risk control and claims settlement management in key businesses and key process, enhanced detail-oriented management of expenses, optimized the differentiated allocation of resources, and improved the effectiveness and efficiency of expense allocation. However, affected by disasters and accidents, the comprehensive loss ratio of other insurance was 65.5%, representing a year-on-year increase of 1.0 pp. Attributable to the adjustment of business structure, the comprehensive expense ratio of other insurance was 33.3%, representing a year-on-year increase of 2.3 pp. The combined ratio was 98.8%, representing a year-on-year increase of 3.3 pp. The underwriting profit was RMB362 million.

(II) INSURANCE FUND INVESTMENT BUSINESS

1. *Investment results*

	2024 RMB million	2023 RMB million	Change %
Interest income from financial assets not measured at fair value through profit or loss	**11,860**	11,710	1.3
Other investment income	**15,118**	4,077	270.8
Investment assets impairment reversal/(losses)	**836**	(510)	Not applicable
Share of profit or loss of associates and joint ventures	**7,123**	5,530	28.8
Total investment income	**34,937**	20,807	67.9
Total investment yield (%) (1)	**5.5**	3.5	Increased by 2.0 pp
Total investment assets (2)	**676,512**	600,711	12.6

(1) Total investment yield = total investment income/(balance of total investment assets at the beginning of the year + balance of total investment assets at the end of the year)*2.

(2) Based on the data as at 31 December 2024 and 31 December 2023.

The Company and its subsidiaries adjusted the asset allocation flexibly, while always adhering to the principle of long-term and steady investment. In 2024, the Company, taking the opportunity brought about by the recovery of capital market, increased the investment in secondary equity assets at low prices, which led to a significant increase in the fair value changes through profit or loss of secondary equity assets. In 2024, the Company and its subsidiaries recorded a total investment income of RMB34,937 million, representing a year-on-year increase of RMB14,130 million. The total investment yield was 5.5%, representing a year-on-year increase of 2.0 pp.

2. *Composition of investment assets*

The following table sets forth the investment assets of the Company and its subsidiaries classified by accounting measurement at the relevant dates:

	31 December 2024			31 December 2023	
	Balance	Percentage	Change	Balance	Percentage
	RMB million	*%*	*%*	*RMB million*	*%*
Classified by accounting measurement:					
Cash and cash equivalents	**19,370**	**2.9**	**17.2**	16,526	2.7
Term deposits	**77,156**	**11.4**	**33.5**	57,785	9.6
Financial investments at amortized cost	**136,060**	**20.1**	**7.8**	126,192	21.0
Financial assets at fair value through other comprehensive income	**243,771**	**36.0**	**35.3**	180,142	30.0
Financial assets at fair value through profit or loss	**120,066**	**17.7**	**-16.6**	144,047	24.0
Investment properties	**7,234**	**1.1**	**-4.5**	7,576	1.3
Investments in associates and joint ventures	**67,129**	**9.9**	**7.2**	62,601	10.4
Other investment assets [(1)]	**5,726**	**0.9**	**-2.0**	5,842	1.0
Total investment assets	**676,512**	**100.0**	**12.6**	600,711	100.0

(1) Other investment assets mainly include restricted statutory deposits.

Discussion and Analysis of Operating Results and Financial Conditions

The following table sets forth the investment assets of the Company and its subsidiaries classified by investment object at the relevant dates:

	31 December 2024			31 December 2023	
	Balance	Percentage	Change	Balance	Percentage
	RMB million	*%*	*%*	*RMB million*	*%*
Classified by investment object:					
Cash and cash equivalents	**19,370**	**2.9**	**17.2**	16,526	2.7
Fixed-income investments	**407,026**	**60.2**	**16.4**	349,749	58.2
Term deposits	**77,156**	**11.4**	**33.5**	57,785	9.6
Treasury bonds and government bonds	**123,139**	**18.2**	**162.0**	46,993	7.8
Financial bonds	**70,406**	**10.4**	**-18.0**	85,816	14.3
Corporate bonds	**66,139**	**9.8**	**-9.8**	73,354	12.2
Long-term debt investment schemes	**31,208**	**4.6**	**-17.3**	37,737	6.3
Other fixed-income investments (1)	**38,978**	**5.8**	**-18.9**	48,064	8.0
Equity investments	**170,027**	**25.1**	**7.3**	158,417	26.4
Funds	**36,834**	**5.4**	**-20.7**	46,447	7.7
Shares	**48,781**	**7.3**	**35.8**	35,926	6.0
Unlisted equity	**18,482**	**2.7**	**6.8**	17,298	2.9
Preferred shares	**7,482**	**1.1**	**0.4**	7,454	1.3
Perpetual bonds	**41,881**	**6.2**	**15.4**	36,295	6.0
Other equity investments (2)	**16,567**	**2.4**	**10.5**	14,997	2.5
Investment properties	**7,234**	**1.1**	**-4.5**	7,576	1.3
Investments in associates and joint ventures	**67,129**	**9.9**	**7.2**	62,601	10.4
Other investment assets (3)	**5,726**	**0.8**	**-2.0**	5,842	1.0
Total investment assets	**676,512**	**100.0**	**12.6**	600,711	100.0

(1) Other fixed-income investments mainly consist of trust plans, project support schemes, etc.

(2) Other equity investments mainly consist of perpetual debt plans, trust plans, etc.

(3) Other investment assets are mainly restricted statutory deposits.

Under the principle of long-term and prudent investment, the Company and its subsidiaries implemented strict risk control and continued to optimize the investment portfolios. As at 31 December 2024, the balance of investment assets of the Company and its subsidiaries was RMB676,512 million, representing an increase of 12.6% as compared to the beginning of the Year.

In 2024, the Company increased its allocation of interest rate bonds and extended the duration of the bonds at a relative high level of interest rate during the period of interest rate downturn, and at same time allocated medium- and long-term bank term deposits on a selective basis. As at the end of 2024, the balance of fixed income investment assets of the Company was RMB407,026 million, representing an increase of RMB57,277 million (or 16.4%) as compared to the beginning of the Year, and its share in the total portfolio increased by 2.0 pp as compared to the beginning of the Year.

In 2024, the Company, taking the opportunity brought about by the market fluctuation, optimized the structure of its positions of secondary equity assets by moderately increasing the positions of high dividend stocks and reducing the size of funds when appropriate, as a result, the rise of capital market led to the increase of market value of equity assets. As at the end of 2024, the balance of equity investment assets of the Company was RMB170,027 million, representing an increase of RMB11,610 million (or 7.3%) as compared to the beginning of the Year, and its share in the total portfolio decreased by 1.3 pp as compared to the beginning of the Year.

3. Investments in associates and joint ventures

As at 31 December 2024, the amount of investments in associates and joint ventures of the Company and its subsidiaries was RMB67,129 million, representing an increase of RMB4,528 million (or 7.2%) as compared to the beginning of the Year. Please refer to note 23 to the consolidated financial statements for details.

4. Material investments

The Company and its subsidiaries held equity in Hua Xia Bank to facilitate business interaction and obtain stable investment returns. Hua Xia Bank was classified as an associate of the Company and accounted using the equity method. As at 31 December 2024, the carrying amount of equity held by the Company and its subsidiaries in Hua Xia Bank was RMB48,941 million, accounting for approximately 6.3% of the total assets of the Company and its subsidiaries, and the fair value was RMB20,532 million, accounting for approximately 2.6% of the total assets of the Company and its subsidiaries. The Company and its subsidiaries performed an impairment test, which confirmed that there was no impairment of the investment at 31 December 2024 as the recoverable amount as determined by a value-in-use approach was higher than the carrying amount. Detailed information of investment in such associate was described in note 23 to the consolidated financial statements.

5. Asset pledge

The Company conducted repurchase transactions in the market due to the liquidity management requirements. The securities held by the Company were pledged as collateral during the process of repurchase transactions.

Discussion and Analysis of Operating Results and Financial Conditions

(III) OVERALL RESULTS

The following table sets forth the overall results of the Company and its subsidiaries for the relevant periods or as at the relevant dates:

	2024 *RMB million*	2023 *RMB million*	Change %
Profit before income tax	**38,015**	28,035	35.6
Income tax expense	**(5,854)**	(3,469)	68.8
Net profit for the year	**32,161**	24,566	30.9
Total assets [(1)]	**778,244**	703,623	10.6
Net assets [(1)]	**260,622**	234,304	11.2

(1) Based on the data as at 31 December 2024 and 31 December 2023.

Profit before income tax

As a result of the foregoing, the profit before income tax of the Company and its subsidiaries in 2024 was RMB38,015 million, representing a year-on-year increase of RMB9,980 million (or 35.6%).

Income tax expense

In 2024, the Company and its subsidiaries recorded an income tax expense of RMB5,854 million, representing a year-on-year increase of RMB2,385 million (or 68.8%). The increase in income tax expense was mainly attributable to the increase in taxable profit.

Net profit for the year

As a result of the foregoing, the net profit of the Company and its subsidiaries increased by RMB7,595 million (or 30.9%) from RMB24,566 million in 2023 to RMB32,161 million in 2024. The basic earnings per share was RMB1.446.

III. SPECIFIC ANALYSIS

(I) ANALYSIS OF LIQUIDITY AND CAPITAL ADEQUACY

Cash Flow Analysis

The following table sets forth the cash flows of the Company and its subsidiaries for the relevant periods:

	2024 *RMB million*	2023 *RMB million*	Change *RMB million*
Net cash flows generated from operating activities	**36,464**	20,542	15,922
Net cash flows used in investing activities	**(27,546)**	(11,130)	-16,416
Net cash flows used in financing activities	**(6,050)**	(14,223)	8,173
Effects of exchange rate changes on cash and cash equivalents	**7**	49	-42
Net increase/(decrease) in cash and cash equivalents	**2,875**	(4,762)	7,637

In 2024, the net cash flows generated from operating activities of the Company and its subsidiaries were RMB36,464 million, representing a year-on-year increase of RMB15,922 million (or 77.5%) in the cash inflow. The increase in net cash flows generated from operating activities was mainly attributable to the increase of business scale, increase of cash inflow due to decrease of premiums receivable and decrease of operating expenses, taxes and other cash outflows.

In 2024, the net cash flows used in investing activities of the Company and its subsidiaries were RMB27,546 million, representing a year-on-year increase of RMB16,416 million (or 147.5%) in the cash outflow. The increase in net cash flows used in investing activities was mainly due to the increase in net cash flows generated from operating activities and corresponding increase in cash available for investment.

In 2024, the net cash flows used in financing activities of the Company and its subsidiaries were RMB6,050 million, representing a year-on-year decrease of RMB8,173 million (or -57.5%) in the cash outflow. The decrease in net cash flows used in financing activities was mainly due to the issuance of RMB12 billion capital supplementary bonds by the Company in 2024, which resulted in a year-on-year increase of cash flows generated from financing activities.

As at 31 December 2024, cash and cash equivalents of the Company and its subsidiaries (exclusive of accrued interests) amounted to RMB19,363 million.

Gearing Ratio

As at 31 December 2024, the gearing ratio *(Note)* of the Company and its subsidiaries was 63.9%, representing a decrease of 1.6 pp as compared to the gearing ratio of 65.5% at the beginning of the Year.

Note: The gearing ratio is represented by total liabilities (excluding bonds payable) divided by total assets.

Source of Working Capital

The cash flows of the Company and its subsidiaries are primarily derived from cash generated from operating activities, which are mainly insurance premiums received. In addition, sources of liquidity include interest and dividend income, proceeds from matured investments, disposal of assets and financing activities. The liquidity needs of the Company and its subsidiaries primarily consist of the payment of claims and performance of other obligations under outstanding insurance policies, capital expenditure, operating expenses, tax payments, dividend payments and investment needs.

The Company issued capital supplementary bonds of RMB8 billion in March 2020, with a term of 10 years, and capital supplementary bonds of RMB12 billion in November 2024, with a term of 10 years. Save for the capital supplementary bonds mentioned above, the Company and its subsidiaries did not obtain working capital by borrowing.

The Company and its subsidiaries expect that they can meet their working capital needs in the future with cash generated from operating activities. The Company and its subsidiaries have sufficient working capital.

Capital Expenditure

The capital expenditure of the Company and its subsidiaries primarily includes expenditures for operational properties under construction and acquisition of motor vehicles for operational purposes as well as development of the information system. In 2024, the capital expenditure of the Company and its subsidiaries was RMB3,182 million.

Solvency Margin (Note)

According to the Rules for the Supervision of Insurance Company Solvency (II) (Yin Bao Jian Fa [2021] No. 51) and the relevant notices issued by the NFRA (former CBIRC), the Company disclosed its summary of solvency margin report for the fourth quarter of 2024 on the official website of the Company (property.picc.com) and the website of Insurance Association of China (www.iachina.cn) on 27 March 2025.

The following table sets forth the major solvency margin indicators contained in the summary of solvency margin report for the fourth quarter of 2024:

	31 December 2024 RMB million	31 December 2023 RMB million	Change %
Actual capital	**265,560**	226,182	17.4
Core capital	**240,863**	203,088	18.6
Minimum capital	**114,171**	97,334	17.3
Comprehensive solvency margin ratio (%)	**232.6**	232.4	Increased by 0.2 pp
Core solvency margin ratio (%)	**211.0**	208.7	Increased by 2.3 pp

Note: The solvency margin results were calculated in accordance with the Rules for the Supervision of Insurance Company Solvency (II) and the relevant notices issued by the NFRA (former CBIRC).

(II) RISK MANAGEMENT

Credit Risk

Credit risk is the risk of economic loss incurred by the Company and its subsidiaries resulting from the inability of debtors of the Company and its subsidiaries to make any principal or interest payments when due. The assets of the Company and its subsidiaries which are subject to credit risk are principally concentrated on insurance receivables, reinsurance assets, debt securities and deposits with commercial banks.

The Company and its subsidiaries are only committed to credit sales to corporate customers or individual customers who purchase certain insurance policies through insurance intermediaries. The capability to collect premiums in a timely manner is one of the key performance indicators of the Company. The Company's premiums receivable involves a large number of diversified customers, therefore there are no major credit concentration risks in insurance receivables.

Other than the state-owned reinsurance companies, the Company purchases reinsurance primarily from reinsurance companies with A- rating or above granted by Standard & Poor's (or equivalent ratings granted by other international rating agencies such as A.M. Best, Fitch and Moody's). The management of the Company regularly reviews the creditworthiness of the reinsurance companies in order to update the reinsurance strategies and determine reasonable impairment provision on reinsurance assets of the Company.

The Company and its subsidiaries diligently manage credit risk in debt securities mainly by analyzing the creditworthiness of investee companies prior to making investments and by strictly conforming to the relevant regulations issued by the NFRA (former CBIRC) on the investment ratings of corporate bonds. More than 99% of the bonds held by the Company and its subsidiaries have actual subject rating of AAA or are exempted from rating.

The Company and its subsidiaries manage and lower credit risk from their bank deposits mainly by depositing most of their deposits with state-owned banks or state-controlled commercial banks.

Exchange Rate Risk

The Company and its subsidiaries conduct their business primarily in RMB, which is also their functional and financial reporting currency. Certain businesses of the Company and its subsidiaries (including certain commercial property insurance, international cargo insurance and aviation insurance business) are conducted in foreign currencies (primarily in US dollars). The Company and its subsidiaries are also exposed to exchange rate risks for assets which are valued based on foreign currencies such as parts of their bank deposits and debt securities and certain insurance business liabilities which are denominated in foreign currencies (primarily in US dollars).

Foreign exchange transactions under the capital accounts of the Company and its subsidiaries are subject to foreign exchange control and the approval of the administration authority for foreign exchange. Exchange rate fluctuations may arise as a result of the foreign exchange policy adopted by the PRC government.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market interest rates. The Company and its subsidiaries' interest rate risk policy requires to manage interest rate risk by maintaining an appropriate match of fixed and floating interest rate instruments. The policy also requires to manage the maturity of interest-bearing financial assets and interest-bearing financial liabilities, reprice interest on floating rate instruments at intervals of less than one year and manage floating interest rate risk through interest rate swap and other instruments. Interest on fixed interest rate instruments is priced at inception of the financial instrument and is fixed until maturity.

Interest Rate Swaps

The Company and its subsidiaries' financial assets which bear interest at different rates generate uncertain cash flows. As such, interest rate swap contracts are used by the Company and its subsidiaries to hedge against such interest rate risk whereby in general floating interests are received from, and fixed interests are paid to, the counterparties.

(III) OTHER SPECIFIC ANALYSIS

Contingent Events

Owing to the nature of the insurance business, the Company and its subsidiaries are involved in legal proceedings in the ordinary course of business, acting as the plaintiff or the defendant in litigation and arbitration proceedings. Most of such legal proceedings involve claims on the insurance policies of the Company and its subsidiaries, and some losses arising therefrom will be indemnified by reinsurers or other recoveries including salvages and subrogation. While the outcomes of such contingencies, lawsuits or other proceedings cannot be determined at present, the Company and its subsidiaries believe that any liabilities resulted therefrom will not have a material adverse effect on the financial position or operating results of the Company and its subsidiaries.

As at 31 December 2024, there were certain pending legal proceedings of the Company and its subsidiaries. After taking professional opinions into account, the management of the Company believes that such legal proceedings will not induce a significant impact on the operation of the Company and its subsidiaries.

Events after the Reporting Period

On 24 March 2025, the Company redeemed the capital supplementary bonds of RMB8 billion issued on 23 March 2020.

On 27 March 2025, the Board of Directors of the Company proposed a final dividend of RMB0.332 per ordinary share in respect of the year 2024, which is subject to the approval of shareholders' general meeting of the Company. A total dividend of RMB0.54 per ordinary share is proposed for the year 2024, including the distribution of an interim dividend of RMB0.208 per ordinary share.

Development of New Products

In 2024, the Company continued to deliver people's insurance in a politically-oriented and people centric way, promoted the innovation of insurance products and services for the purpose of serving real economy and improving the people's livelihood, practically implemented the Five Priorities of "technology finance, green finance, inclusive finance, elderly care finance and digital finance", continued to build the insurance product and service system serving the Chinese modernization, and developed or amended a total of 2,432 insurance provisions, including 500 national provisions and 1,932 regional provisions, or 1,906 main insurance provisions and 526 rider provisions.

Employees

As at 31 December 2024, the Company had 162,787 employees. In 2024, the employees' remuneration paid by the Company and its subsidiaries amounted to RMB40,184 million, mainly including basic salaries, performance related bonuses, and various insurance and welfare contributed in accordance with the relevant PRC laws and regulations. The Company and its subsidiaries enhanced the performance and working efficiency of employees by providing various career development paths, strengthening employee trainings, implementing performance appraisal and other measures. The Company is of the view that the Company and its subsidiaries maintain a good relationship with their employees.

IV. LOOKING FORWARD

Looking forward, the favorable conditions underpinning China's economic growth remain unchanged, which provides a sound external environment for high-quality development of property and casualty insurance industry. The Company and its subsidiaries will, by adhering to the general principle of seeking progress while maintaining stability, actively promote the implementation of national strategies and economic and social development, stabilize growth, improve quality and efficiency, promote the reform, enhance the innovation, prevent the risks, solidly promote the construction of a world-leading property insurance company, and compose a new chapter of high-quality development of the Company in the process of serving the Chinese modernization.

Firstly, focusing on serving China's overall development to play a leading role in insurance protection. We will establish and improve our whole life-cycle technology insurance product system, promote the establishment of risk diversification mechanism for major technology research, and enhance the development of new quality productive forces. We will develop green insurance business in the fields including environmental protection, climate change, green industry and technology, promote ESG practice and provide support to the overall green transformation of economic and social development. We will promote the high-quality development of inclusive insurance by focusing on provision of extensive insurance coverage for key areas such as micro, small and medium-sized enterprises, private enterprises, rural revitalization and new citizens. We will establish our cross-regional major strategic work leading team to improve our insurance support in key areas. We will provide insurance coverage for the debut economy, ice and snow economy and silver-haired economy, develop export credit insurance, improve the underwriting capacity and global-wide service level of marine cargo insurance to help boost domestic demand and expand high level opening-up.

Secondly, innovating business model to enhance core competition advantages. We will accelerate the implementation of risk reduction services, and establish various measurable, promotable, sustainable and high-quality business models for risk reduction services. We will develop innovative model for high-quality development of individual insurance businesses, create a new "vehicle + all" business model, enhance our new energy vehicle insurance operating capability and cultivate new momentum for individual non-motor vehicle insurance. We will spare no effort to improve the quality of corporate insurance business and, in line with the shift in economic growth driver, step up efforts to serve enterprises that use special and sophisticated technologies to produce novel and unique products and strategic emerging industries, improving insurance coverage and penetration rate. We will build our new development advantages in government-oriented business, improve our development pattern for agriculture insurance, accelerate the establishment of comprehensive service agencies in rural areas, actively participate in the construction of multi-tier medical insurance system and consolidate our leading position in the industry.

Thirdly, optimizing the mechanism and system to bolster the self-driven development. We will enhance the building of standard and detail-oriented management enabled by digital intelligence to improve the profitability, service efficiency and operating efficiency. We will improve the risk pricing model, enhance the level of standard and digital underwriting, and optimize our business structure. We will optimize the reinsurance framework to ensure a stable, reliable and comprehensive underwriting capability at a reasonable cost. We will further centralize claim settlement, strengthen the management of key aspects and enhance the quality and efficiency of claim settlement. We will promote the construction of vehicle-home-health ecosystem and provide the customers with diversified customized services. We will accelerate the digital transformation, promote the application of big data, artificial intelligence and other new technologies in smart marketing, operation service, risk reduction and other scenarios, and stimulate the technology-driven innovation of business model.

Discussion and Analysis of Operating Results and Financial Conditions

Fourthly, coordinating development and safety to safeguard the bottom line of risk prevention. We will adhere to the prevention and control of risk as the eternal theme of financial work, develop a correct understanding of operation, performance and risk, coordinate the relationship between rights and responsibilities, speed and stability, prevention and elimination, and actively cultivate the insurance culture with Chinese characteristics. We will continuously enhance corporate governance, continue to improve overall risk management system, and reinforce the effect of "three lines of defense" to build up a full-chain risk compliance management covering before, during and after the event. We will strengthen risk prevention and control in key areas and defuse risk at the source to achieve early identification, early warning, early exposure and early mitigation of risks. We will implement the requirement of consistency between regulatory filings and actual underwriting of motor vehicle insurance, proactively promote self-discipline of non-motor vehicle insurance industry, and consolidate the cooperation in the industry to maintain the market order and set the model of compliant operation, creating a sound environment for high quality development of the industry.

Fifthly, flexibly allocating assets to maintain a stable and robust portfolio. The Company will strictly adhere to credit quality standards, focusing on interest rate bonds and capital supplementary bonds, and will flexibly manage duration opportunities. The Company will prudently select non-standard financial products. While controlling the overall risk of equity assets, the Company will gradually increase the proportion of high-dividend stocks. The Company will capture structural opportunities through value discovery and market trend analysis. Additionally, the Company will increase investment in high-quality financial equity projects and steadily advance its industrial investment strategy.

Biographical Details of Directors, Supervisors and Other Senior Management

DIRECTORS

Ding Xiangqun, aged 59, a senior economist, a member of the 20th Central Committee, a non-executive Director and the Chairperson of the Board of the Company. Ms. Ding worked in Beijing Chongwen sub-branch of Agricultural Bank of China Limited* from August 1987 to September 1990. She worked in Bank of China Limited* 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 head of the organization department of the Party Committee 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 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 head of the organization department. From November 2024, she served as an executive director and the chairperson of the board of directors of The People's Insurance Company (Group) of China Limited*. Ms. Ding has been the honorary president of the council of 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 graduated from Renmin University of China with a master's degree in economics in August 1993.

* These companies are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange.

Yu Ze, aged 53, the Vice Chairperson of the Board, an executive Director and the President of the Company. Mr. Yu joined PICC Property Insurance Company, the People's Insurance Company of China (the "PICC") and the Company from July 1994 to October 2006, and was the Deputy General Manager of the Motor Vehicle Insurance Department of Tianjin Branch of the Company. He worked at The Tai Ping Insurance Company Limited and Taiping General Insurance Co., Ltd. from October 2006 to December 2019 and served as the general manager of the Tianjin Branch of The Tai Ping Insurance Company Limited in February 2007, marketing director of The Tai Ping Insurance Company Limited in May 2009, assistant general manager of Taiping General Insurance Co., Ltd in April 2010, deputy general manager in October 2012, deputy general manager (in charge) in October 2015, and the general manager in September 2016. Mr. Yu was appointed as the vice president of The People's Insurance Company (Group) of China Limited* since December 2019. Mr. Yu once served as the responsible compliance officer and chief risk officer of The People's Insurance Company (Group) of China Limited*, the chairperson of the board of directors of PICC Investment Holding Company Limited, a non-executive director and the chairperson of the board of directors of PICC Financial Services Company Limited and PICC Information Technology Co., Ltd. Mr. Yu has been a vice president of Insurance Association of China since June 2022. Mr. Yu graduated from Nankai University in July 1994 with a bachelor's degree in economics.

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Biographical Details of Directors, Supervisors and Other Senior Management

Jiang Caishi, aged 59, Ph.D., a senior economist, an executive Director and a Vice President of the Company. Mr. Jiang also serves as a director of PICC Reinsurance Co., Ltd., a supervisor of Shanghai Insurance Exchange Co., Ltd., the director member of the Specialised Committee on Non-Motor Vehicle Property Insurance of the Insurance Association of China, the president of China Integrated Circuit Insurance Pool, the vice president of China Classification Society and the general conference chairperson of the China Urban and Rural Residential Building Catastrophe Insurance Pool, etc. Mr. Jiang joined PICC in 1988 and was seconded to New York, U.S.A. for 2 years. Mr. Jiang was previously the general manager of the International Insurance Department of PICC Tianjin Branch, deputy general manager of PICC Tianjin Branch, general manager of the Property Insurance Department of PICC, General Manager of the Group Insurance Marketing and Management Department and General Manager of the Large-Scale Commercial Risk Insurance Department of the Company, General Manager of the Shenzhen Branch of the Company, General Manager of the Agriculture Insurance Department of the Company, a senior specialist and concurrently the general manager of the Business Development Department of The People's Insurance Company (Group) of China, an executive Vice President, the Chairperson of the Supervisory Committee and a Supervisor of the Company. Mr. Jiang has 37 years of substantial experience in operation and management in the PRC insurance industry.

Zhang Daoming, aged 49, a postgraduate, with a master degree in Business Administration, a senior economist, an executive Director, a Vice President and the Responsible Financial Officer of the Company. Mr. Zhang also serves as a director of PICC Life Insurance Company Limited, an executive director and the president of PICC Financial Services Company Limited, the director member of the Specialised Committee on Financial Accounting, the vice director member of the Specialised Committee on Insurance Technology, the vice director member of the Specialised Committee on the Statistics, the vice director member of the Specialised Committee on Group Standards and the vice director member of the Specialised Committee on Anti-insurance Fraud of the Insurance Association of China, a vice president of the council of China Association for Disaster Prevention, and a standing director of China Society for Finance and Accounting. Mr. Zhang was the Deputy Division Chief of the Comprehensive Planning Division of the Human Resources Department and the Deputy Division Chief of the Market Research Division of the Strategic Development Department of the Company, the deputy general manager of the Human Resources Department of AnBang Property & Casualty Insurance Co., Ltd., the Assistant to the General Manager, the Deputy General Manager, the Deputy General Manager (in charge) of the Market Research Department/Channel Management Department of the Company, the Deputy General Manager of the Zhejiang Provincial Branch of the Company, the General Manager of the Compliance Department/Risk Management Department of the Company, the General Manager of the Jiangxi Provincial Branch of the Company, the General Manager of the Guangdong Provincial Branch of the Company, and an Assistant to the President of the Company. Mr. Zhang graduated from the School of Economics and Management of Tsinghua University with a master's degree in business administration and has 27 years of substantial management experience in the PRC insurance industry.

Hu Wei, aged 56, a university graduate, a senior economist, an executive Director and a Vice President of the Company. Mr. Hu also serves as and the vice director member of Specialised Committee on Rural Revitalisation of the Insurance Association of China. Mr. Hu joined PICC in September 1990. Since December 1993, he successively served in the Company as the section chief of Shizhong sub-branch, the deputy manager of the Business Department and the manager of Yanzhou sub-branch of the Jining Branch in Shandong Province, the deputy general manager and general manager of the Jining Branch, the general manager of the Jinan Branch, the deputy general manager and general manager of the Shandong Provincial Branch and an Assistant to the President of the Company. Mr. Hu graduated from Shandong Provincial Party School and has 34 years of substantial experience in operation and management in the PRC insurance industry.

Biographical Details of Directors, Supervisors and Other Senior Management

Cheng Fengchao, aged 65, Ph.D. in management, an Independent Director of the Company. Mr. Cheng is a researcher of financial science, a Chinese certified public accountant, a Chinese certified public valuator, a senior accountant. Mr. Cheng is currently the chairperson of Zhongguancun Guorui Financial and Industrial Development Research Institute and a member of Academic Advisory Committee of China Association for Public Companies. He also serves as an independent director of Sinochem International Corporation*, and an independent director of China Minsheng Banking Corp., Ltd.**. Mr. Cheng is now a doctoral supervisor of Hunan University and an adjunct professor of the PBC School of Finance, Tsinghua University, and the Graduate School of the Chinese Academy of Social Sciences. Mr. Cheng was previously a non-executive director of Agricultural Bank of China Limited** and Industrial and Commercial Bank of China Limited**, a supervisor of China Everbright Group, an independent director of Minmetals Capital Company Limited* and an external supervisor of Everbright Securities Co., Ltd.**. Mr. Cheng graduated from Hunan University, majoring in management science and engineering, with a doctorate degree in management. Mr. Cheng has substantial experience in public management and financial industry.

* These companies are listed on the Shanghai Stock Exchange.
** These companies are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange.

Wei Chenyang, aged 52, Ph.D., an Independent Director of the Company. Mr. Wei is currently a full-time research fellow at PBC School of Finance, Tsinghua University, director of Tsinghua-Cornell Dual Degree Finance MBA Program, director of China Insurance and Pension Research Center of The National Institute of Financial Research, Tsinghua University, and secretary general of the Global Real Estate Finance Forum of PBC School of Finance, Tsinghua University, a member of the Editorial Board of Tsinghua Financial Review and the associate dean of Beijing Fintech Research Institute. Mr. Wei served as an economist at the Federal Reserve Bank of New York, and a senior economist at the Federal Reserve Bank of Philadelphia, the founding director of the credit research department of AIG*, senior managing director and chief economist in North America of Zenity Holdings/Zenity Asset Management Limited, and an associate dean of the Institute for Fintech Research, Tsinghua University. Mr. Wei is currently an independent director of Waterdrop Holdings (WDH)* and an independent director of HSBC Life Insurance Company Limited. Mr. Wei graduated with a bachelor's degree in Finance from the School of Economics and Management of Tsinghua University. He also earned his M.S. in Economics and Ph.D. in Finance from McCombs School of Business at the University of Texas at Austin and Stern School of Business at New York University, respectively. Mr. Wei has extensive experience in finance, insurance and elderly care industries.

* These companies are listed on the New York Stock Exchange.

Li Weibin, aged 63, with a master degree in law, qualified as an Attorney in China, a Solicitor in Hong Kong, England and Wales and an Attorney in the United States of America (New York), a China Appointed Attesting Officer designated by the Ministry of Justice of China, and an Independent Director of the Company. Mr. Li is currently a member of the Political Consultative Committee of China, a distinguished professor in the Liaison Office of the Central People's Government in Hong Kong S.A.R., an arbitrator of The China International Economic and Trade Arbitration Commission, an arbitrator of Shenzhen Court of International Arbitration, a mediator of the HKCEA Commercial Affairs Mediation Committee, a legal consultant of the Hong Kong Chinese Enterprises Association, an honorary legal adviser of the Chinese Financial Association of Hong Kong, a legal consultant of the Chinese Securities Association of Hong Kong, a legal consultant of the Hong Kong Volunteers Federation, a legal consultant of Virtus Foundation, the founder of China Innovation Foundation, the founder of Li & Partners Charity Foundation, the founder and senior partner of Li & Partners, and an independent non-executive director of Skyworth Group Limited*. He was an independent director of China Life Insurance (Overseas) Company Limited. Mr. Li has substantial experience in the areas of law and management.

* This company is listed on the Hong Kong Stock Exchange.

Biographical Details of Directors, Supervisors and Other Senior Management

Qu Xiaobo, aged 42, a doctoral supervisor and a chair professor (tenured) under the Yangtze River Scholars Programme with the School of Vehicle and Mobility, Tsinghua University, an elected member of Academia Europaea, and an Independent Director of the Company. Mr. Qu currently serves as the editor in chief of Communications in Transportation Research, the executive editor in chief of Journal of Intelligent and Connected Vehicles, and an editor of Transportation Research Part A/Part E, The Innovation, IEEE Transactions on Cybernetics, and ASCE Journal of Transportation Engineering, etc. He has been a panel member or assessor for multiple major funding schemes, including European Research Council, Centre of Excellence of Australian Research Council, Netherlands NWO VICI program, Theme-based scheme of the Hong Kong Research Grants Council, thematic research grants of the Ministry of Education Singapore and domestic talent projects. Prior to his current appointment with Tsinghua University, he was a lecturer/senior lecturer with Griffith University from 2012 to 2016, a senior lecturer with University of Technology Sydney from 2016 to 2018, a professor with Chalmers University of Technology from 2018 to 2019, and a chair professor with Chalmers University of Technology from 2020 to 2021. He has substantial experiences in research areas of intelligent transportation systems, vertical transportation systems, and vehicle-city connectivity.

Xue Shuang, aged 54, Ph.D., a professor and doctoral supervisor at the School of Accountancy of Shanghai University of Finance and Economics, was selected into the Ministry of Finance's "Accounting Experts Training Project", the Ministry of Education's "New Century Outstanding Talents Plan", Shanghai Municipal's "Shuguang Scholars" and "Pujiang Talents Plan", and an Independent Director of the Company. Ms. Xue currently serves as a director of the China Audit Society, vice president of the Shanghai Finance Society, and an independent director of Jiangsu Financial Leasing Co., Ltd.*, and Juneyao Airlines Co., Ltd.*. Ms. Xue previously worked in Dalian Branch of Agricultural Bank of China Limited**, Dalian Branch of Guangdong Development Bank, visited the University of California, Berkeley, and served as an independent director of Jiangsu Hengrui Pharmaceutical Co., Ltd.*, Aeolus Tyre Co., Ltd.*, Shanghai Zijiang Enterprise Group Co., Ltd.*, Guohua Life Insurance Co., Ltd., Shanghai Mechanical & Electrical Industry Co., Ltd.*, Smarter Microelectronics (Guangzhou) Co., Ltd.*, etc. Ms. Xue graduated from Tsinghua University with a doctorate degree in management (accounting) and has extensive experience in financial accounting, corporate finance and corporate governance.

* These companies are listed on the Shanghai Stock Exchange.

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Biographical Details of Directors, Supervisors and Other Senior Management

SUPERVISORS

Dong Qingxiu, aged 57, a senior economist with a master's degree in economics, a Shareholder Supervisor and the Chairperson of the Supervisory Committee of the Company. Mr. Dong also serves as a supervisor and the chairperson of the board of supervisors of PICC Reinsurance Co., Ltd. Mr. Dong joined PICC in 1989 and successively served as the deputy general manager of the Human Resources Department of PICC, Deputy General Manager (in charge) and General Manager of the Human Resources Department of the Company, General Manager of the Shanxi Provincial Branch of the Company, vice president, secretary of the board of directors, director and chairperson of the supervisory committee of PICC Health Insurance Company Limited, director and president of PICC Investment Holding Company Limited. Mr. Dong has 35 years of substantial management experience in the PRC insurance industry.

Wang Yadong, aged 54, a master, an economist, a Shareholder Supervisor of the Company. Mr. Wang is currently the vice president of PICC Information Technology Co., Ltd. and an employee representative supervisor of The People's Insurance Company (Group) of China Limited*. Mr. Wang joined PICC in 1995, and was previously the deputy manager of the Property Insurance Division, general manager of the Underwriting Management Department, general manager of the Property Insurance Business Department, the Large-scale Commercial Risk Insurance Department, the Marine Hull and Cargo Insurance Business Department and the Reinsurance Department of PICC Hubei Branch, the senior manager of the Business Coordination Division of Business Development Department, senior manager of the Infrastructure Office, deputy general manager of the Infrastructure Office of the South Information Centre (Phase II) and general manager of the Infrastructure Office of The People's Insurance Company (Group) of China Limited* and the general manager of the Audit Department/Audit Center of The People's Insurance Company (Group) of China Limited*. Mr. Wang graduated from Hunan Institute of Finance with a bachelor's degree in management and afterwards graduated from Huazhong University of Science and Technology with a master's degree in business management. Mr. Wang has 30 years of substantial experience in operation and management in the PRC Insurance Industry.

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Carson Wen, aged 71, a master, a Bronze Bauhinia Star and a Justice of the Peace, an External Supervisor of the Company. Mr. Wen currently serves as the founder of Bank of Asia (BVI) and BOA International Financial Group (Hong Kong), and also serves as a senior consultant at Siao, Wen and Leung Solicitors & Notaries, a guest professor at Department of Law of Sun Yat Sen University, an independent non-executive director of Winox Holdings Limited* and Phoenix New Media Limited**, the legal representative and an executive director of Lexiang Jinfu (Beijing) Asset Management Limited, a director of China Africa Business Council (Hong Kong) and Pacific Region Economic Council, a council member of China Mergers and Acquisitions Association, a senior adviser of the Hong Kong Democratic Alliance for the Betterment and Progress of Hong Kong (DAB), an executive council member of the Sustainable Business Network of the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP). Mr. Wen previously was a three-term deputy to the National People's Congress representing Hong Kong, the vice chairperson of the Hong Kong Democratic Alliance for the Betterment and Progress of Hong Kong (DAB), a partner and of counsel at the global law firm, Jones Day, the chairperson of the Task Force on Green Business of the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP). Mr. Wen has substantial experience in the areas of law, business and management.

* This company is listed on the Hong Kong Stock Exchange.
** This company is listed on the New York Stock Exchange.

Biographical Details of Directors, Supervisors and Other Senior Management

Zhou Zhiwen, aged 52, a postgraduate with a doctoral degree in economics, an Employee Representative Supervisor, the General Manager of the North Audit Center of the Company. Mr. Zhou commenced his career in 1994 and joined the Company in 2002. He previously served as the Deputy Director of the Strategic Development Department of the Company, the deputy director of the Preparatory Group of PICC Life Insurance Company Limited, the assistant general manager of the Marketing and Training Department, the assistant general manager of the Workplace Insurance Department, the deputy general manager of the Interactive Business Department and the deputy general manager of the Marketing Department of PICC Life Insurance Company Limited, the Deputy General Manager of the Marketing Research Department/Channel Management Department of the Company, the Deputy General Manager of the Strategic Development Department, the Deputy General Manager of the Inner Mongolia Branch, the Deputy General Manager of the Personal Agency Marketing Department of the Company, the General Manager of the Personal Marketing Department, the General Manager of the Sales Management Department, the General Manager of the Health Insurance Department, the General Manager of the Personal Non-Motor Vehicle Insurance Department, and the General Manager of the Party Building and Staff Union Department of the Company. Mr. Zhou has vast management experience in the insurance industry.

Fu Xiaoliang, aged 49, a university graduate with a bachelor's degree in law, an Employee Representative Supervisor, the General Manager of the Legal and Compliance Department of the Company, concurrently serving as the deputy secretary general of the China Maritime Law Association. Mr. Fu commenced his career in 1998 and joined the Company in 2005. He previously served as the Deputy Director (in charge) and Director of Claims Management Division 4 of the Claims Management Department of the Company, the Director of Accidental Health Insurance Claims Management Division of the Claims Business Department, the Assistant General Manager and Deputy General Manager of the Henan Branch, the Deputy General Manager of the Liability Insurance Business Department of the Company, the Deputy General Manager of the Claims Department/Disaster Research Center, the deputy general manager of the Legal Compliance Department of the People's Insurance Company (Group) of China Limited* (taking a provisional post), the Deputy General Manager of the Human Resources Department/Party Committee Organization Department, and the Deputy General Manager (in charge) of the Legal and Compliance Department of the Company. Mr. Fu has vast management experience in the legal field as well as in the insurance industry.

* This company is listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange.

OTHER SENIOR MANAGEMENT

Fu Lianghua, aged 58, a postgraduate, with a master's degree in Military Science, the Secretary of the Discipline Inspection Commission of the Company. Mr. Fu also serves as a standing member of Specialised Committee on Integrity Culture Construction and Legal Compliance of the Insurance Association of China. Mr. Fu served the People's Liberation Army from October 1983 to December 2016. He joined China Life Insurance Company Limited* in December 2016, successively serving as the deputy general manager of the Audit and Supervision Department, the secretary of the Discipline Inspection Commission of Jilin Branch, a member of the Party Committee and the director of the Trade Union (headquarters department general manager level). Mr. Fu joined The People's Insurance Company (Group) of China Limited* since April 2018, successively serving as the deputy general manager of General Office (department manager level), the deputy director of the Party Committee Office, the general manger of General Office and the director of the Party Committee Office. Mr. Fu graduated successively from China People's Liberation Army Military Affairs and Sports College and China People's Liberation Army National Defence University. Mr. Fu has 33 years of substantial management experience.

* These companies are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange.

Biographical Details of Directors, Supervisors and Other Senior Management

Lv Chen, aged 53, a university graduate, with a master's degree in Business Administration, a senior economist, a Vice President and the Responsible Audit Officer of the Company. Mr. Lv also serves as a director of the PICC Health Insurance Company Limited, the vice director member of the Inclusive Finance Cooperation Committee of the Asian Financial Cooperation Association, a vice director member of Specialised Committee on Insurance Institutional Investors of Insurance Asset Management Association of China, a vice director member of Specialised Committee on Reputation Risk Management of Insurance Association of China, a member of the Council of China Financial Ideological and Political Work Research Association, and a Vice President of PICC Philanthropy Charity Foundation. Mr. Lv served as the secretary of the Youth League Committee of PICC Property Insurance Company, the director of the Foreign Affairs Division, the assistant to the general manager of the International Affairs Department of PICC, the deputy general manager of the International Affairs Department of PICC Holding Company, the general manager of the International Affairs and Policy-oriented Insurance Department of The People's Insurance Company (Group) of China, the general manager of the International Affairs and Training Department, the business director of The People's Insurance Company (Group) of China Limited*, an Assistant to the President of the Company and the General Manager of Jilin Provincial Branch of the Company. Mr. Lv graduated from Guanghua School of Management, Peking University with an MBA degree, and has 31 years of substantial management experience in the insurance industry.

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Dong Xiaolang, aged 59, a postgraduate, a senior economist, a Vice President of the Company. Mr. Dong also serves as a director member of the Specialised Committee on Motor Vehicle Insurance of the Insurance Association of China, the leader of the Accidental and Short Term Health Insurance Working Group under the Specialised Committee on Non-Motor Vehicle Property Insurance of the Insurance Association of China, a standing director of the Insurance Society of China, and a member of the Steering Committee of CIRI Auto Technology Institute. Mr. Dong served as the Deputy Chief Officer of the City Insurance Division, the Chief Officer of the City Insurance Division, the Assistant to the General Manager of the Business Management Department and the Manager of the second sub-branch of Anhui Provincial Branch, the Deputy General Manager of the Chuzhou Branch, the Deputy General Manager and General Manager of the Hefei Branch, the Deputy General Manager of the Anhui Provincial Branch, the General Manager of the Ningxia Hui Autonomous Region Branch, the General Manager of the Anhui Provincial Branch, and an Assistant to the President of the Company. Mr. Dong graduated from University of Science and Technology of China with a master's degree in management. Mr. Dong has 38 years of substantial business management experience in the PRC insurance industry.

Zhang Wei, aged 49, Ph.D., an Assistant to the President of the Company and the general manager of the Beijing Branch of the Company. Mr. Zhang also serves as the vice president of the Beijing Insurance Association and the director of The Insurance Institute of Beijing. Mr. Zhang previously worked in the Strategy Planning Department of China Life Insurance (Group) Company from August 2003 to July 2008, joined The People's Insurance Company (Group) of China in July 2008, served as the deputy general manager of the Secretariat of the Board of Directors/Office of the Board of Supervisors, the general manager of the Investment and Finance Management Department, and the general manager of the Operation Sharing Department of The People's Insurance Company (Group) of China Limited*, and the deputy general manager (provincial branch general manager level) and the general manager of the Hebei Branch of the Company. Mr. Zhang graduated from Jilin University with a doctorate degree in economics. Mr. Zhang has 21 years of substantial experience in operation and management in the PRC insurance industry.

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Biographical Details of Directors, Supervisors and Other Senior Management

Jin Xin, aged 57, a postgraduate, with a master degree in Management, the Responsible Compliance Officer and Chief Risk Officer of the Company. Mr. Jin joined PICC in July 1990 and successively served as the deputy chief officer and chief officer of the Cargo Insurance Division, the deputy director of the Liquidation Division of Cargo Insurance Department of PICC Property Insurance Company, the assistant to the general manager and deputy general manager of the Marine Hull and Cargo Insurance Department of PICC, the Deputy General Manager of the Underwriting Management Department, the Deputy General Manager of the Planning and Actuarial Department, the General Manager of the Actuarial Department, the General Manager of the Capital Operation Department and the Chief Investment Officer of the Company. Mr. Jin graduated from Guanghua School of Management of Peking University with a master's degree in management. Mr. Jin has 34 years of substantial management experience in the PRC insurance industry.

Bi Xin, aged 55, a university graduate, with a master's degree in Economics, a senior economist, the Secretary of the Board of the Company. Mr. Bi is also an affiliated member of The Hong Kong Chartered Governance Institute, a vice director member of the Mainland China Board Secretaries Subcommittee of The Hong Kong Chartered Governance Institute, a standing member of the Corporate Governance and Internal Audit Committee of the Insurance Association of China, and external tutor for graduate students at the School of Insurance of Central University of Finance and Economics. Mr. Bi joined the Company in July 1992, successively served as Deputy Section Chief and Section Chief of Haidian District Sub-branch of Beijing Branch, Assistant Director, Deputy Director, Deputy Director (in charge) and Director of the Beijing Branch, the Deputy General Manager of the Vehicle Insurance Department of the headquarter, and the Deputy General Manager of the Shanghai Branch of the Company, and successively worked for Beijing Branch of China Continent Property & Casualty Insurance Co., Ltd. and BOC Insurance Co., Ltd. since March 2004. Since November 2009, he has successively served as the Deputy General Manager of the Claims Management Department, and the Deputy General Manager (in charge) of the Claims Settlement Department of the Company. Since December 2016, he has successively served as the General Manager of the Claims Settlement Department, the General Manager of the Claims Department/Disaster Research Center, and the General Manager of the Claims Department. Mr. Bi has worked in the PRC insurance industry for 32 years, is familiar with financial insurance business and has extensive management experience.

Zhang Lang, aged 47, a postgraduate, a North American actuary and a Chinese actuary, the Chief Actuary and General Manager of the Product Actuarial Department of the Company. Ms. Zhang is also a member of the Expert Committee on Registered Product Valuation for Property Casualty Insurers of the Insurance Association of China, an expert member of the Sixth Council of the China Society of Financial Accounting, a member of the North American Society of Actuaries for General Insurance, a council member of the Society of Actuaries of China, and a regular member of the Individuals. Ms. Zhang was the General Manager of Product Actuarial Department and the Responsible Actuarial Officer of the Company. Ms. Zhang graduated from Renmin University of China with a master's degree in economics. Ms. Zhang has 22 years of extensive experience in insurance actuarial matters.

Report of the Board of Directors

The Board of Directors presents its report and the audited financial statements of the Company and its subsidiaries for the Year.

BUSINESS REVIEW

PRINCIPAL ACTIVITIES

The Company is engaged in motor vehicle insurance, commercial property insurance, cargo insurance, liability insurance, accidental injury insurance, short-term health insurance, agriculture insurance, credit insurance, surety insurance, homeowners insurance, marine hull insurance and other insurance businesses in Chinese mainland, which are denominated in RMB and foreign currencies, and the related reinsurance business as well as investment and funds application business permitted under the relevant laws and regulations of the PRC. The Company's subsidiaries are mainly engaged in providing insurance agency services, training services, IT services, property management services, etc. Details of the Company's subsidiaries are set out in note 24 to the consolidated financial statements.

OPERATING RESULTS AND FINANCIAL POSITION

Discussion and analysis of operating results and financial conditions using key financial performance indicators by the Company are set out in the "Discussion and Analysis of Operating Results and Financial Conditions" section of this annual report.

FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Company and its subsidiaries for the last five financial years is set out in the "Financial Summary" section of this annual report.

PRINCIPAL RISKS AND UNCERTAINTIES

Amid increasingly complex internal and external environments in 2024, the Company faced higher requirements for risk prevention and control and management capabilities. **In terms of insurance risks**, the acceleration of climate change and the frequent occurrences of extreme weather have significantly increased the risk of catastrophes faced by the Company. **In terms of market risks**, the capital market faced greater volatility. **In terms of credit risks**, the credit risk associated with the premiums receivable required sustained attention. The situation of risk prevention and control of **operational risk** has also become more complex.

In 2025, the Company will continue to follow the guidance of the Third Plenary Session of the 20th CPC Central Committee and thoroughly implement the guidelines of Central Financial Work Conference and Central Economic Work Conference, strive to achieve "early identification, early warning, early exposure and early mitigation" of risks with continuous attention to "key area prevention and control, source prevention and control, technology-based prevention and control and systematic prevention and control", so as to resolutely uphold the bottom line of avoiding systematic risks through a more proactive, targeted, forward-looking and timely approach of risk management. Firstly, we will organize in-depth trainings on and cultivate culture of risk management, continuously improve the risk awareness of all employees, and enhance the bottom-line thinking. Secondly, we will firmly rectify problems identified in the SARMRA (Solvency Aligned Risk Management Requirements and Assessment) assessment carried out by regulatory authorities, reinforce the effectiveness of the three lines of defense, and strengthen the full-process management covering all stages in advance of, during and after an event. Thirdly, we will improve our routine risk monitoring and assessment, strengthen risk monitoring and control in key areas, carry out the risk inspection and check, and identify and control risk at the source.

PARTICULARS OF IMPORTANT EVENTS AFFECTING THE COMPANY THAT HAVE OCCURRED SINCE THE END OF THE YEAR

Particulars of the important events affecting the Company that have occurred since the end of the Year are set out in the "Discussion and Analysis of Operating Results and Financial Conditions" section of this annual report.

FUTURE DEVELOPMENT

Description of potential future business development of the Company is set out in the "Discussion and Analysis of Operating Results and Financial Conditions" section of this annual report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Company strictly complied with applicable laws and regulations including the Environmental Protection Law of the PRC, implemented the idea of green development, and upheld the environmental protection and sustainable development goals (SDGs) in its development strategy. The Company developed green finance to address climate risks and reduce environmental costs. The Company was not classified by competent environmental protection authorities as a key pollutant discharging unit. In 2024, the Company was not subject to administrative penalties due to environmental issues.

The Board of Directors of the Company actively performed its strategic decision-making and supervisory functions, formulated and amended the environmental, social and governance (ESG) policies of the Company, supervised the fulfilment of key ESG commitments by the Company and the ESG performance of the Company, and continued to improve its ESG governance structure.

The Company was devoted to promoting green finance business, formulated and implemented the Green Finance Development Plan of PICC Property and Casualty Company Limited (2024-2027) to comprehensively grasp the development opportunities brought about by green finance by actively developing green insurance and responsible investment to promote sustainable development by way of risk protection and capital financing. The Company continued to improve its green insurance product and service system, set the objectives of green insurance development and continued to follow up the progress of underwriting business, and actively conducted the research of ESG risks of insurance clients and risks of climate change. The Company provided full support to the green investments, set the objective of green investment scale and followed up the progress, and continued to conduct the research and analysis of ESG investment strategy.

The Company actively responded to the national goals of carbon peaking and carbon neutrality, and conducted the green low-carbon operation by setting the Company's operation objectives of carbon peaking and carbon neutrality and launching the pilot projects of its branch offices for carbon neutrality. As papers and water are the primary resources consumed by the Company, in order to continuously reduce the consumption of resources, the Company continued to improve paperless operation at all levels of the Company through vigorously promoting online office and business digital upgrading, used electronic insurance policies and other paperless document where possible and imposed reasonable control over water consumption. The primary energies consumed by the Company include electricity, gasoline and natural gas. By adopting specific measures such as staggering the operation hours of central air-conditioning, public lighting, elevators and other public energy-consuming facilities, introducing energy conservation targets and increasing employees' awareness about energy conservation, the Company strived to reduce energy consumption and continued to increase efficiency in order to reduce the emission of greenhouse gases.

Particulars of the environmental policies and performances of the Company during the Year are set out in 2024 Sustainability Report, the full text of which will be disclosed by the Company separately.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS THAT HAVE A SIGNIFICANT IMPACT

The Company has been adhering to the philosophy of carrying out business in accordance with laws and regulations, and complied with the state laws, administrative regulations, and various rules and regulatory documents promulgated by the regulatory authorities.

In 2024, the Company actively adapted to the insurance industry development and reform trends, focused on the newly promulgated policies in the financial sector, comprehensively strengthened internal control, proactively promoted the improvement of corporate governance mechanisms and enhanced its ability to serve society and people's livelihood. The Company continuously strengthened compliance publicity and education, guided all employees to consciously practice compliance concepts, comply with compliance requirements and receive compliance training, and cultivated a compliance culture with corporate characteristics.

Through formulating and improving internal rules and systems, the Company carried out various legal and regulatory requirements, improved internal control and management of the Company and facilitated the establishment of a long-term mechanism of operation in compliance with laws and regulations, with a view to providing solid support for the high-quality development of the Company.

In 2024, the overall compliance status of the Company's operation and management was good and the compliance risk management system was in normal operation. There was no material systematic compliance risk.

RELATIONSHIP BETWEEN THE COMPANY AND EMPLOYEES

The relationship between the Company and employees is set out in the "Discussion and Analysis of Operating Results and Financial Conditions" section of this annual report. The Company is not aware of any significant relationships with its employees, which have a significant impact on the Company and are the basis of its success.

RELATIONSHIP BETWEEN THE COMPANY AND CUSTOMERS

In 2024, the Company proactively implemented the protection of consumers' rights and interests in a politically-oriented and people-centric way, updated and created its brand of "Whole-hearted Service and New Service" and earnestly improved the level of protection of consumers' rights and interests under the principle of the "General Consumer Protection (大消保)". The Company integrated the protection of consumers' rights and interests into its overall corporate governance, upheld the protection of consumers' rights and interests in all aspects of the Company's operation and management and customer service, continued to standardize the implementation of consumer protection examination, information disclosure, personal information protection, consumer protection review, consumer protection audit, elderly-friendly management and adequacy management by establishing management methods including systems, mechanisms and processes, enhanced the service brand and improved the customer experience with focus on the consumer complaint management, update of service and operating model, establishment of super business halls, deepening of strategic projects, planning of online customer interface, resource development, innovation of digital intelligence of service model and other key sectors.

The Company values its relationship with all customers and is not aware of any significant relationships with its customers, which have a significant impact on the Company and are the basis of its success.

DIVIDEND DISTRIBUTION AND CLOSURE OF REGISTER OF H SHARE MEMBERS

The Board proposed the distribution of a final dividend of RMB0.332 per share (inclusive of applicable tax) for the year ended 31 December 2024. The total amount of dividend was approximately RMB7,385 million. The above proposal is subject to the consideration and approval at the forthcoming annual general meeting. The specific arrangement regarding announcement and distribution of the final dividend, the closure of registration of H share members, etc. will be disclosed separately in the circular for the annual general meeting. The Company will disclose the payment date of the final dividend separately. To the knowledge of the Company, there was no arrangement under which the shareholders waived or agreed to waive any dividend.

On 29 October 2024, the shareholders of the Company approved the distribution of interim dividend of RMB0.208 per share (inclusive of applicable tax) for the six months ended 30 June 2024. The total amount of dividend was approximately RMB4,626 million. On 27 December 2024, the above interim dividend was distributed to the shareholders recorded on the register of shareholders of the Company on 7 November 2024.

A total dividend of RMB0.54 per share (inclusive of applicable tax) for the Year was proposed for distribution to shareholders.

WITHHOLDING AND PAYMENT OF DIVIDEND INCOME TAX

Pursuant to the regulations of relevant PRC laws and regulations and regulatory documents on taxation, the Company shall, as a withholding agent, withhold and pay income tax on the dividend, including withholding and payment of enterprise income tax on behalf of overseas non-resident enterprise shareholders, individual income tax on behalf of overseas individual shareholders and individual income tax on behalf of domestic individual shareholders investing through China-Hong Kong Stock Connect, in the distribution of the final dividend for the Year. Particulars of withholding and payment of income tax on dividend and information for H shareholders of the Company to obtain relevant relief from taxation will be disclosed separately in the circular of the shareholders' annual general meeting by the Company.

SHARE CAPITAL

During the Year, there was no change in the share capital of the Company.

PRE-EMPTIVE RIGHTS

There are no provisions regarding pre-emptive rights in respect of the transfer of shares or issue of new shares of joint stock limited companies under the Company Law.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The Company and its subsidiaries did not purchase, sell or redeem any of the Company's listed securities (including sale of treasury shares) during the Year. As at 31 December 2024, the Company and its subsidiaries did not hold any treasury shares.

DISTRIBUTABLE RESERVES

As at 31 December 2024, according to the PRC Accounting Standards for Business Enterprises, the distributable reserves of the Company and its subsidiaries were RMB82,729 million and the distributable reserves of the Company were RMB82,974 million.

CAPITAL SUPPLEMENTATRY BONDS

On 28 November 2024, the Company issued capital supplementary bonds of RMB12 billion in the national inter-bank bond market. The term of the capital supplementary bonds is 10 years. The coupon rate is 2.33% per annum for the first five years. The Company has the option to redeem the capital supplementary bonds at the end of the fifth year. If the Company does not exercise the redemption right, the coupon rate will be 3.33% per annum for the remaining five years. Proceeds from the issuance of the capital supplementary bonds were used for supplementing the capital and raising the solvency margin of the Company.

INVESTMENT PROPERTIES, PROPERTY AND EQUIPMENT

Details of the investment properties, property and equipment of the Company are set out in notes 25 and 26 to the consolidated financial statements. As at 31 December 2024, the Company 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) exceed 5%.

CHARITABLE AND OTHER DONATIONS

Charitable and other donations made by the Company and its subsidiaries in the Year were RMB47 million, of which RMB27 million were donations for public benefits.

MAJOR CUSTOMERS

The premium income of the Company and its subsidiaries attributable to their five largest customers did not exceed 2% of the premium income of the Company and its subsidiaries for the Year.

DIRECTORS AND SUPERVISORS

The Directors and Supervisors in office during the Year, and the changes in the members of the Board of Directors and the members of the Supervisory Committee as well as the reasons for resignation of Directors and Supervisors from 1 January 2024 to the date of this report are set out in the "Corporate Governance Report" section of this annual report.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND OTHER SENIOR MANAGEMENT

Biographical details of the Directors, Supervisors and other senior management of the Company are set out in the "Biographical Details of Directors, Supervisors and Other Senior Management" section of this annual report.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS AND REMUNERATION

The Company did not enter into any service contracts, which are not determinable by the Company within one year without payment of compensation (other than statutory compensation), with any Director or Supervisor.

The Company confirms that none of the Directors or Supervisors has waived or agreed to waive any remuneration, nor has the Company nor the Company's subsidiaries paid any remuneration to any Director or Supervisor as an inducement to join or upon joining the Company or the Company's subsidiaries or as compensation for loss of office.

Details of the remuneration of the Directors and Supervisors are set out in note 13 to the consolidated financial statements.

HIGHEST PAID INDIVIDUALS

Details of the remuneration of the five highest paid individuals of the Company are set out in note 14 to the consolidated financial statements.

MATERIAL INTERESTS OF DIRECTORS, SUPERVISORS AND ENTITIES CONNECTED WITH DIRECTORS AND SUPERVISORS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

None of the Directors, Supervisors or the entities connected with the Directors and Supervisors had material interest, whether directly or indirectly, in any transaction, arrangement or contract of significance which subsisted at any time during the Year or at the end of the Year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

PICC Life and PICC Health, subsidiaries of PICC Group, the controlling shareholder of the Company, are also engaged in accidental injury insurance and short-term health insurance businesses. From 1 January 2024 to 14 March 2024, Mr. Zhang Daoming, an Executive Director of the Company, was also a non-executive director of PICC Health. From 1 January 2024 to the date of this report, Mr. Zhang Daoming, an Executive Director of the Company, was also a non-executive director of PICC Life. From 1 January 2024 to the date of this report, Mr. Li Tao, a former Non-executive Director of the Company (resigned on 20 December 2024), was also a supervisor of PICC Life.

Save as disclosed above, none of the Directors has or had any interest in business that competes or competed or is or was likely to compete, either directly or indirectly, with the Company's business from 1 January 2024 to the date of this report.

EQUITY-LINKED AGREEMENTS

During the Year, the Company and its subsidiaries did not enter into and did not have any equity-linked agreements.

PERMITTED INDEMNITY PROVISION

At any time during the Year and up to the date of this report, there was or is no permitted indemnity provision being in force for the benefit of any of the Directors or the directors of the Company's associated company.

The Company purchased insurance for the Directors which provided appropriate cover for legal liabilities of Directors when performing their duties during the Year. The relevant insurance policies were governed by the PRC laws.

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES

The Directors, Supervisors and President of the Company did not hold any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations as defined in Part XV of the SFO as at 31 December 2024 that were required to be recorded in the register as required to be kept under Section 352 of the SFO or required to be notified to the Company and the Hong Kong Stock Exchange under the Model Code.

During the Year, the Company did not grant any rights to the Directors, Supervisors or President of the Company (including their spouses or children under the age of 18) to subscribe for shares, underlying shares or debentures of the Company or any of its associated corporations as defined in the SFO. As at the end of the Year, none of the abovementioned subscription right existed.

DISCLOSEABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS UNDER THE SFO

As at 31 December 2024, the following persons held interests or short positions in the shares or underlying shares of the Company that were required to be disclosed pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO and recorded in the register as required to be kept by the Company pursuant to Section 336 of the SFO, or notified to the Company and the Hong Kong Stock Exchange by other means:

Name of shareholder	Capacity	Number of domestic shares	Nature of interests	Percentage of total number of domestic shares in issue *(Note 1)*	Percentage of total number of shares in issue *(Note 1)*
PICC Group	Beneficial owner	15,343,471,470	Long position	100%	68.98%

Name of shareholder	Capacity	Number of H shares	Nature of interests	Percentage of total number of H shares in issue *(Note 1)*	Percentage of total number of shares in issue *(Note 1)*
Citigroup Inc.	Interest of controlled corporations, approved lending agent	754,579,413 *(Note 2)*	Long position	10.93%	3.39%
	Interest of controlled corporations	92,953,059 *(Note 2)*	Short position	1.34%	0.42%
	Approved lending agent	733,705,003	Lending pool	10.63%	3.30%
GIC Private Limited	Investment manager	414,548,662	Long position	6.01%	1.86%
BlackRock, Inc.	Interest of controlled corporations	409,458,064	Long position	5.93%	1.84%
	Interest of controlled corporations	26,925,647 *(Note 3)*	Short position	0.39%	0.12%

Notes:

1. As of 31 December 2024, the Company has issued a total of 15,343,471,470 domestic shares and 6,899,293,833 H shares. As such, the Company has issued a total of 22,242,765,303 shares.

2. Among which, 6,025 H shares (Long position) were held through derivatives, categorised as held through physically settled listed derivatives; 1,423,013 H shares (Short position) were held through derivatives, categorised as held through physically settled unlisted derivatives; and 2,254,000 H shares (Long position) and 72,138,185 H shares (Short position) were held through derivatives, categorised as held through cash settled unlisted derivatives.

3. Among which, 24,291,647 H shares (Short position) were held through derivatives, categorised as held through cash settled unlisted derivatives.

Save as disclosed above, the Company is not aware of any other persons having any interests or short positions in the shares or underlying shares of the Company that were required to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO and recorded in the register as required to be kept under Section 336 of the SFO, or being substantial shareholders of the Company as at 31 December 2024.

PUBLIC FLOAT

For the period from 1 January 2024 to the date of this report, 31.02% of the total number of issued shares of the Company is held by the public and therefore the Company continues to comply with the minimum public float requirement under the Listing Rules.

MANAGEMENT CONTRACT

During the Year, the Company did not enter into any management contract on all businesses or major businesses of the Company.

SIGNIFICANT TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF THE COMPANY WITH ITS CONTROLLING SHAREHOLDER (AND ITS SUBSIDIARIES)

The particulars of the significant transactions, arrangements and contracts entered into by the Company with its controlling shareholder (and its subsidiaries) during the Year are set out in "Connected Transaction" and "Continuing Connected Transactions" below.

CONNECTED TRANSACTION

The connected transaction of the Company in the Year that was subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules was the Property Leasing Agreement and Office Premise Leasing Contract with PICC Investment. As PICC Investment is a subsidiary of PICC Group, the controlling shareholder of the Company, PICC Investment is a connected person of the Company according to the Listing Rules.

PROPERTY LEASING AGREEMENT AND OFFICE PREMISE LEASING CONTRACT WITH PICC INVESTMENT

On 21 June 2024, the Company entered into the Property Leasing Agreement with PICC Investment, pursuant to which, (i) PICC Investment (as the lessor) leases its property to the Company (as the lessee) and the Company pays rent to PICC Investment; (ii) the Company (as the lessor) leases its property to PICC Investment (as the lessee) and PICC Investment pays rent to the Company. Pursuant to the Property Leasing Agreement, the aggregate rent for three years to be paid by the Company (as the lessee) to PICC Investment (as the lessor) is estimated to be approximately RMB217.70 million. In accordance with the Hong Kong Financial Report Standard (HKFRS) 16 Leases, the fixed rent payment is capital in nature, and the Company shall recognize the leasing transaction in which the Company is the lessee as a right-of-use asset, with an amount of approximately RMB198.81 million. The Company has leased properties from PICC Investment for years for offices and rural areas' business outlets of branches of the Company across the country. Such properties have long been used as business outlets by branches of the Company for years and a business layout covering surrounding areas of the business outlets has been formulated, which facilitates a more efficient reaction to requests of clients.

On 1 August 2024, the Company entered into the Office Premise Leasing Contract with PICC Investment, pursuant to which, PICC Investment (as the lessor) leases its property to the Company (as the lessee) and the Company pays rent to PICC Investment. Pursuant to the Office Premise Leasing Contract, the aggregate rent for five years to be paid by the Company (as the lessee) to PICC Investment (as the lessor) is estimated to be approximately RMB7.29 million. In accordance with the Hong Kong Financial Report Standard (HKFRS) 16 Leases, the fixed rent payment is capital in nature, and the Company shall recognize the leasing transaction in which the Company is the lessee as a right-of-use asset, with an amount of approximately RMB6.83 million. Due to business development needs, the Company established the Nanjing Development Centre in Nanjing, Jiangsu Province in 2024, and PICC Investment has local premises available for lease that satisfy the office use demands, therefore, the Company has entered into the Office Premise Leasing Contract with PICC Investment to enable the newly established institution to commence its regular operations promptly.

Pursuant to Rules 14A.81 and 14A.82 of the Listing Rules, as the transactions under the Property Leasing Agreement and Office Premise Leasing Contract were conducted with PICC Investment within a 12-month period, the leasing transactions, in which the Company is the lessee, under the Property Leasing Agreement and Office Premise Leasing Contract shall be aggregated. For relevant details please refer to the Company's announcement dated 1 August 2024.

CONTINUING CONNECTED TRANSACTIONS

The continuing connected transactions of the Company in the Year that were subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules include: (I) the Reinsurance Framework Agreement with PICC HK; (II) the Reinsurance Framework Agreement with PICC Reinsurance; (III) the Asset Management Agreements and Supplemental Agreements with PICC AMC and PICC Capital and the Asset Management Supplemental Agreement (II) with PICC Capital; (IV) the Equity Investment Advisory Services and Technical Support Agreement with PICC Capital; (V) the Investment Business Agreement with PICC Life, PICC Health, PICC Reinsurance and PICC Capital; (VI) the Mutual Agency Agreements with each of PICC Life and PICC Health; (VII) the Auto Parts Procurement Supplemental Contract with Bangbang Auto Sales & Services; (VIII) the Insurance Brokerage Business Cooperation Agreement with PIB; (IX) the Customer Services Cooperation Framework Agreement with Aibao Technology; (X) 95518 East China Center and South Center Service Contract with PICC Financial Services, 95518 Entrusted Operation Service Framework Agreement with PICC Technology and Tripartite Agreement on the Transfer of 95518 Entrusted Operation Related Service Contracts with

PICC Financial Services and PICC Technology; (XI) the 2024 General Project Service Agreement with PICC Technology; and (XII) the Fully Entrusted Service Agreement For Business Workplace Property Management with PICC Investment and PICC Operation. As PICC Group is the controlling shareholder of the Company, and all of PICC HK, PICC Reinsurance, PICC AMC, PICC Capital, PICC Life, PICC Health, PIB, PICC Financial Services, PICC Technology, PICC Investment and PICC Operation are subsidiaries directly or indirectly controlled by PICC Group, such companies are all connected persons of the Company according to the Listing Rules. As the Company and PICC Financial Services, a subsidiary of PICC Group (the controlling shareholder of the Company) each holds 24.5% of the registered capital in Bangbang Auto Sales & Services, pursuant to the Listing Rules, Bangbang Auto Sales & Services is a connected person of the Company. As PICC Financial Services holds 45.1% of the registered capital in Aibao Techonology, pursuant to the Listing Rules, Aibao Technology is an associate of PICC Group and thereby is a connected person of the Company.

(I) THE REINSURANCE FRAMEWORK AGREEMENT WITH PICC HK

On 29 December 2023, the Company and PICC HK entered into the 2024 Framework Agreement on Reinsurance Business Cooperation, with a term commencing from 1 January 2024 and expiring on 31 December 2024. Pursuant to such framework agreement, the Company agreed to cede insurance premiums to PICC HK from time to time, and PICC HK agreed to cede insurance premiums to the Company from time to time. One party to the agreement who acted as reinsurer accepted the risks of and paid commissions to the other party to the agreement in return for the agreed insurance premiums received from such other party. Under the framework agreement, the parties to the agreement would enter into various types of reinsurance agreements in respect of particular reinsurance business. Under the framework agreement, the annual caps for the insurance premiums ceded to PICC HK by the Company and the commissions received by the Company from PICC HK for the Year were estimated to be RMB1,100 million and RMB495 million, respectively. The annual caps for the premiums assumed by the Company from PICC HK and commissions paid to PICC HK by the Company were expected to be RMB350 million and RMB140 million, respectively. The actual premiums ceded to PICC HK by the Company and the commissions received by the Company from PICC HK for the Year were RMB747 million and RMB239 million, respectively. The actual premiums assumed by the Company from PICC HK and commissions paid to PICC HK by the Company were RMB162 million and RMB38 million, respectively. PICC HK has long been one of the reinsurers of the Company. The Company entered into such agreement with PICC HK in order to achieve risk diversification and stabilization of operation. Meanwhile, in consideration of the advantages of PICC HK in overseas business and in order to form an underwriting synergy to support the development of the business, the Company and PICC HK further developed the inward reinsurance business.

On 27 December 2024, the Company and PICC HK entered into the 2025 Framework Agreement on Reinsurance Business Cooperation, with a term commencing from 1 January 2025 and expiring on 31 December 2025. For relevant details please refer to the Company's announcement dated 27 December 2024.

(II) THE REINSURANCE FRAMEWORK AGREEMENT WITH PICC REINSURANCE

On 29 December 2023, the Company and PICC Reinsurance entered into the 2024 Framework Agreement on Reinsurance Business Cooperation, with a term commencing from 1 January 2024 and expiring on 31 December 2024. Pursuant to such framework agreement, the Company agreed to cede insurance premiums to PICC Reinsurance from time to time, and PICC Reinsurance agreed to cede insurance premiums to the Company from time to time. One party to the agreement who acted as reinsurer accepted the risks of and paid commissions to the other party to the agreement in return for the agreed insurance premiums received from such other party. Under the framework agreement, the parties to the agreement would enter into various types of reinsurance agreements in respect of particular reinsurance business. Under the framework agreement, the annual caps for the insurance premiums ceded to PICC Reinsurance by the Company and the commissions received by the Company from PICC Reinsurance for the Year were estimated to be RMB6,000 million and RMB2,700 million, respectively, and the inward reinsurance transactions constitute de minimis exempted continuing connected transactions under Rule 14A.76 of the Listing Rules. The actual insurance premiums ceded to PICC Reinsurance by the Company and the commissions received by the Company from PICC Reinsurance for the Year were RMB5,100 million and RMB1,394 million, respectively. PICC Reinsurance is the fourth Chinese-funded corporate reinsurance company in the PRC. The Company entered into such agreement with PICC Reinsurance in order to achieve risk diversification and stabilization of operation.

On 27 December 2024, the Company and PICC Reinsurance entered into the 2025 Framework Agreement on Reinsurance Business Cooperation, with a term commencing from 1 January 2025 and expiring on 31 December 2025. For relevant details please refer to the Company's announcement dated 27 December 2024.

(III) THE ASSET MANAGEMENT AGREEMENTS AND SUPPLEMENTAL AGREEMENTS WITH PICC AMC AND PICC CAPITAL AND THE ASSET MANAGEMENT SUPPLEMENTAL AGREEMENT (II) WITH PICC CAPITAL

On 8 September 2022, the Company renewed the Asset Management Agreement and Supplemental Agreement with PICC AMC, commencing from 1 July 2022 and expiring on 30 June 2025. On 8 September 2022, the Company renewed the Asset Management Agreement and Supplemental Agreement with PICC Capital, with a term commencing from 28 August 2022 and expiring on 30 June 2025. Pursuant to such agreements, PICC AMC and PICC Capital shall provide the Company with entrusted asset management services, and the Company shall pay entrusted management fees to PICC AMC and PICC Capital. In addition, PICC AMC and PICC Capital can subscribe investment products sponsored and managed by PICC AMC, PICC Capital, PICC Equity (a wholly-owned subsidiary of PICC Capital, a subsidiary of PICC Group, the controlling shareholder of the Company) or China Credit Trust (with approximately 32.9% of its total share capital held by PICC Group, the controlling shareholder of the Company) with assets entrusted by the Company, and the Company shall pay product management fees to PICC AMC, PICC Capital, PICC Equity and China Credit Trust.

Pursuant to the relevant provisions of the Listing Rules, continuing connected transactions under the agreements include (1) the payments of entrusted management fees to PICC AMC and PICC Capital by the Company, (2) the payments of product management fees to PICC AMC, PICC Capital, PICC Equity and China Credit Trust by the Company, (3) the subscriptions by PICC AMC and PICC Capital of debt investment products sponsored and managed by PICC AMC, PICC Capital or China Credit Trust with assets entrusted by the Company, of which other subscribers include connected persons of the Company, and (4) the subscriptions by PICC AMC and PICC Capital of equity investment products sponsored and managed by PICC AMC, PICC Capital or PICC Equity with assets entrusted by the Company, of which other subscribers include connected persons of the Company. Under the agreements, (1) the aggregated annual cap of entrusted management fees paid to PICC AMC and PICC Capital by the Company for the Year was RMB520 million, and the actual entrusted management fees paid to PICC AMC and PICC Capital by the Company for the Year was RMB304 million; (2) the aggregated annual cap of product management fees paid to PICC AMC, PICC Capital, PICC Equity and China Credit Trust by the Company for the Year was RMB350 million, and the actual product management fees paid to PICC AMC, PICC Capital, PICC Equity and China Credit Trust by the Company for the Year was RMB50 million; (3) the aggregated annual cap of the amount of the debt investment products subscribed by the Company where connected persons participate in the subscription for the Year was RMB8,500 million, and the actual amount of the debt investment products subscribed by the Company where connected persons participate in the subscription for the Year was RMB3,780 million; (4) the aggregated annual cap of the amount of the equity investment products subscribed by the Company where connected persons participate in the subscription for the Year was RMB8,500 million, and the actual amount of the equity investment products subscribed by the Company where connected persons participate in the subscription for the Year was RMB7,350 million.

PICC AMC, the first asset management company in the PRC insurance industry, mainly provides asset management and asset management consulting services in the PRC, and has experience and expertise in asset management and satisfactory capability of investment management. PICC Capital, the first investment institution in the industry with main business in non-standard investment of insurance funds and an insurance asset management company focusing on non-standard investment, has rich experience and excellent teams in the development and investment of non-standard products. The Company has established good cooperation relationships with PICC AMC and PICC Capital in early cooperations.

In light of the Company's investment business needs, the Company and PICC Capital entered into the Asset Management Supplemental Agreement (II) on 11 October 2023, which is valid for a term commencing from 11 October 2023 and ending on 30 June 2025. The Asset Management Supplemental Agreement (II) adjusted the scope of application of the entrusted management fee under the Asset Management Agreement and Supplemental Agreement with PICC Capital as follows: "the annual fee rate of the entrusted management fees payable to the trustee for purchasing insurance asset management products issued by third parties is 8 BP and the annual charging days are 365 days" has been amended as "the annual fee rate of the entrusted management fees payable to the trustee for purchasing financial products issued by third parties is 8 BP and the annual charging days are 365 days". Save for such amendment, other terms of the Asset Management Agreement and Supplemental Agreement with PICC Capital shall remain unchanged. For the matters not covered by the Supplemental Agreement (II), the relevant terms as set out in the Asset Management Agreement and Supplemental Agreement with PICC Capital shall continue to apply.

(IV) THE EQUITY INVESTMENT ADVISORY SERVICES AND TECHNICAL SUPPORT AGREEMENT WITH PICC CAPITAL

On 13 February 2023, the Company entered into the Equity Investment Advisory Services and Technical Support Agreement with PICC Capital, with a term commencing from 13 February 2023 and expiring on 12 February 2026. Pursuant to such agreement, PICC Capital shall provide the Company with equity investment advisory services and technical support services and the Company shall pay advisory service fees and share of excess return (if the hurdle rate is reached upon exit from the projects) to PICC Capital. Pursuant to such agreement, the annual cap of advisory service fees and share of excess return paid by the Company to PICC Capital for the Year was RMB400 million. There was no actual transaction between the Company and PICC Capital during the Year under such agreement. The agreement helps to leverage PICC Capital's professional advantages to assist the Company in carrying out relevant equity investment businesses, improve the Company's investment income and prevent and defuse investment risks.

(V) INVESTMENT BUSINESS AGREEMENT WITH PICC LIFE, PICC HEALTH, PICC REINSURANCE AND PICC CAPITAL

On 20 May 2024, the Company entered into the Investment Business Agreement with PICC Life, PICC Health, PICC Reinsurance and PICC Capital, with a term commencing from 20 May 2024 to 30 June 2025. Pursuant to the agreement, PICC Capital provides the Company with the services of subscription of equity investment products initiated and managed by enterprises other than connected persons of the Company (other subscribers of such investment products include PICC Life and/or PICC Health and/or PICC Reinsurance) with the Company's funds, and the Company shall pay entrusted management fees to PICC Capital. Under the agreement, if PICC Capital subscribes for equity investment products initiated and managed by enterprises other than connected persons of the Company with the funds of the Company and PICC Life and/or PICC Health and/or PICC Reinsurance simultaneously, the subscription amount of the Company shall not exceed RMB4 billion in aggregate for each calendar year. There was no actual subscription by the Company during the Year under such agreement. Quality equity investment products have a certain degree of scarcity. PICC Capital has engaged competent professionals to identify high-quality equity investment products. The Company entered into such agreement in order to improve the Company's assets allocation efficiency, create more opportunities to allocate high-quality equity investment products and obtain more investment returns.

(VI) THE MUTUAL AGENCY AGREEMENTS WITH EACH OF PICC LIFE AND PICC HEALTH

On 30 August 2022, the Company renewed the Mutual Agency Agreements with each of PICC Life and PICC Health in order to continue with the sale of insurance products of each other on a mutual agency basis, each with a term commencing from 31 August 2022 and expiring on 30 August 2025. Pursuant to such agreements, PICC Life and PICC Health shall act as agencies for selling insurance products of the Company, and the Company shall pay commissions to PICC Life and PICC Health. Meanwhile, the Company shall act as an agency for selling insurance products of PICC Life and PICC Health, and PICC Life and PICC Health shall pay commissions to the Company. Under such agreements, the estimated annual cap of the commissions paid by the Company to PICC Life and PICC Health in aggregate for the Year was RMB1,342 million, and the estimated annual cap of the commissions paid by PICC Life and PICC Health to the Company in aggregate for the Year was RMB388 million. The actual commissions paid by the Company to PICC

Life and PICC Health in aggregate for the Year was RMB263 million, and the actual commissions paid by PICC Life and PICC Health to the Company in aggregate for the Year was RMB111 million. PICC Life and PICC Health have their own distribution channels and customer bases, and the Company renewed the Mutual Agency Agreements with PICC Life and PICC Health in order to lead the strategic synergies into further play and expand the distribution channels of the Company.

(VII) THE AUTO PARTS PROCUREMENT SUPPLEMENTAL CONTRACT WITH BANGBANG AUTO SALES & SERVICES

On 7 February 2024, the Company entered into the Auto Parts Procurement Supplemental Contract with Bangbang Auto Sales & Services. The term of such contract commences from 7 February 2024 and ends upon 6 February 2025. Pursuant to such contract, the Company shall purchase auto spare parts from Bangbang Auto Sales & Services for the maintenance of insured vehicles damaged in accidents, and Bangbang Auto Sales & Services shall supply the goods ordered under the contract, undertake the responsibility of delivery, installment, adjustment of goods, and provide the Company with services including warranty, maintenance, consultation and training. The Company shall pay the cost of the auto spare parts to Bangbang Auto Sales & Services. Under such contract, during the period from 7 February 2024 to 31 December 2024, the estimated cap for the auto spare parts fees to be paid by the Company to Bangbang Auto Sales & Services is RMB250 million, and the actual auto spare parts fees paid by the Company to Bangbang Auto Sales & Services was RMB171 million. The Company entered into such contract with Bangbang Auto Sales & Services to continue the parties' previous cooperation in the purchase of auto spare parts and continuously improve the Company's service quality and customer satisfaction.

(VIII) THE INSURANCE BROKERAGE BUSINESS COOPERATION AGREEMENT WITH PIB

On 15 June 2022, the Company entered into the Insurance Brokerage Business Cooperation Agreement with PIB with a term commencing from 17 June 2022 and expiring on 16 June 2025. Pursuant to such agreement, the Company continues to cooperate with PIB in insurance business. PIB provides insurance brokerage services for the insurance contracts entered into between the insurance purchasers and the Company, and the Company pays brokerage commissions to PIB. Under such agreement, the annual cap of the brokerage commissions expected to be paid by the Company to PIB for the Year was RMB600 million. The actual brokerage commissions paid by the Company to PIB for the Year was RMB169 million. The Company entered into such agreement with PIB for the benefit of the resource integration and business synergy with PIB. It is also beneficial for the construction of sales channels of the Company and promotion of the development ability of the Company in the brokerage business market. The agreement entered into between the Company and PIB shall not affect the cooperation between the Company and other insurance brokers companies.

(IX) THE CUSTOMER SERVICES COOPERATION FRAMEWORK AGREEMENT WITH AIBAO TECHNOLOGY

On 29 December 2023, the Company entered into the Customer Services Cooperation Framework Agreement with Aibao Technology, with a term commencing from 1 January 2024 and expiring on 31 December 2024. Pursuant to such agreement, Aibao Technology and its subsidiaries shall provide value-added services for customers' motor vehicle insurance, value-added services related to online activities, online advertising services, etc. to the Company, and the Company shall pay service fees to Aibao Technology and its subsidiaries. Value-added services for customers are beneficial to the Company in terms of creating more scenarios and opportunities for the Company to provide services to customers, enhancing the level of customers' perception of the Company's services, raising the frequency of interaction between the Company and its customers, improving customer stickiness and satisfaction as well as promoting the Company's brand influence, which are in line with the Company's business development objectives and conducive to the Company's business development. Aibao Technology and its subsidiaries have their advantages in effective integration of various service resources on the market, and customisation and development of systems and solutions which meet customers' needs. The services provided by Aibao Technology and its subsidiaries are able to satisfy the needs of ordinary business of the Company. Under such agreement, the annual cap for the service fees paid by the Company to Aibao Technology and its subsidiaries for the Year was RMB980 million. The actual service fees paid by the Company to Aibao Technology and its subsidiaries for the Year was RMB353 million.

On 30 December 2024, the Company further entered into the 2025 Customer Services Cooperation Framework Agreement with Aibao Technology, with a term commencing from 1 January 2025 to 31 December 2025. For relevant details please refer to the Company's announcement dated 30 December 2024.

(X) THE 95518 EAST CHINA CENTER AND SOUTH CENTER SERVICE CONTRACT WITH PICC FINANCIAL SERVICES, 95518 ENTRUSTED OPERATION SERVICE FRAMEWORK AGREEMENT WITH PICC TECHNOLOGY AND TRIPARTITE AGREEMENT ON THE TRANSFER OF 95518 ENTRUSTED OPERATION RELATED SERVICE CONTRACTS WITH PICC FINANCIAL SERVICES AND PICC TECHNOLOGY

On 18 April 2024, the Company entered into the 95518 East China Center and South Center Service Contract with PICC Financial Services, with a term from 18 April 2024 to 17 April 2025. Pursuant to such contract, PICC Financial Services shall provide the Company with services relating to the construction and operation of 95518 East China Center and South Center, the optimization of customer service system functions, and the design, development, promotion and application services regarding the intelligent services, and the Company shall pay service fees to PICC Financial Services accordingly. Under such contract, the estimated cap of the service fees payable by the Company to PICC Financial Services from 18 April 2024 to 31 December 2024 was RMB204.60 million. The services under the 95518 East China Center and South Center Service Contract are required by the Company from time to time during its ordinary course of business.

According to PICC Group's plan to build a unified omni-channel intelligent customer service system and the work arrangements of optimizing the technology sector, the 95518 entrusted operation business was transferred from PICC Financial Services to PICC Technology as a whole. On 31 May 2024, the Company entered into the 95518 Entrusted Operation Service Framework Agreement with PICC Technology with a term from the date of signing to 31 December 2025, pursuant to which, PICC Technology shall provide the Company with services relating to nationwide 95518 entrusted operation and construction and operation of regional centers, etc., and the Company shall pay service fees to PICC Technology accordingly. Under such framework agreement, the estimated cap of the service fees payable by the Company to PICC Technology from the date of the signing to 31 December 2024 was RMB436 million.

To ensure the normal operation of the Company's 95518 operation services, the Company entered into the Tripartite Agreement on the Transfer of 95518 Entrusted Operation Related Service Contracts with PICC Financial Services and PICC Technology on the even date, pursuant to which, the entrusted party in relation to 95518 entrusted operation related service will be changed from PICC Financial Services to PICC Technology, and from 1 June 2024, all rights and obligations of PICC Financial Services under a series of 95518 entrusted operation related service contracts originally entered into with PICC Financial Services shall be transferred to PICC Technology, the relevant services under a series of 95518 entrusted operation related service contracts originally entered into with PICC Financial Services shall be transferred to the tripartite agreement for implementation, and the Company will pay service fees to PICC Technology. Save for the abovementioned changes, the service content, contract amount, pricing standard and service term under a series of 95518 entrusted operation related service contracts originally entered into with PICC Financial Services will remain unchanged.

From 18 April 2024 to 31 May 2024, the actual service fees paid by the Company to PICC Financial Services was RMB75 million. From 31 May 2024 to 31 December 2024, the actual service fees paid by the Company to PICC Technology was RMB157 million.

(XI) THE 2024 GENERAL PROJECT SERVICE AGREEMENT WITH PICC TECHNOLOGY

On 30 August 2024, the Company entered into the 2024 General Project Service Agreement with PICC Technology, with a term commencing from the date of signing the agreement to 31 December 2024. Pursuant to such agreement, PICC Technology shall provide the Company with shared project services and exclusive project services based on the Company's general system, and the Company shall pay technology service fees to PICC Technology. Pursuant to such agreement, the Company estimated that the cap of technology service fees of the general projects payable by the Company to PICC Technology in 2024 will be RMB463.9276 million, and the actual technology service fees paid by the Company to PICC Technology for the Year was RMB351 million. PICC Technology will facilitate the comprehensive and whole-process transformation of the Company through digitalization, and strongly support the Company's business growth.

(XII) THE FULLY ENTRUSTED SERVICE AGREEMENT FOR BUSINESS WORKPLACE PROPERTY MANAGEMENT WITH PICC INVESTMENT AND PICC OPERATION

On 21 March 2023, the Company entered into the Fully Entrusted Service Agreement for Business Workplace Property Management with PICC Investment and PICC Operation, with a term commencing from 21 March 2023 and expiring on 20 March 2026. Pursuant to such agreement, the Company, PICC Investment and PICC Operation shall jointly formulate the overall work plan, PICC Operation shall provide property management services and property management consultancy services to the Company, and the Company shall pay the property service fees to PICC Operation and shall not be required to pay fees to PICC Investment. Pursuant to such agreement, the estimated annual cap of property service fees paid by the Company to PICC Operation for the Year was RMB388.92 million, and the actual property service fees paid by the Company to PICC Operation for the Year was RMB270 million. PICC Operation has rich experience in property management services and decent management service ability. The Company entered into the Fully Entrusted Service Agreement for Business Workplace Property Management with PICC Investment and PICC Operation in order to focus on the main business responsibilities, further leverage strategic synergies, and accelerate the transition to high-quality development.

The Independent Directors of the Company have reviewed the continuing connected transactions mentioned above and confirmed that:

1. such transactions were entered into in the ordinary and usual course of business;

2. such transactions were on normal commercial terms or better terms; and

3. such transactions were carried out in accordance with the terms of the agreements governing the transactions, the terms were fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company has engaged the auditor to report on the Company's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information", and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Board of Directors has received a confirmation letter issued by the auditor in relation to the continuing connected transactions mentioned above, confirming that for the Year:

1. nothing has come to their attention that causes them to believe that the continuing connected transactions abovementioned have not been approved by the Company's Board of Directors;

2. for transactions involving the provision of goods or services by the Company and its subsidiaries, nothing has come to their attention that causes them to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Company;

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

4. with respect to the aggregate amount of each of the continuing connected transactions mentioned above, nothing has come to their attention that causes them to believe that the transactions have exceeded the annual caps set by the Company.

Details of related party transactions defined under accounting standards applicable in preparing the consolidated financial statements of the Company for the Year are set out in note 41 to the consolidated financial statements. Some of the aforesaid related party transactions also constitute the Connected Transactions or Continuing Connected Transactions as defined in the Listing Rules. The Company confirms that such related party transactions have fully complied with the relevant provisions of the Listing Rules. The Company complied with the requirements under Chapter 14A of the Listing Rules in the Year.

CORPORATE GOVERNANCE

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

AUDIT COMMITTEE

The Audit Committee has reviewed the audited annual results of the Company and its subsidiaries for the Year. The composition and the role of the Audit Committee and a summary of its work performance during the Year are set out in the "Corporate Governance Report" section of this annual report.

AUDITORS

At the annual general meeting of the Company held on 28 June 2024, Ernst & Young was appointed as the international auditor of the Company and Ernst & Young Hua Ming LLP was appointed as the domestic auditor of the Company to hold office until the conclusion of the next annual general meeting. PricewaterhouseCoopers retired as the international auditor and PricewaterhouseCoopers Zhong Tian LLP retired as the domestic auditor of the Company at the conclusion of the aforesaid annual general meeting.

Save as disclosed above, there was no change of auditors by the Company in the past three years.

By Order of the Board of Directors
Ding Xiangqun
Chairperson

Beijing, the PRC
27 March 2025

Report of the Supervisory Committee

In 2024, with deep study into the principles of the Third Plenary Session of the 20th CPC Central Committee and the Central Economic Work Meeting, and under the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Supervisory Committee and all of its members have demonstrated dedication and diligence, faithfully devoted services, and duly discharged their supervisory duties and exercised their powers in accordance with relevant provisions of applicable laws and regulations, the Company Law and the Articles of Association, and effectively safeguarded the legitimate rights and interests of the Company, its shareholders, employees and other stakeholders.

MEETING OF THE SUPERVISORY COMMITTEE

During the Year, according to the operation of the Company and the relevant requirements of the Procedural Rules for the Supervisory Committee, the Supervisory Committee adhered to the regular meeting system, convened seven meetings to consider and review 53 proposals and reports, convened six meetings of the Duty Performance and Fulfilment Supervisory Committee of the Supervisory Committee to consider and review 17 proposals, convened seven meetings of the Financial and Internal Control Supervisory Committee of the Supervisory Committee to consider and review 35 proposals. The Supervisory Committee fully discussed the matters of concern while considering and reviewing relevant proposals and reports, provided feedback to the Board and the operational management team on the comments and suggestions provided in a timely manner. Details are set out as follows:

The 5th meeting of the 6th session of the Supervisory Committee was held on 24 January and the Proposal on the Report on the Results of the Special Audit of the Solvency Risk Management System of PICC Property and Casualty Company Limited for the Year 2023 was reviewed.

The 6th meeting of the 6th session of the Supervisory Committee was held on 26 March. 18 proposals, including the Proposal on the Auditor's Report and the Audited Financial Statements for the Year 2023, were considered and approved, and 7 proposals, including the Report of PricewaterhouseCoopers on the Findings of the Annual Audit Work for the Year 2023, were reviewed.

The 7th meeting of the 6th session of the Supervisory Committee was held on 29 April. 6 proposals, including the Proposal on the Financial Statements and Results Announcement for the First Quarter of the Year 2024, were considered and approved, and 2 proposals, including the Proposal on the Reputation Risk Assessment Report for the Year 2023, were reviewed.

The 8th meeting of the 6th session of the Supervisory Committee was held on 28 May. 2 proposals, including the Proposal on the Strategic Risk Management Report for the Year 2023, were considered and approved, and the Proposal on the Report of PICC Group's Audit Center on the Audit Work on PICC Property and Casualty for the First Quarter of the Year 2024 was reviewed.

The 9th meeting of the 6th session of the Supervisory Committee was held on 28 August. 3 proposals, including the Proposal on the Amendments to the Rules of Duty Performance Evaluation of the Directors and Supervisors of the Company, were considered and approved, and 2 proposals, including the Report of Ernst & Young on the Findings of the Interim Reviewing Work for the Year 2024, were reviewed.

The 10th meeting of the 6th session of the Supervisory Committee was held on 29 October. 4 proposals, including the Proposal on the Report of Remuneration Distribution of the Company for the Year 2024, were considered and approved.

The 11th meeting of the 6th session of the Supervisory Committee was held on 20 December. 6 proposals, including the Proposal on the Formulation of the Internal Audit Regulations (Provisional) of the Company, were considered and approved, and the Proposal on Regulatory Correspondence and Rectification of the Year 2023 was reviewed.

WORK OF THE SUPERVISORY COMMITTEE

During the Year, members of the Supervisory Committee attended four shareholders' general meetings of the Company, nine meetings of the Board and nine meetings of the Audit Committee of the Board, and performed supervision over the legality of the agendas and procedures of such meetings. The Supervisory Committee earnestly reviewed and studied the proposals considered at the shareholders' general meetings and the meetings of the Board, and fully expressed its opinions and suggestions. The members of the Supervisory Committee also attended the meetings of the operational management team including the annual work meeting, interim work meeting, quarterly meetings of the operational analysis and the meetings of the risk compliance committee. Through attending and participating in the above meetings, the Supervisory Committee supervised the Board and the operational management team in making decisions on material matters and risk management, and the senior management's performance on their risk management duties, and put forward supervisory opinions and suggestions to effectively safeguard shareholders' rights and interests.

During the Year, the Supervisory Committee continued to facilitate the development of organization, enhanced the supervision working system, strengthened daily supervision, adopted various ways to understand and master the Company's finance, internal control and compliance, the establishment, improvement and operation of the risk management mechanism and major solvency risks, etc., and provided opinions and suggestions. The Supervisory Committee enhanced the communication and coordination with internal and external auditors, heard the reports of external auditor on the audit plan, the key focus of audit work and the findings of the Company's annual results audit, obtained an understanding of the audit status and paid special attention to the key issues of audit work. The Supervisory Committee conveyed requirements in respect of the works of functional departments and auditors and assessed on the audit results.

During the Year, the Supervisory Committee strengthened its supervision and carefully deliberated on the proposals on the Company's planning outline of strategy, the development plan implementation status assessment report, the report of the protection of customers' rights and interests, internal control assessment report, solvency report, compliance report, risk assessment report, internal audit work reports, etc. The Supervisory Committee heard the reports of relevant departments including the Finance and Accounting Department, the Consumers' Rights and Interests Protection Department/Customer Service Department, the Capital Operation Department/Investment Industry Department, the Risk Management Department, the Legal Affairs and Compliance Department on regular basis, had a comprehensive understanding of the Company's business operation, finance, funds application, internal control and compliance and other aspects, promptly obtained the Company's operation and management, business development, and financial conditions, especially paid attention to the compliance risk, management risk, operational risk and other risk conditions among the Company's operation. The Supervisory Committee continued to pay attention to and monitor the Company's internal control, the implementation of related party transactions, the management and audit of related party transactions, the protection of customers' rights and interests, anti-money laundering and anti-terrorist financing and reputation risk management, etc., and provided its opinions and suggestions.

During the Year, the Supervisory Committee continued to improve the corporate governance system, refined the performance evaluation and incentive and restraint mechanism of Directors and Supervisors. It revised and improved the Rules of Duty Performance Evaluation of the Directors and Supervisors of the Company, formulated and issued the Scheme of Further Enhancing the Functional Role of the Supervisory Committee and carried out the supervision and evaluation of the performance of Directors and Supervisors for the year 2023. All Directors and Supervisors performed their duties in accordance with the laws in a diligent and faithful manner, and the evaluation results of their annual performance were all "competent".

During the Year, while earnestly performing its duties, the Supervisory Committee continued to enhance its own development, obtained an in-depth study and understanding of relevant laws and regulations, corporate governance and other regulatory requirements, and members of the Supervisory Committee actively participated in special trainings and studies organised by the Company and external institutions such as the People's Bank of China and industry organizations, etc., on policies and regulations, corporate governance, ability to perform duties, risk management and information disclosure, etc. Among which, members of the Supervisory Committee participated in the Online Training on Corporate Governance for Managers of Financial Institutions to Perform Their Duties under the New Era for the Year 2024 and the Online Training on Green Finance and ESG Risk Management for Capacity Building of Managers of Financial Institutions to Perform Their Duties under the New Era for the Year 2024, both organized by China Center for Financial Training. They also joined the Training on Anti-money Laundering and Anti-terrorist Financing organized by Finance Times. All members have passed the exams and obtained the certificate of completion.

INDEPENDENT OPINIONS ISSUED BY THE SUPERVISORY COMMITTEE

The Supervisory Committee expressed the following opinions in relation to the supervision and inspection work for the Year:

The compliant operation of the Company. The Directors and senior management of the Company performed their duties in a diligent and faithful manner, and diligently implemented all resolutions of the shareholders' general meetings and those of the Board. No Director or member of the senior management team was found to have committed any breach of laws and regulations or the Articles of Association or to have infringed any rights or interests of the shareholders, the Company or its employees when performing their duties.

Authenticity of financial reports. The Company and its subsidiaries' auditor's report and the audited financial statements for the year 2023 and the interim financial report for the year 2024 were prepared in accordance with the relevant accounting standards. The financial reports have given a true and fair view of the financial position and operating results of the Company and its subsidiaries.

Related party transactions. The related party transactions of the Company were conducted on an arm's length basis, on normal commercial terms or better terms and in the interests of the Company's shareholders as a whole. There was no indication of any infringement of the interests of all the shareholders or the Company.

In 2025, the Supervisory Committee will commit itself to the path of financial development with Chinese characteristics, and will, in accordance with the relevant provisions in applicable laws and regulations, the Company Law and the Articles of Associations, continue to perform supervisory duties in compliance with laws and regulations, stay practical and realistic, take the initiative in exploration and innovation, promote the reform of the Supervisory Committee in an orderly manner, continuously improve corporate governance capabilities of the Company, supervise and guide compliant operations, earnestly safeguard the interests of the Company, its shareholders and employees, and contribute to a sustainable, scientific and healthy development of the Company.

By Order of the Supervisory Committee
Dong Qingxiu
Chairperson of the Supervisory Committee

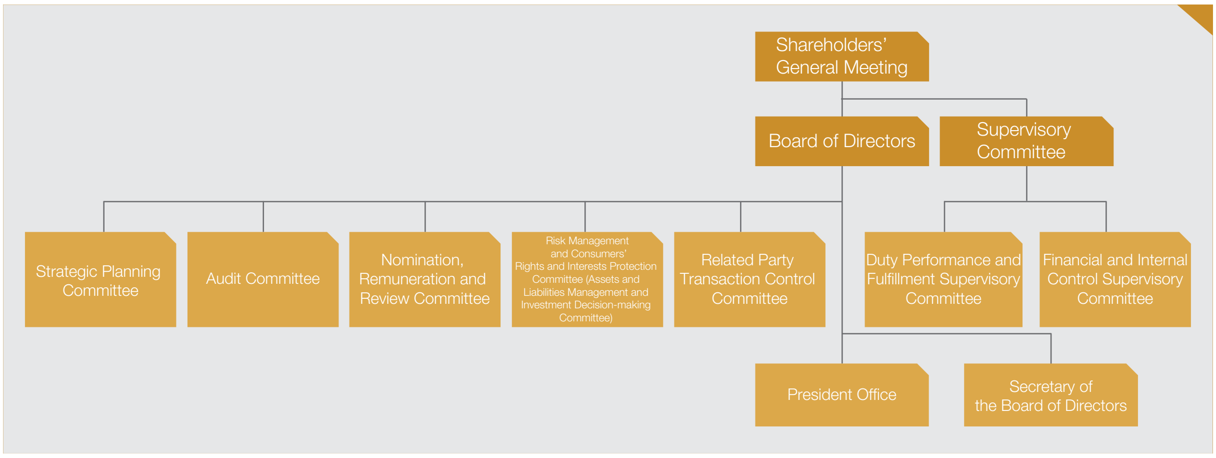
Beijing, the PRC
27 March 2025

Corporate Governance Report

OVERVIEW

The Company believes that maintaining sound corporate governance is in the interests of the Company, its shareholders and stakeholders. The Company has been continuously enhancing its corporate governance in accordance with the Company Law, the Listing Rules, the Code of Corporate Governance and other relevant laws and regulations, and the Articles of Association.

In 2024, the Company continuously strengthened its internal control and risk management capabilities, refined its management system for related party transactions, and strengthened its compliance construction and management in accordance with the Insurance Law of the PRC, the Measures on the Administration of Information Disclosure of Insurance Companies, the Working Rules for the Internal Audit of Insurance Institutions and the Measures on the Administration of Related Party Transactions of Banks and Insurance Companies issued by the former CBIRC and the requirements under the applicable code provisions of the Corporate Governance Code and the SFO.



The Company complied with all the code provisions of the Corporate Governance Code during the Year.

CORPORATE CULTURE

The corporate culture of the Company:

Mission: People's Insurance serves the People.

BOARD OF DIRECTORS

OVERVIEW

During the Year, the Board convened four shareholders' general meetings and submitted 17 proposals and reports to the shareholders' general meetings, held nine Board meetings, at which 118 proposals were considered and approved or reviewed, the Chairperson of the Board and members of the specialised Board committees were elected; the business development plan, financial plan, fixed assets investment plan, strategic allocation plans of and investment guidance on invested assets of the Company were formulated; annual performance appraisals of the senior management were conducted, new senior management was appointed; various special work reports were considered, contributing to enhancement in the Company's internal control management, compliance management, and risk management and control capabilities, etc.

The Board holds regular meetings at least four times a year, and convenes extraordinary meetings when necessary. Notices and materials for regular Board meetings shall be given to the Directors at least 14 days and 7 days prior to the meetings, respectively. Directors are entitled to propose resolutions within the scope of their duties and responsibilities and upon authorization by the Chairperson of the Board. One-third or more of Directors are entitled to jointly propose a resolution if relevant proposer is unable to make the proposal for any reason. Detailed minutes and resolutions of each on-site Board meeting and specialised committees meeting are kept, and resolutions of Board meetings and specialised committees meetings convened by written resolutions are kept, including matters considered and decisions agreed on by the Board and specialised committees, and any related concerns raised and comments or recommendations made by the Directors. Relevant minutes shall be sent to all Directors within a reasonable period, and be available for inspection within a reasonable time after a notice by the Directors. Five specialised committees are formed under the Board, namely the Strategic Planning Committee, the Audit Committee, the Nomination, Remuneration and Review Committee, the Risk Management and Consumers' Rights and Interests Protection Committee (Assets and Liabilities Management and Investment Decision-making Committee), and Related Party Transaction Control Committee. The duties and responsibilities of and the operating procedures for each of the Board committees are clearly defined in writing, among which, the duties and powers of the Audit Committee and the Nomination, Remuneration and Review Committee are published on the websites of the Company and the Hong Kong Stock Exchange. The Board committees submit opinions and proposals to the Board on matters within their respective scope of duties and responsibilities.

The Board comprises, among others, five Independent Directors, among which, Ms. Xue Shuang is experienced in accounting and financial management, obtained relevant professional accounting qualification, and also serves as the chairperson of the Audit Committee. The Company believes that, during the Year, the Board had been in compliance with Rules 3.10(1), 3.10(2), 3.10A and 3.21 of the Listing Rules.

In addition, the list of Independent Directors is disclosed in all of the corporate communications published in accordance with the Listing Rules.

During the Year, in accordance with the applicable principles and code provisions of the Corporate Governance Code, the relevant provisions of the Company Law, the Code of Corporate Governance and the Articles of Association, the Board continued to regulate its operations and enhance its corporate governance. The Company has complied with all the code provisions of the Corporate Governance Code and adopted recommended best practices where applicable to continuously perfect its corporate governance structure.

COMPOSITION

During the Year and up to the date of this report, the Board comprised the following Directors:

Name	Position	Date of commencement of directorship	Term
Ms. Ding Xiangqun *(Note 1)*	Chairperson, Non-executive Director	30 December 2024	From 30 December 2024 to the expiry of the term of the sixth session of the Board
Mr. Yu Ze	Vice Chairperson, Executive Director	30 December 2021	From 8 August 2023 to the expiry of the term of the sixth session of the Board
Mr. Jiang Caishi	Executive Director	9 April 2021	From 8 August 2023 to the expiry of the term of the sixth session of the Board
Mr. Zhang Daoming	Executive Director	22 April 2022	From 8 August 2023 to the expiry of the term of the sixth session of the Board
Mr. Hu Wei	Executive Director	16 March 2023	From 8 August 2023 to the expiry of the term of the sixth session of the Board
Mr. Cheng Fengchao	Independent Director	25 November 2022	From 8 August 2023 to the expiry of the term of the sixth session of the Board
Mr. Wei Chenyang	Independent Director	12 January 2023	From 8 August 2023 to the expiry of the term of the sixth session of the Board

Name	Position	Date of commencement of directorship	Term
Mr. Li Weibin	Independent Director	31 July 2023	From 8 August 2023 to the expiry of the term of the sixth session of the Board
Mr. Qu Xiaobo	Independent Director	12 September 2023	From 12 September 2023 to the expiry of the term of the sixth session of the Board
Ms. Xue Shuang *(Note 2)*	Independent Director	26 August 2024	From 26 August 2024 to the expiry of the term of the sixth session of the Board
Mr. Wang Tingke (Resigned) *(Note 3)*	Chairperson, Non-executive Director	8 October 2023	From 8 October 2023 to 5 September 2024
Mr. Li Tao (Resigned) *(Note 4)*	Non-executive Director	18 October 2006	From 8 August 2023 to 20 December 2024
Ms. Qu Xiaohui (Retired) *(Note 5)*	Independent Director	31 October 2017	From 8 August 2023 to 29 April 2024

Notes:

1. The qualification of Ms. Ding Xiangqun as the Chairperson of the Board and a Director was approved by the NFRA on 30 December 2024.

2. The qualification of Ms. Xue Shuang as a Director was approved by the NFRA on 26 August 2024.

3. Mr. Wang Tingke resigned as the Chairperson of the Board and a Non-executive Director on 5 September 2024 due to work requirements.

4. Mr. Li Tao resigned as a Non-executive Director on 20 December 2024 due to change in work arrangements.

5. Ms. Qu Xiaohui retired as an Independent Director on 29 April 2024.

DUTIES AND RESPONSIBILITIES

The Board is responsible for convening shareholders' general meetings, reporting to shareholders' general meetings and implementing resolutions of the shareholders' general meetings; determining the annual operation plans and annual investment plans of the Company; formulating the annual financial budgets and final account of the Company; formulating plans for distribution of profits and recovery of losses; formulating the proposals for the increase in or reduction of the registered capital; formulating the plans for the issuance of bonds or other securities as well as the listing; formulating the plans for material acquisitions, purchase of shares of the Company, or for merger, division, dissolution, change of corporate form of the Company; considering and approving the outbound investments, asset acquisitions, asset disposals and write-offs, asset mortgages, related party transactions or other transactions of the Company within the limit authorised to the Board by the shareholders' general meeting, data governance and other matters which are required to be submitted to the Board for consideration and approval in accordance with laws and regulations and regulatory provisions; deciding on the establishment of the Company's internal management structure; appointing or removing the senior management of the Company and determining their remuneration, rewards and disciplinary matters, supervising the senior management to fulfill their duties; approving basic management system of the Company; formulating proposals for any amendment to the Articles of Association; formulating the rules of procedures for the shareholders' general meetings and the Board; considering and approving the working rules of the specialised committees under the Board; electing members of the specialised committees under the Board; proposing to the shareholders' general meeting on the appointment or removal of the accounting firm which carries out statutory audit on the financial reports of the Company on a regular basis; receiving the work report of, and reviewing the work, of the President of the Company; selecting the external auditor who conducts audit of the Directors and senior management of the Company; formulating the Company's development strategy and supervising strategic implementation; formulating the Company's capital planning and the Company's risk tolerance, risk management and internal control policies, and undertaking the ultimate responsibility for internal control, compliance, comprehensive risk management and capital or solvency management; in charge of the Company's information disclosure, and undertaking the ultimate responsibility for the authenticity, accuracy, completeness and timeliness of accounting and financial reports; regularly evaluating and improving corporate governance; safeguarding the legitimate rights and interests of financial consumers and other stakeholders, establishing a mechanism for identifying, reviewing and managing conflicts of interest between the Company and shareholders, especially substantial shareholders, and undertake the management responsibility of shareholder affairs; performing other responsibilities and duties as stipulated in laws, regulations, regulatory provisions and the Articles of Association, or as authorized by the shareholders' general meeting of the Company.

The Board delegates the management of the daily business operation of the Company to the management. However, the statutory functions and powers of the Board, in principle, shall not be delegated to the Chairperson of the Board, any Director or any other individual or organisation. In the case where delegation is required, such authorisation shall be made by way of a resolution of the Board in accordance with laws. Delegation shall be granted on a case-by-case basis, and in no event shall the functions and powers of the Board be generally or permanently delegated to any other organisation or individual of the Company.

The Directors have recourse to seek independent professional advice in performing their duties at the Company's expense. They are also encouraged to consult with the Company's senior management independently.

SUMMARY OF WORK UNDERTAKEN

During the Year, the Board convened four shareholders' general meetings and submitted 17 proposals and reports to the shareholders' general meetings. Nine Board meetings were convened, at which 118 proposals were considered and approved or reviewed. The attendance record of the Directors at the meetings is as follows:

	Board Meeting		Shareholders' General Meeting	
Name	Number of meetings attended in person/ Number of meetings that require attendance	Attendance rate in person	Number of meetings attended/ Number of meetings that require attendance	Attendance rate
Ding Xiangqun	0/0	–	0/0	–
Wang Tingke	5/6	83%	2/2	100%
Yu Ze	8/9	89%	3/4	75%
Jiang Caishi	9/9	100%	4/4	100%
Zhang Daoming	9/9	100%	4/4	100%
Hu Wei	9/9	100%	4/4	100%
Li Tao	8/8	100%	3/3	100%
Qu Xiaohui	2/2	100%	1/1	100%
Cheng Fengchao	9/9	100%	4/4	100%
Wei Chenyang	8/9	89%	3/4	75%
Li Weibin	9/9	100%	4/4	100%
Qu Xiaobo	9/9	100%	4/4	100%
Xue Shuang	3/3	100%	2/2	100%

Notes:

1. During the Year, the qualifications of some Directors were approved and certain Directors resigned or retired. The table above lists the number of shareholders' general meetings and Board meetings held and attended in person by each Director during his/her term of office in the Year. Among them, Ms. Xue Shuang, whose qualification as a Director was approved on 26 August 2024, was eligible to attend the 11th meeting of the sixth session of the Board of the Company held on 28 August 2024, however, as the approval of her qualification was received by the Company after the date of the abovementioned Board meeting, Ms. Xue Shuang was not present at the abovementioned Board meeting.

2. During the Year, each of Mr. Yu Ze and Mr. Wei Chenyang appointed another Director as his proxy to attend one meeting of the Board.

3. During the Year, the Vice Chairperson acting as the Chairperson of the Board held one meeting with the Independent Directors, at which no other Directors attended.

The major work accomplished by the Board during the Year included:

- convened four shareholders' general meetings and submitted 17 proposals and reports to the shareholders' general meetings, including the proposals for the election of the Directors, the Report of the Board for 2023, the Auditor's Report and the audited financial statements for 2023, the profit distribution plan for 2023, the appointment of the auditors and continuous issuance of capital supplementary bonds;

- elected the Chairperson of the Board and members of the specialised Board committees;

- formulated the working policies of Independent Directors, and amended the Rules of Duty Performance Evaluation of the Directors and Supervisors and measures on management of information disclosure;

- appointed the Assistant to the President and Responsible Audit Officer;

- considered and approved the proposals for annual performance appraisals of leaders of the Company and relevant company-level senior management;

- considered and approved the establishment of the internal organizations of the Company;

- considered and approved the business development plan, financial plan and capital expenditures plan of the Company for the Year as well as strategic allocation plans of invested assets of the Company and the 2024 report on allocation plan and the guidance on relevant investment;

- considered and approved the internal audit report for 2023, internal control assessment report for 2023 and the compliance report for 2023 of the Company, considered the report on progress of improvement based on the management recommendation letters of the previous years, and reviewed and continuously enhanced the effectiveness of the Company's internal control;

- considered and approved the risk assessment report for 2023, report on the results of the special audit of the solvency risk management system, solvency report for the fourth quarter of 2023 and the second quarter of 2024, the solvency margin condition and audit report for 2023 of the Company and the solvency stress test report for 2023 of the Company, formulated the risk preference statement and risk tolerance indicators of the Company for 2024, and reviewed and continuously improved the effectiveness of the Company's risk management;

- considered and approved the information disclosure report for 2023, the financial report on compulsory third party liability motor vehicle insurance for 2023, the report on the implementation of the related party transactions for 2023 and the evaluation report on implementation of the development plan for 2023 and the Capital Plan (2024-2026);

- considered and approved the report of asset and liability management for 2023, and stipulated the overall goals and strategies of the asset and liability management of the Company to meet regulatory requirements;

- considered and approved the 2023 annual financial report and annual results announcement, 2024 interim financial report and interim results announcement, the financial statements and results announcements for the first and third quarters of 2024;

- considered and approved the 2023 Sustainability Report and the Green Finance Development Plan (2024-2027) of the Company, and the reports and work plan for protection of consumers' rights and interests;

- considered and approved the purchase of fixed assets by the Company, the related party transactions between the Company and its subsidiaries, affiliated branches or related subsidiaries and affiliated branches of PICC Group; and

- considered the work report of the President for 2023, the work reports of Responsible Financial Officer for the first half of 2024 and the third quarter of 2024 and the implementation of resolutions of the Board.

DIRECTORS

ELECTION AND RE-ELECTION OF DIRECTORS

According to the Articles of Association and the Working Rules of the Nomination, Remuneration and Review Committee, the election procedure is as below: after the nomination by the Board and the review by the Nomination, Remuneration and Review Committee, the appointment of Director shall be subject to the consideration and approval of the Board and election by the shareholders' general meeting, and the candidate shall be officially appointed upon the approval of the qualification by the NFRA. The procedures of re-election of Directors are the same, except that they are no longer required to be submitted and reported to the NFRA for qualification approval.

REMOVAL OF DIRECTORS

According to the Articles of Association, the removal of a Director shall be passed by way of an ordinary resolution and the removal of an Independent Director shall be passed by way of a special resolution at the shareholders' general meeting.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The management has provided to the Board such explanation and information as necessary every month to enable the Board to carry out an informed assessment of the Company's financial statements submitted to the Board for approval.

The Directors are responsible for the preparation of annual, interim and quarterly financial statements for every financial year which shall give a true and fair view of the business operations of the Company in accordance with the accounting standards issued by the Hong Kong Institute of Certified Public Accountants and through the consistent adoption of appropriate accounting policies and, subject to compliance with the Hong Kong Financial Reporting Standards, the implementation of the regulations on accounting treatment issued by the Ministry of Finance of the PRC and the NFRA. The Directors acknowledge their responsibilities for preparing the financial statements of the Company for the year ended 31 December 2024, which shall present a true and fair view of the affairs of the Company and its subsidiaries and of the results and cash flows of the Company and its subsidiaries. The Directors are not aware of any event or condition which may cause material adverse impact on the Company's ability to continue as a going concern.

SECURITIES TRANSACTIONS

The Company has formulated the Guidelines on Transactions of the Company's Securities by the Employees (the "Securities Transactions Guidelines") that are applicable to Directors, Supervisors and all employees. The terms of the Securities Transactions Guidelines are not less exacting than those set out in the Model Code. The Company enquired with all the Directors and Supervisors and they all confirmed that they complied with the requirements under the Model Code and the Securities Transactions Guidelines during the Year.

The biographical details of the Directors are set out in the section headed "Biographical Details of Directors, Supervisors and Senior Management" in this annual report. Save as disclosed therein, none of the Directors has any personal relationship (including financial, business, family or other material/related relationship) with any other Director, Supervisor or senior management.

INDEPENDENCE OF INDEPENDENT DIRECTORS

The Company has received the annual confirmation letters from all the Independent Directors confirming their independence. As at the date of this report, the Company is of the view that all the Independent Directors are independent.

INDEPENDENCE OF THE BOARD

The Company understands and agrees with the importance of Independent Directors providing independent views and opinions to the Board. While performing its responsibilities, the Independent Directors may seek advice from independent advisers at the Company's expense, which shall include but not limited to legal advice, advice of accountants and advice of other professional financial advisors, as considered necessary to fulfil their responsibilities and in exercising independent judgment when making decisions in furtherance of their Directors' duties. Through the above measures and procedures, the Company has reviewed and examined the effectiveness of the Board obtaining independent views and opinions during the Year and believes that the above policies and measures can ensure independent views and opinions are available to the Board.

DIRECTORS' CONTINUOUS PROFESSIONAL DEVELOPMENT

Based on the experience and background of each of the newly appointed Directors, the Company arranges induction training sessions to help them to have a better understanding of the Company. The induction training sessions usually cover a brief introduction to the Company, the organisational structure, business operation and management and governance practices of the Company, etc. It also includes meetings and exchanges with the Company's senior management personnel, and visits and inspections of certain branches of the Company. Each newly appointed Director would receive, when joining the Board, a brief introduction to the Company, its corporate governance, Directors' rights, obligations and duties, relevant laws, regulations and rules, internal rules of the Company, etc.

During the Year, the Directors regularly received documents, materials and information on the business and operating performance of the Company, relevant laws and regulations, and regulatory and governance matters. In addition, the Company encouraged all Directors to attend related trainings, the costs of which were borne by the Company.

During the Year, all Directors earnestly participated in continuous professional development. All Directors received trainings or conducted research or discussion in areas of applicable laws and regulations, directors' continuous responsibilities and obligations, corporate governance, professional knowledge related to the business, anti-money laundering, anti-terrorism financing and information disclosure, etc., which continuously enhanced their related knowledge and skills, and they proactively put forward various timely and appropriate advice and suggestions on the Company's management and development.

Directors' participations in trainings during the Year are set out in details as below:

Mr. Yu Ze: attended trainings and meetings organized by PICC Group and the Company in relation to performance of directors' obligations and gained a deeper understanding of applicable domestic and foreign laws and regulations and regulatory requirements on anti-money laundering and anti-terrorism financing, information disclosure, related party transaction, directors' continuous responsibilities and obligations and corporate governance.

Mr. Jiang Caishi: attended trainings and meetings organized by PICC Group and the Company in relation to performance of directors' obligations, special online courses on "Enhancing the Ability of Corporate Leaders to Govern and Develop Enterprises", "Improving the Mechanism of Scientific and Technological Innovation in Enterprises" and "Cases of Reform of State-owned Enterprises" and online training course on experience sharing on the performance of anti-money laundering and anti-terrorism financing by management at various levels of financial institutions in the context of the fifth round of FATF Mutual Evaluation in 2024 organized by external institutions, etc., and gained a deeper understanding of applicable domestic and foreign laws and regulations and regulatory requirements on anti-money laundering and anti-terrorism financing, information disclosure, related party transaction, directors' continuous responsibilities and obligations and corporate governance.

Mr. Zhang Daoming: attended trainings and meetings organized by PICC Group, the Company and PICC Life in relation to performance of directors' obligations, special online courses on "Enhancing the Ability of Corporate Leaders to Govern and Develop Enterprises", "Improving the Mechanism of Scientific and Technological Innovation in Enterprises" and "Cases of Reform of State-owned Enterprises", online training course on experience sharing on the performance of anti-money laundering and anti-terrorism financing by management at various levels of financial institutions in the context of the fifth round of FATF Mutual Evaluation in 2024 and online course on risks and countermeasures for directors, supervisors and management under the new Company Law organized by external institutions, etc., and gained a deeper understanding of applicable domestic and foreign laws and regulations and regulatory requirements on anti-money laundering and anti-terrorism financing, information disclosure, related party transaction, directors' continuous responsibilities and obligations and corporate governance.

Mr. Hu Wei: attended trainings and meetings organized by PICC Group and the Company in relation to performance of directors' obligations, special online courses on "Enhancing the Ability of Corporate Leaders to Govern and Develop Enterprises", "Improving the Mechanism of Scientific and Technological Innovation in Enterprises" and "Cases of Reform of State-owned Enterprises", online training course on experience sharing on the performance of anti-money laundering and anti-terrorism financing by management at various levels of financial institutions in the context of the fifth round of FATF Mutual Evaluation in 2024 organized by external institution, etc., and gained a deeper understanding of applicable domestic and foreign laws and regulations and regulatory requirements on anti-money laundering and anti-terrorism financing, information disclosure, related party transaction, directors' continuous responsibilities and obligations and corporate governance.

Mr. Cheng Fengchao: attended trainings and meetings organized by the Company in relation to performance of directors' obligations, online training course on experience sharing on the performance of anti-money laundering and anti-terrorism financing by management at various levels of financial institutions in the context of the fifth round of FATF Mutual Evaluation in 2024 and online course on risks and countermeasures for directors, supervisors and management under the new Company Law organized by external institutions, etc., and gained a deeper understanding of applicable domestic and foreign laws and regulations and regulatory requirements on anti-money laundering and anti-terrorism financing, information disclosure, related party transaction, directors' continuous responsibilities and obligations and corporate governance, attended the tenth and twelfth special training courses for directors and supervisors organized by the China Association of Public Companies, and paid continuous attention to and conducted research on high-quality development of listed companies and corporate governance improvement of listed companies.

Mr. Wei Chenyang: attended trainings and meetings organized by the Company in relation to performance of directors' obligations, online training course on experience sharing on the performance of anti-money laundering and anti-terrorism financing by management at various levels of financial institutions in the context of the fifth round of FATF Mutual Evaluation in 2024 and online course on risks and countermeasures for directors, supervisors and management under the new Company Law organized by external institutions, etc., and gained a deeper understanding of applicable domestic and foreign laws and regulations and regulatory requirements on anti-money laundering and anti-terrorism financing, information disclosure, related party transaction, directors' continuous responsibilities and obligations and corporate governance, and paid continuous attention to and conducted research on corporate finance and corporate governance.

Mr. Li Weibin: attended trainings organized by the Company in relation to performance of directors' obligations, online training course on experience sharing on the performance of anti-money laundering and anti-terrorism financing by management at various levels of financial institutions in the context of the fifth round of FATF Mutual Evaluation in 2024 and online course on risks and countermeasures for directors, supervisors and management under the new Company Law organized by external institutions, and various seminars or training courses organized by external organizations on AI, analysis of legal service practice and innovation of legal business environment, anti-corruption and ethical business culture – sound corporate principle, etc., and gained a deeper understanding of applicable domestic and foreign laws and regulations and regulatory requirements on anti-money laundering and anti-terrorism financing, information disclosure, related party transaction, directors' continuous responsibilities and obligations, roles and functions of independent directors and corporate governance, and paid continuous attention to and conducted research on corporate finance, corporate governance and amendments to related laws and regulations.

Mr. Qu Xiaobo: attended trainings and meetings organized by the Company in relation to performance of directors' obligations, online training course on experience sharing on the performance of anti-money laundering and anti-terrorism financing by management at various levels of financial institutions in the context of the fifth round of FATF Mutual Evaluation in 2024 and online course on risks and countermeasures for directors, supervisors and management under the new Company Law organized by external institutions, etc., gained a deeper understanding of applicable domestic and foreign laws and regulations and regulatory requirements on anti-money laundering and anti-terrorism financing, information disclosure, related party transaction, directors' continuous responsibilities and obligations and corporate governance, and paid continuous attention to and conducted research on new energy vehicle insurance and corporate governance.

Ms. Xue Shuang: attended trainings and meetings organized by the Company in relation to performance of directors' obligations, online training course on experience sharing on the performance of anti-money laundering and anti-terrorism financing by management at various levels of financial institutions in the context of the fifth round of FATF Mutual Evaluation in 2024 organized by external institution, etc., gained a deeper understanding of applicable domestic and foreign laws and regulations and regulatory requirements on anti-money laundering and anti-terrorism financing, information disclosure, related party transaction, directors' continuous responsibilities and obligations and corporate governance, and paid continuous attention to and conducted research on corporate governance and the impact of new insurance accounting standards and sustainable information disclosure related rules.

Mr. Wang Tingke (resigned on 5 September 2024): attended trainings and meetings organized by PICC Group and the Company in relation to performance of directors' obligations and gained a deeper understanding of applicable domestic and foreign laws and regulations and regulatory requirements on anti-money laundering and anti-terrorism financing, information disclosure, related party transaction, directors' continuous responsibilities and obligations and corporate governance.

Mr. Li Tao (resigned on 20 December 2024): attended trainings and meetings organized by PICC Group, and the Company and The People's Insurance Company (Group) of China Limited in relation to performance of directors' obligations, online training course on experience sharing on the performance of anti-money laundering and anti-terrorism financing by management at various levels of financial institutions in the context of the fifth round of FATF Mutual Evaluation in 2024 organized by external institution, etc., and gained a deeper understanding of applicable domestic and foreign laws and regulations and regulatory requirements on anti-money laundering and anti-terrorism financing, information disclosure, related party transaction, directors' continuous responsibilities and obligations and corporate governance.

Ms. Qu Xiaohui (retired on 29 April 2024): attended trainings and meetings organized by the Company in relation to performance of directors' obligations, gained a deeper understanding of applicable domestic and foreign laws and regulations and regulatory requirements on anti-money laundering and anti-terrorism financing, information disclosure, related party transaction, directors' continuous responsibilities and obligations and corporate governance, and paid continuous attention to and conducted research on corporate finance and corporate governance.

Notes:

1. Ms. Ding Xiangqun assumed office since 30 December 2024 and therefore did not participate in trainings as a Director during the Year.

2. Pursuant to Rule 3.09D of the Listing Rules, Ms. Xue Shuang and Ms. Ding Xiangqun have obtained relevant legal opinions from the Company's Hong Kong legal adviser, Clifford Chance, on 18 April 2024 and 11 November 2024 respectively, prior to their appointments and have confirmed they understood their obligations as a director of a listed issuer.

CHAIRPERSON/PRESIDENT

Mr. Wang Tingke resigned as the Chairperson of the Board and a Non-executive Director on 5 September 2024. Ms. Ding Xiangqun was appointed as the Chairperson and a Non-executive Director on 30 December 2024. As at the date of this report, Ms. Ding Xiangqun served as the Chairperson of the Board of the Company, and Mr. Yu Ze served as the President of the Company.

The Chairperson is responsible for leading the Board and ensuring that the Board operates effectively and discharges its responsibilities properly. The President is responsible for taking charge of the operation and management of the Company, organising and implementing the resolutions of the Board, the annual operation plans and investment plans, formulating proposals for organisational structure for internal management and the basic management system, and making proposals to the Board for the appointment or removal of the Vice President(s), the Assistant(s) to the President, the Responsible Compliance Officer and the Responsible Financial Officer, etc.

The duties and responsibilities of the Chairperson are as follows:

- to preside over shareholders' general meetings, and convene and preside over board meetings;
- to prompt and inspect the implementation of board resolutions;
- to sign securities issued by the Company; and
- any other functions and powers authorised by the Board.

The duties and responsibilities of the President are as follows:

- to be in charge of the operation and management of the Company and organise the implementation of the Board resolutions;
- to organise the implementation of the Company's annual business plans and annual investment plans;
- to issue general administrative documents of the Company;
- to draw up plans for organisational structure for internal management of the Company and, in accordance with operating needs, decide on general organisational adjustment plans;
- to draw up the Company's basic management system;
- to formulate basic rules and regulations for the Company;
- to exercise the authority of the legal representative, enjoy civil rights and perform corresponding civil obligations related to the Company's business on behalf of the Company;
- to propose to the Board for the appointment or removal of Vice President(s), Assistant(s) to the President, Responsible Compliance Officer and Responsible Financial Officer;
- to decide to appoint or remove responsible management personnel other than those required to be appointed or removed by the Board;
- to formulate policies for the remuneration, welfare benefits, rewards and penalties of the employees of the Company other than the senior management personnel and determine, or authorise subordinate department heads to determine, the employment and removal of the employees other than the senior management personnel and the responsible management personnel described in the item above;
- to propose the convening of special meetings of the Board; and
- to exercise any other functions and powers authorised by laws and regulations, regulatory provisions, the Articles of Association and the Board.

STRATEGIC PLANNING COMMITTEE

OVERVIEW

During the Year, the Strategic Planning Committee considered the annual business development plan, financial plan, major asset acquisitions, profit distributions, and issuance of capital supplementary bonds of the Company, and continued to supervise the corporate governance of the Company.

COMPOSITION

During the Year and up to the date of this report, the Strategic Planning Committee comprised:

Chairperson:	Ding Xiangqun (Chairperson, Non-executive Director), Wang Tingke (Chairperson, Non-executive Director, resigned)
Members:	Yu Ze (Vice Chairperson, Executive Director), Jiang Caishi (Executive Director), Li Tao (Non-executive Director, resigned), Qu Xiaobo (Independent Director)

Notes: 1. Mr. Wang Tingke resigned as the Chairperson and a Non-executive Director on 5 September 2024 and his position as the chairperson of the Strategic Planning Committee also ceased simultaneously.

2. In accordance with the Working Rules of the Strategic Planning Committee of the Board, the Chairperson of the Board shall serve as the chairperson of the Strategic Planning Committee. Therefore, Ms. Ding Xiangqun serves as the chairperson of the Strategic Planning Committee, whose term of office commenced on 30 December 2024 (the date on which her qualification as the Chairperson of the Board and a Director was approved).

3. Mr. Li Tao resigned as a Non-executive Director on 20 December 2024 and his position as a member of the Strategic Planning Committee also ceased simultaneously.

DUTIES AND RESPONSIBILITIES

The Strategic Planning Committee is responsible for formulating mid-term and long-term development strategies and development planning proposals of the Company, making proposals for major investment and financing of the Company, assisting the Board in formulating proposals for the merger, division, dissolution and liquidation of the Company, considering the plans to promote a company through equity investment or establish a company by participating in the purchase of equity interest, plans for mergers and acquisitions, major investment and financing plans, business plans, annual financial budgets, final accounts, profit distribution plans and loss recovery plans, annual or medium- and long-term investment plans on fixed assets, plans for the disposal of material assets, plans for the issuance of shares and bonds, plans to increase or reduce its registered capital and to repurchase its own shares, plans for mergers, divisions, dissolution, liquidation, etc., proposals for amendment to the Articles of Association, any delegation by the Board to the management, plans for material modification to the organisational structure of the Company, formulating and reviewing the corporate governance policies and practices of the Company, reviewing and supervising the training and continuous professional development for Directors and senior management, the policies and practices in respect of the Company's compliance with laws and regulatory provisions, formulating, reviewing and supervising the code of conduct and compliance manual for employees and Directors, reviewing the Company's compliance with the Corporate Governance Code and the disclosures set out in the Corporate Governance Report, formulating and amending the Company's policies in respect of environmental, social and governance and other corporate social responsibilities, and reporting and proposing to the Board etc.

SUMMARY OF WORK UNDERTAKEN

During the Year, the Strategic Planning Committee held six meetings and considered 24 proposals. The attendance record of committee members at the meetings is as follows:

Name	Ding Xiangqun	Wang Tingke	Yu Ze	Jiang Caishi	Li Tao	Qu Xiaobo
Number of meetings attended in person/Number of meetings that require attendance	0/0	3/4	6/6	6/6	6/6	6/6
Attendance rate in person	–	75%	100%	100%	100%	100%

Note: During the Year, there were newly elected as well as resigned committee chairpersons and committee members of the Strategic Planning Committee. The table above lists the numbers of meetings held and attended by each member in person during his/her term of office in the Year.

During the Year, the major work accomplished by the Strategic Planning Committee included:

- considered and approved the business development plan and financial plan, capital expenditures plan for 2024, and the proposal for procurement of IT core equipment;
- considered and approved the Profit Distribution Plan for 2023, the Interim Profit Distribution Plan for 2024, Evaluation Report on Implementation of the Development Plan and Strategic Risk Management Report;
- considered and approved the continuous issuance of capital supplementary bonds;
- considered and approved the establishment of the Audit Department and the Audit Center and started construction of the western data centre;
- considered and approved the Green Finance Development Plan (2024-2027);
- considered and approved the 2023 Sustainability Report of the Company;
- considered and approved the amendments to measures on management of information disclosure;
- reviewed and supervised the Company's corporate governance policies and practices;
- reviewed and monitored the training and continuous professional development of Directors and senior management;
- reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements;
- reviewed and supervised the regular update of the Normative Manual on Rights and Duties by the Company; and
- considered the Company's compliance with the Corporate Governance Code and the Corporate Governance Report and the Corporate Management Report for 2023.

AUDIT COMMITTEE

OVERVIEW

During the Year, the Audit Committee continued to earnestly perform its duties of supervising and providing guidance on internal and external audits, reviewing financial reports, supervising financial reporting procedures, strengthening internal control management and compliance management, etc., and put forward a number of opinions and suggestions to the Board and the management on financial affairs, internal control, compliance and business operation and management, thereby playing an active role in further improving the management of the Company and enhancing the level of the Company's corporate governance.

COMPOSITION

During the Year and up to the date of this report, the Audit Committee comprised:

Chairperson:	Xue Shuang (Independent Director), Qu Xiaohui (Independent Director, retired)
Members:	Li Tao (Non-executive Director, resigned), Cheng Fengchao (Independent Director), Wei Chenyang (Independent Director), Li Weibin (Independent Director)

Notes:

1. Ms. Qu Xiaohui retired as an Independent Director on 29 April 2024 and her position as the chairperson of the Audit Committee also ceased simultaneously.

2. The 8th meeting of the sixth session of the Board of the Company held on 29 April 2024 elected Ms. Xue Shuang as a member of the Audit Committee, the 8th meeting of the Audit Committee of the sixth session of the Board held on the same date elected Ms. Xue Shuang as the chairperson of the Audit Committee, whose term of office commenced on 26 August 2024 (the date on which her qualification as a Director was approved).

3. Mr. Li Tao resigned as a Non-executive Director on 20 December 2024 and his position as a member of the Audit Committee also ceased simultaneously.

DUTIES AND RESPONSIBILITIES

The Audit Committee is responsible for monitoring and inspecting the financial reporting procedures and internal control system of the Company, supervising the design, implementation and monitoring of the internal control system by the management to ensure that the Company has the appropriate and effective internal control system in place, reviewing financial information of the Company, making recommendations in respect of the appointment or removal of the external accounting firm, reviewing the effectiveness of the internal audit function of the Company and supervising and providing guidance on internal and external audits.

REMUNERATION OF AUDITORS

During the Year, the Company paid RMB18.76 million for audit-related services, including the fees for the audit of the financial statements for 2024 and the review of the interim financial statements for 2024. During the Year, there was no non-audit related services. Therefore, no such non-audit related services fee was paid.

SUMMARY OF WORK UNDERTAKEN

During the Year, the Audit Committee held ten meetings and considered 43 proposals. The attendance record of committee members at the meetings is as follows:

Name	Xue Shuang	Qu Xiaohui	Li Tao	Cheng Fengchao	Wei Chenyang	Li Weibin
Number of meetings attended in person/ Number of meetings that require attendance	2/2	3/3	10/10	9/10	8/10	10/10
Attendance rate in person	100%	100%	100%	90%	80%	100%

Notes: 1. During the Year, there were newly elected as well as retired or resigned committee chairpersons and committee member of the Audit Committee. The table above lists the numbers of meetings held and attended by each member in person during his/her term of office in the Year. Among them, committee chairperson Xue Shuang, whose qualification as a Director was approved on 26 August 2024, was eligible to attend the 12th meeting of the Audit Committee of the sixth session of the Board of the Company held on 26 August 2024, however, as the approval of her qualification was received by the Company after the date of the abovementioned meeting, committee chairperson Xue Shuang was not present at the abovementioned meeting.

2. During the Year, Mr. Cheng Fengchao appointed another committee member as his proxy to attend one meeting of the Audit Committee and Mr. Wei Chenyang appointed the other committee members as his proxies to attend two meetings of the Audit Committee.

During the Year, the Audit Committee accomplished the following major work:

Engagement of and communication with the auditors:

- considered the auditors' reports on the work results of the audit work for 2023 and on the interim review work for 2024 and the audit plan for 2024; and

- considered and approved the proposal for the engagement of auditors for 2024, and obtained approvals from the Board and the shareholders' general meeting for the engagement proposal.

Reviewing the financial reports, etc.:

- reviewed the financial reports and results announcements of the Company for 2023 and for the interim period of 2024, the financial statements and results announcement of the Company for the first quarter and third quarter of 2024, information disclosure report for 2023, the special financial report on compulsory third party liability motor vehicle insurance and the solvency reports for the fourth quarter of 2023 and the second quarter of 2024.

Monitoring and inspecting the financial reporting procedures and the internal control system:

- considered and approved the Company's Corporate Management Report for 2023, internal control assessment report and the compliance report for 2023;
- considered and approved the management recommendation letter for 2023; and
- supervised and provided guidance on the internal audit work, ensured sufficient resources for, and appropriate standing of, the internal audit functions of the Company and reviewed and monitored its effectiveness, supervised and provided guidance on financial accounting, specifically, reviewed the report on the results of the special audit of solvency risk management system, working report on internal audit, the asset and liability management audit investigation results report, the report on the results of the special audit of related party transactions, the report on the special audit of anti-insurance fraud, economic responsibility audit reports for relevant senior management during the term of office for 2023, and the audit work report of the Company for the first quarter of 2024 and the year of 2023 audited by the PICC Group Audit Center.

NOMINATION, REMUNERATION AND REVIEW COMMITTEE

OVERVIEW

During the Year, the Nomination, Remuneration and Review Committee nominated Directors and senior management, reviewed the qualifications of directors and senior management candidates, and conducted annual appraisals of leaders and relevant company-level senior management of the Company.

COMPOSITION

During the Year and up to the date of this report, the Nomination, Remuneration and Review Committee comprised:

Chairperson:	Cheng Fengchao (Independent Director)
Members:	Li Tao (Non-executive Director, resigned), Qu Xiaohui (Independent Director, retired), Wei Chenyang (Independent Director), Li Weibin (Independent Director), Xue Shuang (Independent Director)

Notes: 1. Mr. Li Tao resigned as a Non-executive Director on 20 December 2024 and ceased to act as a member of the Nomination, Remuneration and Review Committee simultaneously.

2. Ms. Qu Xiaohui retired as an Independent Director on 29 April 2024 and ceased to act as a member of the Nomination, Remuneration and Review Committee simultaneously.

3. The 8th meeting of the sixth session of the Board of the Company held on 29 April 2024 elected Ms. Xue Shuang as a member of the Nomination, Remuneration and Review Committee, whose term of office commenced from 26 August 2024 (the date on which her qualification as a Director was approved).

DUTIES AND RESPONSIBILITIES

The Nomination, Remuneration and Review Committee is responsible for assessing the structure and composition of the Board on a regular basis, recommending candidates for directorships, formulating remuneration policies and structures for Directors, the President and other senior management, formulating appraisal standards and conducting annual appraisals, making recommendations in respect of the remuneration packages for the Directors and senior management to the Board, etc.

NOMINATION OF DIRECTORS AND POLICY ON DIVERSITY OF BOARD MEMBERS

The Nomination, Remuneration and Review Committee shall first discuss the nomination of candidates for directorships, review the qualifications of these candidates, and then recommend such candidates to the Board. The Board shall determine whether such candidates should be proposed for approval at the shareholders' general meeting. The major criteria considered by the Nomination, Remuneration and Review Committee and the Board include the candidates' education background, management and research experience in the financial industry, especially in the insurance sector, their extent of commitment to the Company and should also achieve diversity of the Board members. Regarding the nomination of independent directors, the Nomination, Remuneration and Review Committee will also give special consideration to the independence of the relevant candidates.

The Company understands and agrees with the diversity of the Board members and regards the achieving of diversity of the Board members as an important factor for enhancing the level of the Company's corporate governance and achieving sustainable development. The Company has formulated the Policy on Diversity of Board Members, which requires the Nomination, Remuneration and Review Committee to consider a candidate for directorship on a merit basis following objective standards, take into account factors such as gender, age, culture and education background and professional experience of the Board members, and select candidates for directorships in accordance with the business characteristics, specific requirements and future development of the Company.

The Company currently has ten Directors, consisting of one Non-executive Director (Ms. Ding Xiangqun), four Executive Directors (including Mr. Yu Ze, Mr. Jiang Caishi, Mr. Zhang Daoming and Mr. Hu Wei), five Independent Directors (including Mr. Cheng Fengchao, Mr. Wei Chenyang, Mr. Li Weibin, Mr. Qu Xiaobo and Ms. Xue Shuang). The Non-executive Director comes from shareholder's entities, and the Non-executive Director and four Executive Directors have rich experience in the operation management and expertise in insurance institutions; the five Independent Directors (one of whom is from Hong Kong) are experts in accounting research, financial management, corporate governance, finance and insurance, legal affairs, intelligent transportation and new energy vehicle. They are capable of giving the Company professional advice on various areas. The biographical details of the Directors are set out in the "Biographical Details of Directors, Supervisors and Other Senior Management" section of this annual report.

In view of the above information on the professional background, composition, age and gender of the current Directors of the Company, the Nomination, Remuneration and Review Committee is of the view that the Board is able to meet the diversity requirement (including gender diversity). In addition, the Nomination, Remuneration and Review Committee will review the Board Diversity Policy and the measurable objectives to ensure the effectiveness of the Policy. As of 31 December 2024, the Board of the Company has two female members. In its future selection and nomination of candidates for Directors, the Company will continue to increase the proportion of female Directors and improve the gender diversity in line with the best practice expected and recommended by the stakeholders. In addition, as of 31 December 2024, the proportion of female employees in the Company's whole system was 46.69%. As to date, the Company has one female member in its senior management. In the process of daily personnel management, the Company will continue to strengthen the care of female employees, abide by the requirements of Law on the Protection of Women's Rights and Interests and Labor Law of the PRC for the protection of women's rights and interests, and fully protect the rights and interests of female employees such as equal employment, rest and leave, and career development.

REMUNERATION OF DIRECTORS AND OTHER SENIOR MANAGEMENT

The fixed salaries of the Executive Directors (excluding the Executive Director who concurrently serves as the President) and other senior management are determined in accordance with the market levels and their respective positions and duties. Their performance-related bonuses are subject to various considerations, including the operating results of the Company and the scores in their performance appraisals. The Executive Director who concurrently serves as the President and the Non-executive Directors shall not receive remuneration from the Company. Independent Directors' fee and External Supervisors' fee are determined in accordance with the Independent Directors' Fee and External Supervisors' Fee Plan as approved by the 2021 annual general meeting of the Company.

REMUNERATION POLICY OF THE COMPANY

The remuneration policy of the Company follows the guiding principle of "distribution according to work accomplished, performance-linked, gross controlled, and market-oriented" and implements a job sequence-based, market-oriented and performance-based remuneration incentive system. Based on job sequence, the remuneration will be paid based on the value of the job as well as performance contribution to ensure a fair and reasonable distribution. Through market-orientation, emphasis is placed on determining remuneration according to the market labour price to ensure the external competitiveness of the remuneration package; and by basing on performance, bonuses are linked with and inter-related to business performance, highlighting contribution to business. The Company also implements a welfare plan in accordance with relevant laws and regulations and operating results to provide reasonable protection for the employees.

SUMMARY OF WORK UNDERTAKEN

During the Year, the Nomination, Remuneration and Review Committee held six meetings, at which 11 proposals were considered, at which matters related to the nomination of Directors, appointment of senior management and the leaders, and the appraisals of relevant company-level senior management were discussed. The attendance record of committee members at the meetings is as follows:

Name	Cheng Fengchao	Li Tao	Qu Xiaohui	Wei Chenyang	Li Weibin	Xue Shuang
Number of meetings attended in person/ Number of meetings that require attendance	6/6	6/6	2/2	6/6	6/6	3/3
Attendance rate in person	100%	100%	100%	100%	100%	100%

Note: During the Year, there were newly elected as well as retired or resigned committee members of the Nomination, Remuneration and Review Committee. The table above lists the number of meetings held and attended by each member in person during his/her term of office in the Year. Among them, committee member Xue Shuang, whose qualification as a Director was approved on 26 August 2024, was eligible to attend the 7th meeting of the Nomination, Remuneration and Review Committee of the sixth session of the Board of the Company held on 27 August 2024, however, as the approval of her qualification was received by the Company after the date of the abovementioned meeting, committee member Xue Shuang was not present at the abovementioned meeting.

The major work accomplished by the Nomination, Remuneration and Review Committee in the Year included:

- nominated Directors, and reviewed the qualifications of senior management candidates;
- considered and approved the performance appraisal plan for the senior management (including the senior management who concurrently acted as the Executive Directors) for 2023; carried out annual performance appraisals of the leaders of the Company and relevant company-level senior management, and made proposals for the remuneration of abovementioned relevant personnel which were approved by the Board;
- considered and approved the Corporate Management Report for 2023;
- considered and approved the appointment of the member of the Nomination, Remuneration and Review Committee, and amended the Rules of Duty Performance Evaluation of the Directors and Supervisors of the Company; and
- considered and approved the Working Rules of the Independent Directors.

RISK MANAGEMENT AND CONSUMERS' RIGHTS AND INTERESTS PROTECTION COMMITTEE (ASSETS AND LIABILITIES MANAGEMENT AND INVESTMENT DECISION-MAKING COMMITTEE)

OVERVIEW

During the Year, the Risk Management and Consumers' Rights and Interests Protection Committee (Assets and Liabilities Management and Investment Decision-making Committee) continued to supervise the operation of the risk management system of the Company, considered the risk assessment report, the risk preference statements and indicators of risk tolerance, investment asset strategic allocation plan and allocation report for 2024 and relevant investment guidelines, asset and liability management report, the Capital Plan (2024-2026) of the Company, and considered the anti-money laundering and anti-terrorism financing report, report on the anti-insurance fraud management, report on protection of insurance consumers' rights and interests, the operational risk management measures (2024 version), anti-insurance fraud management measures, and various work reports and basic rules on risk management and consumers' rights and interests protection.

COMPOSITION

During the Year and up to the date of this report, the Risk Management and Consumers' Rights and Interests Protection Committee (Assets and Liabilities Management and Investment Decision-making Committee) comprised:

Chairperson:	Yu Ze (Vice Chairperson, Executive Director)
Members:	Jiang Caishi (Executive Director), Zhang Daoming (Executive Director), Hu Wei (Executive Director), Cheng Fengchao (Independent Director), Wei Chenyang (Independent Director), Qu Xiaobo (Independent Director)

DUTIES AND RESPONSIBILITIES

The Risk Management and Consumers' Rights and Interests Protection Committee (Assets and Liabilities Management and Investment Decision-making Committee) is responsible for promoting full implementation of consumers' rights and interests protection by the management, reviewing the overall objectives, basic principles and working policies of risk management, risk preference and risk tolerance, the establishment of risk management organizations and their duties and responsibilities, evaluating the risks of major business operations of the Company, paying continuous attention to various risks encountered by the Company and the management status thereof and the effectiveness of the risk management system, performing asset-liability management of the Company, reviewing the asset-liability management system, the annual report of asset-liability management, the management mode, utilisation strategy and investment strategy of insurance funds utilisation of the Company, inspecting the establishment and enforcement of the risk control system for insurance funds utilisation, as well as formulating asset allocation strategic plan for insurance funds utilisation, etc.

SUMMARY OF WORK UNDERTAKEN

During the Year, the Risk Management and Consumers' Rights and Interests Protection Committee (Assets and Liabilities Management and Investment Decision-making Committee) held six meetings and considered 30 proposals. The attendance record of committee members at the meetings is as follows:

Name	Yu Ze	Jiang Caishi	Zhang Daoming	Hu Wei	Cheng Fengchao	Wei Chenyang	Qu Xiaobo
Number of meetings attended in person/ Number of meetings that require attendance	6/6	6/6	6/6	6/6	6/6	6/6	6/6
Attendance rate in person	100%	100%	100%	100%	100%	100%	100%

Note: During the Year, there were no changes in the membership of the Risk Management and Consumers' Rights and Interests Protection Committee (Assets and Liabilities Management and Investment Decision-making Committee). The table above lists the numbers of meetings held and attended by each member in person during his term of office in the Year.

The major work accomplished by the Risk Management and Consumers' Rights and Interests Protection Committee (Assets and Liabilities Management and Investment Decision-making Committee) in the Year included:

- considered and approved the Risk Assessment Report for 2023, inspected the risk management and internal control system of the Company and reviewed the effectiveness of the risk management and internal control policies and procedures and risk management and internal control system of the Company (including subsidiaries of the Company); formulated the risk preference statement and risk tolerance indicators of the Company for 2024, considered and approved the 2023 annual report on anti-money laundering and anti-terrorism financing, 2023 report on the anti-insurance fraud management, the solvency margin report for the fourth quarter of 2023, and report on the solvency margin stress test of 2023, and listened to the report on the operation of the Company's comprehensive risk management system of 2024.

- considered and approved the plan on consumers' rights and interests protection for 2024, the notification and the implementation of rectification of the evaluation of consumers' rights and interests protection supervision for 2023, and listened to the report on insurance consumers' rights and interests protection for 2023;

- considered and approved the report on assets and liabilities management for 2023;
- considered and approved the business development plan and finance plan for 2024, the strategic allocation plans of invested assets and the report on 2024 allocation plans as well as the guidance on relevant investment and the Capital Plan (2024-2026); and
- considered and approved the amendments to the Measures for the Management of Capital and the Operational Risk Management Measures (2024 Version) of the Company.

RELATED PARTY TRANSACTION CONTROL COMMITTEE

OVERVIEW

During the Year, the Related Party Transaction Control Committee was responsible for the management, examination and risk control of related party transactions, so as to put the new regulatory requirements into operation.

COMPOSITION

During the Year and up to the date of this report, the Related Party Transaction Control Committee comprised:

Chairperson:	Li Weibin (Independent Director)
Members:	Jiang Caishi (Executive Director), Zhang Daoming (Executive Director), Qu Xiaohui (Independent Director, retired), Qu Xiaobo (Independent Director), Xue Shuang (Independent Director)

Notes:

1. Ms. Qu Xiaohui retired as an Independent Director on 29 April 2024 and ceased to act as a member of the Related Party Transaction Control Committee simultaneously.

2. The 8th meeting of the sixth session of the Board of the Company held on 29 April 2024 elected Ms. Xue Shuang as a member of the Related Party Transaction Control Committee, whose term of office as a committee member commenced on 26 August 2024 (the date on which her qualification as a Director was approved).

DUTIES AND RESPONSIBILITIES

The Related Party Transaction Control Committee is primarily responsible for examining the related party transaction management system of the Company and the state of its implementation, coordinating and managing the identification and maintenance of related parties, and for the examination, filing and risk control of related party transactions, etc., submitting the annual special report on the overall situation of the Company's related party transactions to the Board, and coordinating and managing information disclosure and reporting in respect of related party transactions, etc.

SUMMARY OF WORK UNDERTAKEN

During the Year, the Related Party Transaction Control Committee held seven meetings and considered 17 proposals. The attendance record of committee members at the meetings is as follows:

Name	Li Weibin	Jiang Caishi	Zhang Daoming	Qu Xiaohui	Qu Xiaobo	Xue Shuang
Number of meetings attended in person/ Number of meetings that require attendance	7/7	7/7	7/7	3/3	7/7	2/2
Attendance rate in person	100%	100%	100%	100%	100%	100%

Note: During the Year, there were newly elected as well as retired committee members of the Related Party Transaction Control Committee. The table above lists the number of meetings held and attended by each member in person during his/her term of office in the Year.

The major work accomplished by the Related Party Transaction Control Committee in the Year included:

- considered and approved the report on the implementation of related party transactions and the Corporate Management Report for 2023, election of committee members, amendments to the working rules of the Related Party Transaction Control Committee of the Board, and listened to the report from the Legal Affairs and Compliance Department on the related party transactions of the Company; and

- considered and approved the entry into of the Office Premise Leasing Contract and the Property Leasing Agreement with PICC Investment Holding Company Limited, the entry into of the General Project Service Agreement with PICC Information Technology Co., Limited, the entry into of the head office-to-headquarters cooperation agreement with PICC Motor Insurance Sales Services Company Limited, and the entry into of the 2025 Framework Agreement on Reinsurance Business Cooperation with PICC Reinsurance Company Limited and People's Insurance Company of China (Hong Kong), Limited and other material related party transactions, etc.

INTERNAL CONTROL

In accordance with the Basic Rules for Internal Control of Enterprises and their supporting guidelines and explanation and the Basic Standards for Internal Control of Insurance Companies and other laws and regulations, the Company conducted a self-assessment of the effectiveness of its internal control as of 31 December 2024 in terms of daily supervision and supervision of particular matters. The Board and the Audit Committee has completed a review of the effectiveness of the internal control system of the Company as of 31 December 2024, considered and discussed the Internal Control Assessment Report of the Company for 2024 to review and continuously improve the effectiveness of the internal control systems of the Company and its subsidiaries.

The Board of the Company is responsible for establishing, improving and effectively implementing internal control, the Supervisory Committee is responsible for supervising the establishment and implementation of internal control by the Board, and the management is responsible for organising and leading for the daily operation of the Company's internal control. In internal control assessment, the Board of the Company takes charge of determining major defects in internal control and approving the annual internal control assessment reports. The President Office is responsible for leading and organising internal control assessment as required by the Board, and approving the internal control assessment work plan as authorised by the Board. The Legal Affairs and Compliance Department is responsible for organising and implementing the internal control assessment work, and assessing the business areas and operating units which are included in the scope of assessment. All departments of the head office, direct subordinate units and all provincial branches and subsidiaries participating in the assessment have established internal control assessment work teams to carry out assessment work as required by the work plan.

During the Year, the internal control assessment, in terms of the target entities, covered all departments of the head office and provincial branches. In terms of the target businesses, the internal control assessment covered controls on tiers of the Company, business and information technology without major omissions.

The assessment result demonstrated that effective and adequate internal control had been established for all businesses and matters that were within the scope of assessment during the Year, which achieved the internal control objectives of the Company without major defects. No major changes in internal control which would cause fundamental impact on assessment result occurred between the reference date of internal control assessment and the issuance date of the internal control assessment report. The objectives of the Company's internal control are to reasonably ensure the lawfulness and compliance of its operation and management, security of the assets and the truthfulness and completeness of its financial statements and related information, to improve operating efficiency and performance and to achieve the development strategy. Due to its inherent limitations, internal control can only give reasonable but not absolute assurance for achieving such objectives. According to the Measures on the Administration of Internal Control of the Company, the Company shall establish criteria for identifying defects in internal control, and shall analyze the nature of the defects and the causes of the defects identified in the course of supervision, propose rectification plans, follow up on the rectification and take appropriate forms to report to the Board, the Audit Committee, the Supervisory Committee or the senior management in a timely manner to ensure that the remedies are made promptly.

In 2024, in order to strengthen the centralized and unified leadership of the Party committee of PICC Group over the audit work, PICC Group built a centralized, unified, comprehensive, authoritative and efficient audit supervision system, strengthened the audit responsibilities of listed subsidiaries, and optimized the audit management system. In accordance with the unified deployment of PICC Group, the Company resumed the establishment of the Audit Department and Audit Center in August 2024, and resumed the establishment of Audit Departments in 37 provincial-level branches to fully undertake internal audit work and perform internal audit supervision and inspection functions.

RISK MANAGEMENT

The Company has devoted to implementing effective risk management, adhering to the basic risk management principles of "covering every aspect with focus on key areas, practising division of labour and cooperation, and adopting a closed-loop management system" and upholding the overall risk management objective of "operational compliance, asset safety, sufficient capital and value creation". The Company has built a comprehensive risk management framework, insisted on optimizing the risk management system, improved its risk prevention and control ability, managed to contain the operational risk within the scope of its risk preference, tolerance and limit, and vigorously upheld the bottom line of abiding by laws and regulations and avoiding systematic risks. The Company has established a risk management system the integrity and effectiveness of which are under the ultimate responsibility of the Board, with the relevant specialised committee of risk management under the Board authorized to manage, the Supervisory Committee responsible for supervision, the senior management directly leading, the Risk Compliance Committee under the senior management responsible for coordinating, and all departments and institutions at all levels performing their respective duties. The Company continuously revised and improved relevant risk management system in accordance with relevant regulations based on its overall risk management policies and the management provisions on major risk categories including but not limited to insurance, market, credit, operation, strategy, reputation and liquidity, and therefore further improved the risk management policies of the Company and enhanced the risk management levels.

During the Year, the Company adhered to the bottom-line risk thinking and the prevention-oriented concept, put more emphasis on comprehensive risk management and risk prevention and control in key areas, and continued to improve the systematization, refinement, digitization and professional level of risk management work.

Firstly, the Company revised and improved various risk management systems. The Company revised and issued the policies on capital management, operational risk management, business continuity risk management and other relevant systems, so as to formulate and improve the system of risk management policies. The Company has strengthened risk culture advocacy and training, and improved the regular operation mechanism of the Risk Compliance Committee. Secondly, we regularly identified and evaluated the Company's overall risks and risks in key areas. The Company strengthened risk identification for key businesses and key areas, carried out dynamic risk monitoring and early warning through a variety of methods, conducted risk assessment and analysis regularly, and reported to the Board and the Company's senior management. The Company strengthened the identification and prevention of hidden risks, continued to improve risk management capabilities and risk control effect, and promoted the high-quality development of business. Thirdly, the Company accelerated the construction of risk management information system. The Company optimized and improved the functions of risk management-related systems, and continuously improved the digital and intelligent level of risk management work. Fourthly, the Company continued to implement the provisions of the C-ROSS (II). The Company strengthened the construction of capital constraint mechanisms and gave full play to the role of capital management in its operations in order to better meet regulatory requirements on solvency.

During the Year, the Company has kept adequate solvency, maintained the comprehensive risk rating and the evaluation results of solvency risk management at a relatively good level. The Board reviewed and discussed the Company's risk assessment report and solvency report for the last year, and believed that the effectiveness of the Company's risk management system complied with the relevant requirements of the Hong Kong Stock Exchange.

WHISTLEBLOWING AND ANTI-CORRUPTION POLICIES AND SYSTEMS

The Company strictly complies with the policies and regulations to prevent corruption, and encourages employees to report corruption, bribery, fraud, and unethical behaviors. The Company will also include anti-corruption policy advocacy in daily staff training.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Board of Directors is responsible for supervising the Company's commitment and performance on key environmental, social and governance ("ESG") issues, formulating and revising the Company's policies on ESG and other corporate social responsibility, reviewing the Company's ESG management system development plan and disclosure materials of ESG and other corporate social responsibility, studying and evaluating ESG-related factors that may affect the Company's development and reviewing the planning and implementation of the Company's ESG work to ensure the compliance with the ESG strategy and reporting requirements. Details of the Company's ESG performance are set out in the 2024 Sustainability Report of the Company published on the same date as this annual report.

PROCEDURES FOR HANDLING AND DISSEMINATION OF INSIDE INFORMATION AND INTERNAL CONTROL MEASURES

The Company has relevant policies that stipulate the identification, reporting and disclosure process of inside information to ensure the timeliness and compliance of the disclosure of inside information. The Company further adopted measures such as training and advocating to fully inform relevant staffs, including Directors, Supervisors and the management, of the confidentiality and disclosure obligations on inside information.

SUPERVISORY COMMITTEE

OVERVIEW

During the Year, the Supervisory Committee discharged its supervisory duties strictly in accordance with the relevant laws and regulations, such as the Company Law, and the Articles of Association as well as in adherence to the principle of good faith, which effectively protected the interests of the shareholders, the Company and its employees. Two specialised committees are formed under the Supervisory Committee, namely the Duty Performance and Fulfillment Supervisory Committee and the Financial and Internal Control Supervisory Committee, duties and procedural requirements of which have been explicitly stipulated and each specialised committee is obliged to offer proposals and advice to the Supervisory Committee in relation to matters within the scope of its duties.

COMPOSITION

During the Year and up to the date of this report, the Supervisory Committee comprised:

Chairperson:	Dong Qingxiu (Shareholder Supervisor)
Supervisors:	Wang Yadong (Shareholder Supervisor), Carson Wen (External Supervisor), Zhou Zhiwen (Employee Supervisor), Fu Xiaoliang (Employee Supervisor), Li Shuk Yin Edwina (External Supervisor, resigned)

Note: Ms. Li Shuk Yin Edwina resigned as an External Supervisor and a member of the Financial and Internal Control Supervisory Committee of the Supervisory Committee on 30 June 2024.

DUTIES AND RESPONSIBILITIES

The Supervisory Committee is accountable to the shareholders' general meeting. It performs duties of supervision over the financial affairs, Directors, President and other senior management of the Company, convenes and presides over shareholders' general meetings when the Board fails to perform its duties to convene and preside over any shareholders' general meeting, etc.

SUMMARY OF WORK UNDERTAKEN

During the Year, the Supervisory Committee carried out its work, performed its supervisory duties faithfully and protected the interests of the shareholders, the Company and its employees strictly in accordance with the relevant provisions of the Company Law and the Articles of Association. During the Year, the Supervisory Committee held seven meetings, at which 53 proposals were considered, approved or reviewed. The attendance record of the Supervisors at the meetings is as follows:

Name	Dong Qingxiu	Wang Yadong	Carson Wen	Zhou Zhiwen	Fu Xiaoliang	Li Shuk Yin Edwina
Number of meetings attended in person/ Number of meetings that require attendance	7/7	7/7	6/7	7/7	7/7	4/4
Attendance rate in person	100%	100%	86%	100%	100%	100%

Notes:

1. During the Year, there was a Supervisor resigned. The table above lists the numbers of meetings held and attended in person by each Supervisor during his/her term of office in the Year.

2. During the Year, Mr. Carson Wen attended six meetings of the Supervisory Committee in person, and appointed another Supervisor as his proxy to attend one meeting of the Supervisory Committee.

Details of the work accomplished by the Supervisory Committee in the Year are set out in the "Report of the Supervisory Committee" section of this annual report.

DUTY PERFORMANCE AND FULFILLMENT SUPERVISORY COMMITTEE

OVERVIEW

During the Year, the Duty Performance and Fulfillment Supervisory Committee continued to fulfil its supervisory responsibilities in good faith, considered the Rules of Duty Performance Evaluation of the Directors and Supervisors of the Company, and conducted annual evaluation of directors and supervisors, reviewed the internal audit work report and other proposals.

COMPOSITION

During the Year and up to the date of this report, the Duty Performance and Fulfillment Supervisory Committee comprised:

Chairperson:	Dong Qingxiu (Chairperson of the Supervisory Committee, Shareholder Supervisor)
Members:	Zhou Zhiwen (Employee Supervisor), Fu Xiaoliang (Employee Supervisor)

DUTIES AND RESPONSIBILITIES

The Duty Performance and Fulfillment Supervisory Committee is primarily responsible for formulating supervisory rules for the performance and fulfillment of duties of Directors and senior management, making execution plans and enforcing the implementation of such plans, providing supervisory advice on the performance and fulfillment of duties of Directors and senior management, making proposals on the nomination for the Shareholder Supervisors, External Supervisors and members of specialised committees under the Supervisory Committee, and reviewing the work performance of Supervisors.

SUMMARY OF WORK UNDERTAKEN

During the Year, the Duty Performance and Fulfillment Supervisory Committee held six meetings and considered 17 proposals. The attendance record of committee members at the meetings is as follows:

Name	Dong Qingxiu	Zhou Zhiwen	Fu Xiaoliang
Number of meetings attended in person/Number of meetings that require attendance	6/6	6/6	6/6
Attendance rate in person	100%	100%	100%

Note: During the Year, there were no changes in the membership of the Duty Performance and Fulfillment Supervisory Committee. The table above lists the numbers of meetings held and attended in person by each member during his term of office in the Year.

The major work accomplished by the Duty Performance and Fulfillment Supervisory Committee in the Year included:

- considered the performance of directors and supervisors and the results of their evaluation in 2023, the due diligence report of independent directors and the audit report on the economic responsibility of the senior management of the Company during their terms of office, and gave suggestions to the Supervisory Committee;
- considered the strategic planning outline (2023-2027), the Corporate Management Report for 2023 and the 2024 audit plan, and gave suggestions to the Supervisory Committee;
- reviewed the work report of the internal audit of the Company for the year 2023, the audit work conducted by PICC Group Audit Center and gave suggestions to the Supervisory Committee;
- considered the Rules of Duty Performance Evaluation of the Directors and Supervisors (Revised), work plans for further playing the role of the Supervisory Committee of the Company, and the Provisional Measures for the Administration of Recovery and Deduction of Performance-Based Compensation of the Company, and gave suggestions to the Supervisory Committee; and
- considered the 2023 annual appraisal plan for the senior management of the Company and the 2024 report on the distribution of remuneration of the Company, and gave suggestions to the Supervisory Committee.

FINANCIAL AND INTERNAL CONTROL SUPERVISORY COMMITTEE

OVERVIEW

During the Year, the Financial and Internal Control Supervisory Committee mainly supervised corporate financial affairs, internal control, risk management, etc., considered the internal control assessment report, risk assessment report, financial reports and results announcements, reviewed the anti-money laundering and anti-terrorism financing report, the report on reputational risk assessment, the report on the special audit results of related party transactions, etc.

COMPOSITION

During the Year and up to the date of this report, the Financial and Internal Control Supervisory Committee comprised:

Chairperson:	Wang Yadong (Shareholder Supervisor)
Members:	Carson Wen (External Supervisor), Fu Xiaoliang (Employee Supervisor), Li Shuk Yin Edwina (External Supervisor, resigned)

Note: Ms. Li Shuk Yin Edwina resigned as an External Supervisor and a member of the Financial and Internal Control Supervisory Committee of the Supervisory Committee on 30 June 2024.

DUTIES AND RESPONSIBILITIES

The Financial and Internal Control Supervisory Committee is primarily responsible for formulating the supervisory rules for the financial and internal control of the Company, making execution plans and enforcing the implementation of such plans, reviewing the financial and internal control related documents including financial reports, business reports, profit distribution plans and assessment reports on internal control, supervising the compliance of appointment, removal and re-appointment of the external auditor, reviewing the fairness of the terms of appointment and the remuneration of the external auditor, and assessing the independence and effectiveness of the external audit work, etc.

SUMMARY OF WORK UNDERTAKEN

During the Year, the Financial and Internal Control Supervisory Committee held seven meetings and considered 35 proposals. The attendance record of committee members at the meetings is as follows:

Name	Wang Yadong	Carson Wen	Fu Xiaoliang	Li Shuk Yin Edwina
Number of meetings attended in person/ Number of meetings that require attendance	7/7	7/7	7/7	4/4
Attendance rate in person	100%	100%	100%	100%

Note: During the Year, there was a resigned member of the Financial and Internal Control Supervisory Committee. The table above lists the numbers of meetings held and attended by each member in person during his/her term of office in the Year.

The major work accomplished by the Financial and Internal Control Supervisory Committee in the Year included:

- considered and approved the 2023 report on protection of insurance consumers' rights and interests, the solvency margin condition and audit report, the evaluation report on implementation of the development plan, compliance report, the internal control assessment report, the case risk prevention and control assessment report, the profit distribution plan, the Auditor's Report, the management recommendation letter, the plan on consumers' rights and interests protection for 2024, and gave suggestions to the Supervisory Committee;

- reviewed the 2023 annual report on anti-money laundering and anti-terrorism financing, the report on the results of the special audit of anti-money laundering, the report on the results of the special audit of anti-insurance fraud, the report on the results of the special audit of the risk management system of solvency margin, the report on audit results of asset and liability management, the reputational risk assessment report;

- considered and approved the 2023 risk assessment report, the strategic risk management report, the 2024 business development plan and financial plan, the capital expenditure plan, the additions to capital expenditure plan, the report on the implementation of the related party transactions, and gave suggestions to the Supervisory Committee;

- considered and approved the financial statements and results announcement for the first quarter of 2024, the interim profit distribution plan, the interim financial report and results announcement, the financial statements and results announcement for the third quarter of 2024, adjustment plan for business development and financial plan, and gave suggestions to the Supervisory Committee;

- reviewed the 2023 report on special audit results of related party transactions and the regulatory notification and rectification;

- listened to the Report of PricewaterhouseCoopers on the Findings of the Annual Audit Work for the Year 2023, the Report of Ernst & Young on the Findings of the Interim Review Work for the Year 2024; and

- considered and approved the Internal Audit Regulations (Provisional) of the Company, the Administrative Measures on Operation Risk (2024 Version), the Administrative Measures on Risk Prevention and Control for Criminal Cases, the Rectification Implementation Status of the Evaluation Results of Consumers' Rights and Interests Protection Supervision for the year 2023, and gave suggestions to the Supervisory Committee.

COMPANY SECRETARY

Ms. Zhang Xiao was appointed as Company Secretary on the 29 December 2021. She is an assistant vice president of SWCS Corporate Services Group (Hong Kong) Limited, a member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute. She has received no less than 15 hours of relevant professional training during the Year. Mr. Hu Xiaohui, the deputy general manager of the Administrative Department of the Company, is the primary contact person of Ms. Zhang at the Company.

RIGHTS OF SHAREHOLDERS

METHODS OF CONVENING EXTRAORDINARY GENERAL MEETINGS

According to the Articles of Association and the Rules of Procedures for Shareholders' General Meeting of the Company, any shareholder(s), individually or collectively holding 10% or more of the total voting shares of the proposed meeting, may sign one or more written requests in the same format with same content to request the Board of Directors to convene an extraordinary general meeting and to clarify the topics of the meeting. The Board of Directors shall convene an extraordinary general meeting as soon as possible after the receipt of the aforementioned written request.

PROCEDURES FOR PROPOSING RESOLUTIONS AT ANNUAL GENERAL MEETINGS

Any shareholder(s), individually or collectively, holding 3% or more of the shares of the Company is entitled to propose resolution(s) to the Company. Any shareholder(s), individually or collectively, holding 3% or more of the total voting shares of the Company is entitled to propose new resolution(s) and submit such proposed resolution(s) in writing to the Board 10 days prior to the annual general meeting. The Board shall notify other shareholders of such proposed resolution(s) within two days after receipt of such proposal(s) and submit the same to the annual general meeting for consideration. The proposed resolution(s) shall be within the scope of the shareholders' general meeting and shall contain explicit subjects and specific matters to be resolved. The proposed resolution(s) submitted by a shareholder to the Board shall be delivered in person or by registered mail to the Administrative Departments of the Company, according to the registered address listed in the inside back cover of this annual report.

DIVIDEND POLICY

The Company may decide to use cash dividends or stock dividends to distribute profits based on its development plan, production, operation, and capital status. When the Company meets its profit goal for the year, the accumulated amount of undistributed profit is positive, and the relevant regulatory indicators reach the cash dividend standards stipulated by relevant laws and regulations, it shall, in principle, distribute cash dividends once or twice a year.

INVESTOR RELATIONS

The Company focused on the maintenance of sound investor relations and maintained effective communication with investors through various means. After the announcements of the 2023 annual results and the first quarter's, interim and the third quarter's results of 2024, the Company by way of results briefings and roadshows, among others, timely communicated its operating results and business development trends with investors which strengthened communication with investors and facilitated the understanding of the Company by investors. The Company also maintained close and sound communication with investors through accepting investors' visits, proactively visiting investors, attending major investment forums, holding investor open day events, communicating by telephone and email, etc., and proactively provided information to investors on the Company's website, to establish and maintain good relationships with investors. The shareholders' general meeting of the Company provides an opportunity to communicate directly with the Directors. The Directors of the Company will attend the shareholders' general meeting to answer shareholders' questions.

Investors can reach the Company by telephone, e-mail, mail, etc. For contact details, please see the telephone number, e-mail address and registered address of the Company listed in the back cover of this annual report. On the Company's website (https://property.picc.com), there is a section titled "Investor Relations", in which the information is updated timely.

Through the above communication measures and procedures with investors and shareholders, the Company has reviewed and examined the effectiveness of the relevant communication policies with investors and shareholders during the Year and believes that the above policies and measures can ensure effective communication between the Company and investors and shareholders.

PARTICULARS OF THE LATEST SHAREHOLDERS' GENERAL MEETING

The latest shareholders' general meeting of the Company was the extraordinary general meeting held at PICC P&C Building, Tower 2, No.2 Jianguomenwai Avenue, Chaoyang District, Beijing, the PRC on 20 December 2024, at which the election of Ms. Ding Xiangqun as a non-executive Director of the Company was considered and approved by way of poll. Details are set out in the circular of the Company dated 2 December 2024 and the announcement in relation to the poll results of the extraordinary general meeting dated 20 December 2024.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

There have been no amendments to the Articles of Association during the Year and up to the date of this report.

Independent Auditor's Report

To the Shareholders of PICC Property and Casualty Company Limited

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

OPINION

We have audited the consolidated financial statements of PICC Property and Casualty Company Limited (the "Company") and its subsidiaries (the "Group") set out on pages 97 to 290, 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 HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. 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 HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 incurred claims ("LIC") of insurance contracts measured under the premium allocation approach ("PAA")	
As at 31 December 2024, the Group had LIC of insurance contracts measured under the PAA stated at RMB178.0 billion, representing 34% 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 estimations and judgements. Relevant disclosures are included in note 2.4(5) Material accounting policy information – Insurance contracts, note 3(1) Significant judgements and estimates – Estimates of fulfilment cash flows, and note 21 Insurance contracts 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 RMB38.9 billion, representing 5% 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(5) Significant judgements and estimates – Fair value of financial assets determined using valuation techniques and note 36 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 practice 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 THE 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 HKFRS Accounting Standards issued by the HKICPA 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 HKSAs 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.

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

As part of an audit in accordance with HKSAs, 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.

- 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.

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

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

(All amounts expressed in RMB million unless otherwise specified)

	Notes	2024	2023
Insurance revenue	*5*	**485,223**	457,203
Insurance service expenses		**(465,392)**	(431,991)
Net expenses from reinsurance contracts held		**(5,451)**	(6,142)
INSURANCE SERVICE RESULT		**14,380**	19,070
Finance expenses from insurance contracts issued	*6*	**(9,901)**	(10,127)
Finance income from reinsurance contracts held	*6*	**1,234**	1,246
Interest income from financial assets not measured at fair value through profit or loss	*7*	**11,860**	11,710
Other investment income	*8*	**15,118**	4,077
Credit impairment reversals/(losses)	*9*	**911**	(423)
Other income		**254**	195
Other finance costs	*10*	**(1,193)**	(1,151)
Other operating expenses	*11*	**(1,763)**	(2,203)
Share of profit or loss of associates and joint ventures		**7,123**	5,530
Foreign exchange gains, net		**(8)**	111
PROFIT BEFORE INCOME TAX		**38,015**	28,035
Income tax expense	*12*	**(5,854)**	(3,469)
NET PROFIT FOR THE YEAR		**32,161**	24,566
Attributable to:			
Owners of the parent		**32,173**	24,585
Non-controlling interests		**(12)**	(19)
Basic earnings per share	*15*	**RMB1.446**	RMB1.105
Diluted earnings per share	*15*	**RMB1.446**	RMB1.105

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

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2024

(All amounts expressed in RMB million unless otherwise specified)

	Notes	2024	2023
NET PROFIT FOR THE YEAR		**32,161**	24,566
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified to profit or loss in subsequent periods:			
Finance expenses from insurance contracts issued	*6*	**(2,100)**	(465)
Finance income from reinsurance contracts held	*6*	**401**	83
Debt instruments at fair value through other comprehensive income			
Changes in fair value		**6,789**	2,052
Reclassification of gains to profit or loss upon disposals		**(283)**	(681)
Changes in impairment allowance recorded in profit or loss		**(111)**	(13)
Income tax effect	*28*	**(1,119)**	(244)
Share of other comprehensive income of associates and joint ventures		**(1,531)**	(671)
NET OTHER COMPREHENSIVE INCOME THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS		**2,046**	61
Items that will not be reclassified to profit or loss in subsequent periods:			
Gains on revaluation of properties and right-of-use assets upon transfer to investment properties	*25*	**360**	397
Changes in fair value of equity instruments at fair value through other comprehensive income		**9,367**	(1,951)
Income tax effect	*28*	**(2,349)**	360
Share of other comprehensive income of associates and joint ventures		**395**	–
NET OTHER COMPREHENSIVE INCOME THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS		**7,773**	(1,194)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**9,819**	(1,133)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**41,980**	23,433
Attributable to:			
Owners of the parent		**41,991**	23,441
Non-controlling interests		**(11)**	(8)

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

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2024

(All amounts expressed in RMB million unless otherwise specified)

	Notes	**31 December 2024**	31 December 2023
ASSETS			
Cash and cash equivalents	*17*	**19,370**	16,526
Financial investments:			
Financial investments at amortised cost	*18*	**136,060**	126,192
Financial assets at fair value through other comprehensive income	*19*	**243,771**	180,142
Financial assets at fair value through profit or loss	*20*	**120,066**	144,047
Insurance contract assets	*21*	**1,713**	2,885
Reinsurance contract assets	*21*	**40,506**	38,891
Term deposits	*22*	**77,156**	57,785
Investments in associates and joint ventures	*23*	**67,129**	62,601
Investment properties	*25*	**7,234**	7,576
Property and equipment	*26*	**24,419**	24,091
Right-of-use assets	*27*	**5,406**	5,436
Deferred income tax assets	*28*	**8,392**	10,139
Prepayments and other assets	*29*	**27,022**	27,312
TOTAL ASSETS		**778,244**	703,623
LIABILITIES			
Securities sold under agreements to repurchase	*31*	**39,642**	40,037
Income tax payable		**–**	8
Investment contract liabilities	*32*	**1,731**	1,736
Insurance contract liabilities	*21*	**401,837**	371,829
Reinsurance contract liabilities	*21*	**59**	21
Bonds payable	*33*	**20,433**	8,365
Lease liabilities		**1,301**	1,316
Accruals and other liabilities	*34*	**52,619**	46,007
TOTAL LIABILITIES		**517,622**	469,319

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

Consolidated Statement of Financial Position

	Notes	31 December 2024	31 December 2023
EQUITY			
Issued capital	*35*	**22,242**	22,242
Reserves		**235,682**	209,178
Equity attributable to owners of the parent		**257,924**	231,420
Non-controlling interests		**2,698**	2,884
TOTAL EQUITY		**260,622**	234,304
TOTAL LIABILITIES AND EQUITY		**778,244**	703,623

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

(All amounts expressed in RMB million unless otherwise specified)

	For the year ended 31 December 2024												
	Attributable to owners of the parent												
		Reserves*											
	Issued capital	Share premium and other reserves	Asset revaluation reserve**	Revaluation reserve of financial assets at fair value through other comprehensive income	Insurance finance reserve	Surplus reserve***	General risk reserve	Catastrophic loss reserve	Share of other comprehensive income of associates and joint ventures	Retained earnings	Sub-total	Non-controlling interests	Total equity
1 January 2024	22,242	11,346	5,028	9,882	(514)	80,155	25,878	130	(1,223)	78,496	231,420	2,884	234,304
Total comprehensive income													
Net profit for the year	-	-	-	-	-	-	-	-	-	32,173	32,173	(12)	32,161
Other comprehensive income	-	-	271	11,957	(1,274)	-	-	-	(1,136)	-	9,818	1	9,819
Appropriations to statutory surplus reserve and general risk reserve	-	-	-	-	-	3,411	3,411	-	-	(6,822)	-	-	-
Appropriations to discretionary surplus reserve	-	-	-	-	-	7,000	-	-	-	(7,000)	-	-	-
Appropriations to catastrophic loss reserve	-	-	-	-	-	-	-	355	-	(355)	-	-	-
Utilisation of catastrophic loss reserve	-	-	-	-	-	-	-	(227)	-	227	-	-	-
Dividends declared (note 16)	-	-	-	-	-	-	-	-	-	(15,503)	(15,503)	-	(15,503)

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Attributable to owners of the parent												
		Reserves*											
	Issued capital	Share premium and other reserves	Asset revaluation reserve**	Revaluation reserve of financial assets at fair value through other comprehensive income	Insurance finance reserve	Surplus reserve***	General risk reserve	Catastrophic loss reserve	Share of other comprehensive income of associates and joint ventures	Retained earnings	Sub-total	Non-controlling interests	Total equity
Capital invested and reduced by holders	-	-	-	-	-	-	-	-	-	-	-	(175)	(175)
Reclassification of gains on equity instruments at fair value through other comprehensive income to retained earnings upon disposals	-	-	-	(841)	-	-	-	-	-	841	-	-	-
Others	-	16	-	-	-	-	-	-	-	-	16	-	16
31 December 2024	22,242	11,362	5,299	20,998	(1,788)	90,566	29,289	258	(2,359)	82,057	257,924	2,698	260,622

* The reserve accounts comprise the consolidated reserves of RMB235,682 million in the consolidated statement of financial position at 31 December 2024.

** The asset revaluation reserve arose from the change in use from owner-occupied properties to investment properties.

*** This account contains both statutory and discretionary surplus reserves.

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

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

	Attributable to owners of the parent											Non-controlling interests	Total equity
		Reserves*											
	Issued capital	Share premium and other reserves	Asset revaluation reserve**	Revaluation reserve of financial assets at fair value through other comprehensive income	Insurance finance reserve	Surplus reserve***	General risk reserve	Catastrophic loss reserve	Share of other comprehensive income of associates and joint ventures	Retained earnings	Sub-total		
1 January 2023	22,242	11,347	4,738	10,092	(227)	67,691	23,414	85	(552)	79,782	218,612	2,892	221,504
Total comprehensive income													
Net profit for the year	-	-	-	-	-	-	-	-	-	24,585	24,585	(19)	24,566
Other comprehensive income	-	-	290	(476)	(287)	-	-	-	(671)	-	(1,144)	11	(1,133)
Appropriations to statutory surplus reserve and general risk reserve	-	-	-	-	-	2,491	2,491	-	-	(4,982)	-	-	-
Appropriations to discretionary surplus reserve	-	-	-	-	-	10,000	-	-	-	(10,000)	-	-	-
Appropriations to catastrophic loss reserve	-	-	-	-	-	-	-	255	-	(255)	-	-	-
Utilisation of catastrophic loss reserve	-	-	-	-	-	-	-	(210)	-	210	-	-	-

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

	Attributable to owners of the parent												
		Reserves*											
	Issued capital	Share premium and other reserves	Asset revaluation reserve**	Revaluation reserve of financial assets at fair value through other comprehensive income	Insurance finance reserve	Surplus reserve***	General risk reserve	Catastrophic loss reserve	Share of other comprehensive income of associates and joint ventures	Retained earnings	Sub-total	Non-controlling interests	Total equity
Dividends declared (note 16)	-	-	-	-	-	-	-	-	-	(10,632)	(10,632)	-	(10,632)
Reclassification of losses on equity instruments at fair value through other comprehensive income to retained earnings upon disposals	-	-	-	266	-	(27)	(27)	-	-	(212)	-	-	-
Others	-	(1)	-	-	-	-	-	-	-	-	(1)	-	(1)
31 December 2023	22,242	11,346	5,028	9,882	(514)	80,155	25,878	130	(1,223)	78,496	231,420	2,884	234,304

* The reserve accounts comprise the consolidated reserves of RMB209,178 million in the consolidated statement of financial position at 31 December 2023.

** The asset revaluation reserve arose from the change in use from owner-occupied properties to investment properties.

*** This account contains both statutory and discretionary surplus reserves.

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

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2024

(All amounts expressed in RMB million unless otherwise specified)

	Notes	2024	2023
NET CASH FLOWS GENERATED FROM OPERATING ACTIVITIES			
Profit before income tax		**38,015**	28,035
Adjustments for:			
Interest income from financial assets not measured at fair value through profit or loss	*7*	**(11,860)**	(11,710)
Other investment income	*8*	**(15,118)**	(4,077)
Credit impairment (reversals)/losses	*9*	**(911)**	423
Foreign exchange gains, net		**8**	(111)
Share of profit or loss of associates and joint ventures		**(7,123)**	(5,530)
Depreciation of property and equipment	*11, 26*	**1,773**	1,834
Depreciation of right-of-use assets	*11, 27*	**914**	961
Amortisation of intangible assets	*11*	**1,114**	955
Net gains upon disposals of property and equipment		**(84)**	(110)
Other finance costs	*10*	**1,193**	1,151
Other impairment losses		**–**	10
Operating cash flows before working capital changes		**7,921**	11,831
Changes in working capital:			
Decrease in investment contract liabilities		**(5)**	(5)
Increase in other assets		**(224)**	(1,985)
Increase in accruals and other liabilities		**5,429**	3,021
Increase in reinsurance contract assets, net		**(1,176)**	(2,043)
Increase in insurance contract liabilities, net		**29,080**	18,301
Cash generated from operating activities		**41,025**	29,120
Income tax paid		**(4,561)**	(8,578)
Subtotal		**36,464**	20,542

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

Consolidated Statement of Cash Flows

	Notes	2024	2023
NET CASH FLOWS USED IN INVESTING ACTIVITIES			
Interest received		**11,714**	14,800
Rental income received from investment properties		**384**	397
Dividends received from financial investments		**5,082**	5,282
Payments for capital expenditure		**(3,182)**	(2,734)
Proceeds from sales and maturities of financial investments		**170,086**	115,205
Payments for purchase of financial investments		**(194,729)**	(161,770)
Payments for acquisition of associates and joint ventures		**–**	(980)
Dividends received from associates and joint ventures		**1,475**	1,393
Proceeds from disposal of property and equipment, intangible assets and other assets		**288**	218
(Increase)/Decrease in term deposits, net		**(18,664)**	17,059
Subtotal		**(27,546)**	(11,130)
NET CASH FLOWS USED IN FINANCING ACTIVITIES			
Proceeds from issuance of capital supplementary bonds		**11,988**	–
Decrease in securities sold under agreements to repurchase, net		**(386)**	(1,673)
Payments of lease liabilities		**(861)**	(859)
Interest paid		**(1,113)**	(1,059)
Dividends paid		**(15,503)**	(10,632)
Capital reduction to non-controlling interests		**(197)**	–
Capital injected into subsidiary by non-controlling interests		**22**	–
Subtotal		**(6,050)**	(14,223)

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

	Notes	2024	2023
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**7**	49
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**2,875**	(4,762)
Cash and cash equivalents at beginning of the year		**16,488**	21,250
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	*17*	**19,363**	16,488
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Demand deposits and cash on hand	*17*	**8,550**	12,242
Securities purchased under resale agreements with original maturity of no more than three months	*17*	**10,813**	4,246
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	*17*	**19,363**	16,488

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

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2024

(All amounts expressed in RMB million unless otherwise specified)

1. CORPORATE INFORMATION

PICC Property and Casualty Company Limited (the "Company") is a joint stock company with limited liability incorporated in the People's Republic of China (the "PRC"). The registered office of the Company is located at Tower 2, No.2 Jianguomenwai Avenue, Chaoyang District, Beijing 100022, the PRC. The Company is listed on The Stock Exchange of Hong Kong Limited. The parent and the ultimate holding company of the Company is The People's Insurance Company (Group) of China Limited (the "PICC Group"), which is incorporated in the PRC and listed on The Stock Exchange of Hong Kong Limited and Shanghai Stock Exchange.

The Company and its subsidiaries (collectively referred to as the "Group") are mainly engaged in property and casualty insurance business. Details of the operating segments are set out in note 4 to the consolidated financial statements.

The 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 Basis of preparation

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), as well as with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the applicable disclosure requirements of the Hong Kong Companies Ordinance. 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 had, at the time of approving the consolidated financial statements, a reasonable expectation that the Group had adequate resources to continue in operational existence for the foreseeable future. Thus, the Group continued to adopt the going concern basis of accounting in preparing the consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis, except for investment properties and certain financial instruments measured at fair value, insurance contracts issued and reinsurance contracts held measured on a current value basis as explained in note 2.4(5) and note 3(1).

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

2.2 Application of new standards and amendments to HKFRS Accounting Standards

In current year, the Group has applied, for the first time, the following amendments to HKFRS 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 HKAS 1	*Classification of Liabilities as Current or Non-current*
Amendments to HKAS 1	*Non-current Liabilities with Covenants*
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*

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

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

2.3 New standards and amendments to HKFRS Accounting Standards issued but not yet effective

The Group has not applied the following new standards and amendments that have been issued but are not yet effective, in the consolidated financial statements:

Amendments to HKAS 21	*Lack of Exchangeability*[1]
Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[2]
Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7[2]
HKFRS 18	*Presentation and Disclosure in Financial Statements*[3]
HKFRS 19	*Subsidiaries without Public Accountability: Disclosures*[3]
Amendments to HKFRS 10 and HKAS 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/reporting periods beginning on or after 1 January 2027

4 No mandatory effective date yet determined but available for adoption

None of these new standards and amendments are expected to have a significant effect on the consolidated financial statements of the Group.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

2.4 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 Company:

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

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)*

2.4 Material accounting policy information *(continued)*

(1) Basis of consolidation (continued)

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary 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.

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 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 to align their accounting policies 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 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 upon liquidation.

(2) Investments 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)*

2.4 Material accounting policy information *(continued)*

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

The results and assets and liabilities of associates or joint ventures are incorporated in the 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, such as transactions and events in similar circumstances, unless 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. 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 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 HKAS 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 HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

2.4 Material accounting policy information *(continued)*

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

When the Group ceases to have significant influence over an associate or 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 HKFRS 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 and the fair value of any retained interest and any proceeds from disposing of 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 interests in an associate or a joint venture but the Group continues to use the equity method (including situations including change of ownership interest in an associate or a joint venture due to capital increase of other shareholders into 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 interests if that gain or loss would have been reclassified to profit or loss on the disposal of the related assets or liabilities.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

2.4 Material accounting policy information *(continued)*

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

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.

(3) 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.

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 measured 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 (or other comprehensive income where applicable) in the period in which they arise.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

2.4 Material accounting policy information *(continued)*

(4) 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.

(5) Insurance contracts

(a) Definition and classification

Insurance contracts are contracts under which the Group accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. 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, and they apply financial instrument accounting under HKFRS 9 if they do not contain a discretionary participation feature (“DPF”). The Group does not issue any investment contracts with DPF.

In the normal course of business, the Group uses reinsurance to mitigate its risk exposures. A reinsurance contract transfers significant risk if it transfers substantially all of the insurance risk resulting from the insured portion of the underlying insurance contracts, even if it does not expose the reinsurer to the possibility of a significant loss.

All references to insurance contracts in the consolidated financial statements apply to insurance contracts issued (including reinsurance contracts issued) and reinsurance contracts held, unless specifically stated otherwise.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

2.4 Material accounting policy information *(continued)*

(5) Insurance contracts (continued)

(b) Unit of accounts

Level of aggregation of insurance contracts

The Group categorises insurance contracts subject to similar risks, which are managed together into the same portfolio. The Group further divides each portfolio into contract groups based on the profitability level, degree of loss, or the possibility of future losses after initial recognition.

The Group divides a portfolio of insurance contracts issued into a minimum of:

(1) a group of contracts that are onerous at initial recognition, if any;

(2) a group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently, if any; and

(3) a group of the remaining contracts in the portfolio, if any.

The Group divides a portfolio of reinsurance contracts held into a minimum of:

(1) a group of contracts on which there is a net gain on initial recognition, if any;

(2) a group of contracts that at initial recognition have no significant possibility of generating a net gain subsequently, if any; and

(3) a group of the remaining contracts in the portfolio, if any.

The Group does not include contracts issued or held for more than one year apart in the same group.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

2.4 Material accounting policy information *(continued)*

(5) Insurance contracts (continued)

(b) Unit of accounts *(continued)*

Separation of insurance contracts

If an insurance contract contains multiple components, the Group will separate the following components:

(1) cash flows relating to embedded derivatives that are required to be separated;

(2) cash flows relating to distinct investment components; and

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

The Group applies HKFRS 17 to all remaining components of the contract.

(c) Recognition of insurance contracts

Groups of insurance contracts issued are initially recognised from the earliest of the following:

(1) the beginning of the coverage period;

(2) the date when the first payment from the policyholder is due or actually received, if there is no due date; and

(3) when the Group determines that a group of contracts becomes onerous.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

2.4 Material accounting policy information *(continued)*

(5) Insurance contracts (continued)

(c) Recognition of insurance contracts *(continued)*

Groups of reinsurance contracts held are recognised as follows:

(1) a group of reinsurance contracts held that provide proportionate coverage (quota share reinsurance) is recognised at the later of:

i. the beginning of the coverage period of the group; and

ii. the initial recognition of any underlying insurance contract;

(2) all other groups of reinsurance contracts held are recognised from the beginning of the coverage period of the group of reinsurance contracts held.

Unless the Group entered into the reinsurance contract held at or before the date when an onerous group of underlying contracts are recognised prior to the beginning of the coverage period of the group of reinsurance contracts held, in which case the group of reinsurance contracts held are recognised at the same time as the group of underlying insurance contracts are recognised.

(d) 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 and that are directly attributable to the portfolio of insurance contracts to which the group belongs.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

2.4 Material accounting policy information *(continued)*

(5) Insurance contracts (continued)

(d) Measurement of insurance contracts *(continued)*

Fulfilment cash flows ("FCF") and contract boundary

The FCF, which comprise:

(1) estimates of future cash flows;

(2) an adjustment to reflect the time value of money and the financial risks related to the future cash flows, to the extent that the financial risks are not included in the estimates of the future cash flows; and

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

The estimates of future cash flows:

(1) are based on a probability-weighted mean of the full range of possible outcomes;

(2) are determined from the perspective of the Group, provided that the estimates are consistent with observable market prices for market variables; and

(3) reflect conditions existing at the measurement date.

The Group adjusts the estimate of the present value of the future cash flows to reflect the compensation that the entity requires for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risk.

The measurement of the FCF of a group of contracts does not reflect the Group's non-performance risk.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

2.4 Material accounting policy information *(continued)*

(5) Insurance contracts (continued)

(d) Measurement of insurance contracts *(continued)*

FCF and contract boundary *(continued)*

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 include all cash flows within the boundary of an existing contract and no other cash flows. The Group does not consider any amounts relating to expected premiums or expected claims outside the boundary of the insurance contract.

Insurance contracts issued measured under the general measurement model ("GMM")

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 a component of the carrying amount of the asset or liability for a group of insurance contracts issued representing the unearned profit that the Group will recognise as it provides insurance contract services in the future.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

2.4 Material accounting policy information *(continued)*

(5) Insurance contracts (continued)

(d) Measurement of insurance contracts *(continued)*

Insurance contracts issued measured under the GMM *(continued)*

Initial measurement *(continued)*

At initial recognition, the CSM is an amount that results in no income or expenses (unless a group of contracts are onerous) arising from:

(1) the initial recognition of the FCF;

(2) cash flows arising from the contracts in the group at that date; and

(3) the derecognition of any other pre-recognition cash flows.

When the above calculation results in a net outflow, the group of insurance contracts issued are onerous. A loss from onerous insurance contracts is recognised in profit or loss immediately, with no CSM recognised on the statement of financial position on initial recognition, and a loss component is established in the amount of loss recognised.

Subsequent measurement

The carrying amount of a group of insurance contracts issued at the end of each reporting period shall be the sum of:

(1) the liability for remaining coverage ("LRC"), comprising:

   i. the FCF related to future service allocated to the group at that date; and

   ii. the CSM of the group at that date.

(2) the liability for incurred claims ("LIC"), comprising the FCF related to past service allocated to the group at that date.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

2.4 Material accounting policy information *(continued)*

(5) *Insurance contracts (continued)*

(d) Measurement of insurance contracts *(continued)*

Insurance contracts issued measured under the GMM *(continued)*

Subsequent measurement *(continued)*

For insurance contracts issued, the carrying amount of the CSM of a group of contracts at the end of the reporting period equals the carrying amount at the beginning 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;

(3) the changes in FCF relating to future service as, except to the extent that:

i. such increases in the FCF exceed the carrying amount of the CSM, giving rise to a loss; or

ii. such decreases in the FCF are allocated to the loss component of the LRC.

(4) the effect of any currency exchange differences on the CSM; and

(5) the amount recognised as insurance revenue because of the transfer of the insurance contract services 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.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

2.4 Material accounting policy information *(continued)*

(5) Insurance contracts (continued)

(d) Measurement of insurance contracts *(continued)*

Insurance contracts issued measured under the GMM *(continued)*

Subsequent measurement *(continued)*

For the following changes in FCF that relate to future service, an adjustment to the CSM is required:

(1) experience adjustments arising from premiums received in the period that relate to future service, and related cash flows such as insurance acquisition cash flows and premium-based taxes;

(2) changes in estimates of the present value of future cash flows in the LRC, except 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;

(3) differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period. Those differences are determined by comparing (i) the actual investment component that becomes payable in the period with (ii) the payment in the period that was expected at the beginning of the period plus any insurance finance income or expenses related to that expected payment before it becomes payable; and

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

Measurement of onerous contracts

An insurance contract is onerous at the date of initial recognition if the FCF allocated to the contract, any previously recognised insurance acquisition cash flows and any cash flows arising from the contract at the date of initial recognition in total are a net outflow. The Group recognises a loss in profit or loss for the net outflow for the group of onerous contracts, resulting in the carrying amount of the liability for the group being equal to the FCF and the CSM of the group being zero.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

2.4 Material accounting policy information *(continued)*

(5) Insurance contracts (continued)

(d) Measurement of insurance contracts *(continued)*

Insurance contracts issued measured under the GMM *(continued)*

Measurement of onerous contracts *(continued)*

If estimates of future cash flows and the risk adjustment for non-financial risk relating to future service result in changes and a group of insurance contracts becomes onerous on subsequent measurement because of the increase of FCF exceeds the carrying amount of the CSM, the Group recognises a loss in profit or loss to the extent of that excess.

The Group reverses the loss component of LRC and insurance service expenses for the decrease of the estimates in FCF and non-financial risk adjustments relating to future services. If the decrease of LRC exceeds the loss component amount, the CSM is recognised.

After the Group has recognised a loss on an onerous group of insurance contracts, the Group allocates the subsequent changes in the LRC on a systematic basis between the loss component and the others. The subsequent changes in the LRC to be allocated are:

(1) estimates of the present value of future cash flows for claims and expenses released from the LRC because of incurred insurance service expenses;

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

(3) insurance finance income or expenses.

The amounts allocated to the loss component are not recognised in insurance revenue during the reporting period.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

2.4 Material accounting policy information *(continued)*

(5) *Insurance contracts (continued)*

(d) Measurement of insurance contracts *(continued)*

Insurance contracts issued measured under the premium allocation approach ("PAA")

Initial measurement

The Group simplifies the measurement of a group of insurance contracts using the PAA if, and only if any of the conditions below is satisfied, at the inception of the group:

(1) 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 measured under the GMM.

(2) the coverage period of each contract in the group is one year or less.

For insurance contracts issued, on initial recognition, the Group measures the LRC at the amount of premiums received, less any acquisition cash flows on that date.

Subsequent measurement

The carrying amount of a group of insurance contracts issued at the end of each reporting period is the sum of:

(1) the LRC; and

(2) the LIC, comprising the FCF related to past service allocated to the group at the reporting date.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

2.4 Material accounting policy information *(continued)*

(5) Insurance contracts (continued)

(d) Measurement of insurance contracts *(continued)*

Insurance contracts issued measured under the PAA *(continued)*

Subsequent measurement *(continued)*

For insurance contracts issued, at the end of each subsequent reporting period, the carrying amount of the LRC is the carrying amount at the beginning of the reporting period:

- plus the premiums received in the period;
- minus insurance acquisition cash flows;
- plus any amounts relating to the amortisation of insurance acquisition cash flows recognised as 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. The LRC calculated as such is treated as the LRC without the loss component for the onerous group of insurance contracts issued measured under the PAA.

For contracts measured under the PAA, the LIC is measured similarly to the LIC's measurement under the GMM. Future cash flows are adjusted for the time value of money and other financial risks.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

2.4 Material accounting policy information *(continued)*

(5) *Insurance contracts (continued)*

(d) Measurement of insurance contracts *(continued)*

Insurance contracts issued measured under the PAA *(continued)*

Measurement of 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 under the GMM 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.

Reinsurance contracts held measured under the GMM

On initial recognition, the Group measures a group of reinsurance contracts held as the total of the FCF and the CSM.

For reinsurance contracts held, the CSM represents a deferred gain or loss that the Group will recognise as a reinsurance expense as it receives insurance contract services from the reinsurer in the future.

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 and the estimates of the present value of the future cash flows for the group(s) of underlying insurance contracts. 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.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

2.4 Material accounting policy information *(continued)*

(5) Insurance contracts (continued)

(d) Measurement of insurance contracts *(continued)*

Reinsurance contracts held measured under the GMM *(continued)*

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, the Group recognises any net cost or net gain on purchasing the group of reinsurance contracts held as a CSM measured at an amount equal to the sum of the following items.

(1) the FCF;

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

(3) any cash flows arising at that date; and

(4) any income recognised in profit or loss when the Group recognises a loss on initial recognition of an onerous group of underlying insurance contracts.

The carrying amount at the end of each reporting period of a group of reinsurance contracts held is the sum of the asset for remaining coverage ("ARC") and the asset for incurred claims ("AIC").

The ARC comprises the FCF related to future service allocated to the group at that date and the CSM of the group at that date.

The AIC comprises the FCF related to past service allocated to the group at the reporting date.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

2.4 Material accounting policy information *(continued)*

(5) Insurance contracts (continued)

(d) Measurement of insurance contracts *(continued)*

Reinsurance contracts held measured under the GMM *(continued)*

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:

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

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

Subsequently, the loss-recovery component is adjusted to reflect changes in the loss component of an onerous group of underlying insurance contracts. The loss-recovery component is further adjusted, if required, to ensure that it 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)*

2.4 Material accounting policy information *(continued)*

(5) Insurance contracts (continued)

(d) Measurement of insurance contracts *(continued)*

Reinsurance contracts held measured under the GMM *(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 beginning of the reporting period, adjusted for:

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

(2) interest accreted on the carrying amount of the CSM;

(3) income recognised in profit or loss when the Group recognises a loss on addition of onerous underlying insurance contracts to that group. A loss-recovery component is established or adjusted within the ARC for reinsurance contracts held for the amount of income recognised;

(4) reversals of a loss-recovery component other than changes in the FCF of reinsurance contracts held;

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

2.4 Material accounting policy information *(continued)*

(5) *Insurance contracts (continued)*

(d) Measurement of insurance contracts *(continued)*

Reinsurance contracts held measured under the GMM *(continued)*

(5) changes in the FCF, to the extent that the change relates to future service, unless the change results from (i) a change in FCF allocated to a group of underlying insurance contracts that does not adjust the CSM for the group of underlying insurance contracts; or (ii) the recognition and remeasurement of the loss component for the group of underlying insurance contracts issued measured under the PAA;

(6) the effect of any currency exchange differences; and

(7) the amount recognised in profit or loss for insurance contract services received during 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

For certain groups of reinsurance contracts held that are eligible for the PAA, the Group applies the same accounting principles used to measure a group of insurance contracts issued under the PAA and also develops certain accounting policies for the areas that are unique to the reinsurance contracts held.

On initial recognition, the Group measures the ARC at the amount of ceded premiums paid plus or minus the amount derecognised at that date of any asset or liability previously recognised for cash flows related to the group of reinsurance contracts held.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

2.4 Material accounting policy information *(continued)*

(5) Insurance contracts (continued)

(d) Measurement of insurance contracts *(continued)*

Reinsurance contracts held measured under the PAA *(continued)*

At the end of each subsequent reporting period, the carrying amount of the ARC is the carrying amount at the beginning of the reporting period:

- plus the ceded premiums paid in the period;
- plus any adjustment to a financing component;
- minus the amount recognised as an allocation of reinsurance premiums for services received in that period;
- minus any investment component received or transferred to the AIC.

The Group adjusts the carrying amount of the ARC to reflect the time value of money and the effect of financial risk using the discount rates determined on initial recognition.

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 ARC. At the end of each subsequent reporting period, the carrying amount of the loss-recovery component is remeasured in the same way as that for the initial recognition, determined by multiplying the amount of the loss component on the underlying insurance contracts as at the period end and the percentage of claims on the underlying insurance contracts the Group expects to recover from the group of reinsurance contracts held which will be updated based on the latest available information as at the period end.

The AIC is measured similarly to the AIC's measurement under the GMM. Future cash flows are adjusted for the time value of money and other financial risks.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

2.4 Material accounting policy information *(continued)*

(5) Insurance contracts (continued)

(e) Derecognition of insurance contracts

The Group derecognises an insurance contract when the obligation specified in the insurance contract expires, or is discharged or cancelled.

(f) Presentation

Insurance contract asset and liability

Portfolios of insurance contracts issued and reinsurance contracts held in an asset position are presented separately from those in a liability position. Portfolios of insurance contracts issued are presented separately from portfolios of reinsurance contracts held. Any assets or liabilities for cash flows arising before the recognition of the related group of reinsurance contracts held are included in the carrying amount of the related portfolios of reinsurance contracts held.

Insurance revenue

As the Group provides insurance contract services under the group of insurance contracts, 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.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

2.4 Material accounting policy information *(continued)*

(5) Insurance contracts (continued)

(f) Presentation *(continued)*

Insurance revenue *(continued)*

For contracts measured under the GMM, insurance revenue comprises the following:

(1) amounts relating to the changes in the LRC:

i. claims and other directly attributable expenses incurred in the period measured at the amounts expected at the beginning of the period, excluding:

- amounts allocated to the loss component;
- repayments of investment components;
- amounts of transaction-based taxes collected in a fiduciary capacity;
- insurance acquisition expenses; and
- amounts related to the risk adjustment for non-financial risk (see (ii));

ii. changes in the risk adjustment for non-financial risk, excluding:

- changes included in insurance finance income or loss;
- changes that relate to future coverage (which adjust the CSM); and
- amounts allocated to the loss component;

iii. amounts of the CSM recognised for the services provided in the period; and

iv. other amounts, e.g., experience adjustments arising from premiums received in the period other than those that relate to future service.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

2.4 Material accounting policy information *(continued)*

(5) Insurance contracts (continued)

(f) Presentation *(continued)*

Insurance revenue *(continued)*

(2) insurance acquisition cash flows recovery, which is determined by allocating the portion of premiums related to recovery of those cash flows over the coverage period in a systematic way on the basis of the passage of time.

For contracts measured under the PAA, insurance revenue is an allocation of total expected premium receipts (excluding any investment component, refund of premiums, cash shortfalls due to policyholder's credit risk and adjusted to reflect the time value of money and the effect of financial risk) over the coverage period of a group of contracts on the basis of the passage of time.

Insurance service expenses

Insurance service expenses include the following:

(1) incurred claims and benefits, excluding investment components;

(2) other incurred directly attributable expenses;

(3) insurance acquisition cash flows amortisation;

(4) changes that relate to past service – changes in the FCF relating to the LIC; and

(5) changes that relate to future service – changes in the FCF that result in onerous contract losses or reversals of those losses.

For contracts measured under the GMM, amortisation of insurance acquisition cash flows is reflected in insurance service expenses in the same amount as insurance acquisition cash flows recovery reflected within insurance revenue, as described above.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

2.4 Material accounting policy information *(continued)*

(5) *Insurance contracts (continued)*

(f) Presentation *(continued)*

Insurance service expenses *(continued)*

For contracts measured under the PAA, insurance acquisition cash flows are amortised over the coverage period on the same basis as the insurance revenue earning pattern for the contracts to which the cash flows relate.

Other expenses not meeting the above categories are included in other operating expenses in the consolidated income statement.

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, including the following amounts:

(1) allocation of reinsurance premiums;

(2) incurred claims recovery, excluding investment components;

(3) other incurred directly attributable expenses;

(4) effect of changes in the risk of reinsurers' non-performance;

(5) amounts relating to the recognition and reversal of the loss-recovery component; and

(6) changes that relate to past service – changes in the FCF relating to incurred claims recovery.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

2.4 Material accounting policy information *(continued)*

(5) Insurance contracts (continued)

(f) Presentation *(continued)*

Net income/(expenses) from reinsurance contracts held *(continued)*

The allocation of reinsurance premiums is recognised similarly to insurance revenue. The amount of allocation of reinsurance premiums recognised in the reporting period depicts the transfer of received insurance contract services at an amount that reflects the portion of ceding premiums that the Group expects to pay in exchange for those services.

For contracts measured under the GMM, allocation of reinsurance premiums comprises the following amounts relating to the changes in the remaining coverage:

(1) claims recovery in the period, measured at the amounts expected to be incurred at the beginning of the period, excluding repayments of investment components;

(2) changes in the risk adjustment for non-financial risk, excluding:

  i. changes included in finance income/(expenses) from reinsurance contracts held;

  ii. changes that relate to future coverage (which adjust the CSM) and amounts allocated to the loss-recovery component;

(3) amounts of the CSM recognised for the services received in the period; and

(4) other amounts, e.g., experience adjustments arising from premiums paid in the period other than those that relate to future service.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

2.4 Material accounting policy information *(continued)*

(5) *Insurance contracts (continued)*

(f) Presentation *(continued)*

Net income/(expenses) from reinsurance contracts held *(continued)*

For groups of reinsurance contracts held measured under the PAA, the Group recognises the allocation of reinsurance premiums:

(1) on the basis of the passage of time; but

(2) 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.

Ceding commissions that are not contingent on claims of the underlying contracts issued reduce ceding premiums and are accounted for as part of allocation of reinsurance premiums. Reinsurance cash flows that are contingent on claims of the underlying contracts, for example, profit or sliding commissions, are accounted for as part of the claims that are expected to be reimbursed under the reinsurance contract held.

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:

(1) the effect of the time value of money and changes in the time value of money; and

(2) the effect of financial risk and changes in financial risk.

The Group has chosen to disaggregate the change in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

2.4 Material accounting policy information *(continued)*

(5) Insurance contracts (continued)

(f) Presentation *(continued)*

Insurance finance income or expenses *(continued)*

The Group disaggregates insurance finance income or expenses for the period between profit or loss and other comprehensive income, and applies the choice of accounting policy to all portfolios of insurance contracts. 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 cumulative amount recognised in other comprehensive income, which is presented in the insurance finance reserve, is the difference between the carrying amount of the group of contracts and the amount that the group would be measured as follows at when applying the systematic allocation:

(1) Contracts measured under the GMM: the discount rates determined on initial recognition of the group of contracts.

(2) Contracts measured under the PAA: the discount rates determined at the date of the incurred claims, only applicable to the LIC of insurance contracts issued and the AIC of reinsurance contracts held.

(g) The effect of accounting estimates made in interim financial statements

The Group has elected to change the treatment of accounting estimates made in previous interim financial statements when applying HKFRS 17 in subsequent interim financial statements and in the annual reporting period (i.e., updating the estimates used in the measurement of insurance contracts and reinsurance contracts held on a year-to-date basis).

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

2.4 Material accounting policy information *(continued)*

(6) Financial instruments

(a) Financial assets

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Classification

The Group classifies its financial assets into the following categories based on the business model for managing the financial assets and the contractual cash flow characteristics of financial assets:

(1) Financial assets measured at amortised cost ("AC");

(2) Financial assets measured at fair value through other comprehensive income ("FVOCI");

(3) Financial assets measured at fair value through profit or loss ("FVPL").

The debt instruments shall be classified as FVPL if the cash flow characteristics cannot pass the test on solely payments of principal and interest on the principal amount ("SPPI"). Otherwise, the classification of debt instruments will depend on the business model. For investments in equity instruments, investments will be classified as FVPL in general, except those designated as FVOCI. The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

For financial assets measured at fair value, gains and losses will be recorded in either profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity instrument at FVOCI.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

2.4 Material accounting policy information *(continued)*

(6) Financial instruments (continued)

(a) Financial assets *(continued)*

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

Debt instruments

Subsequent measurement of a debt instrument depends on the Group's business model managing the financial assets and the cash flow characteristics of the financial assets. There are three measurement categories into which the Group classifies its debt instruments:

(1) AC: Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is recognised using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other investment income together with foreign exchange gains and losses. Impairment losses are presented separately in the consolidated income statement.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

2.4 Material accounting policy information *(continued)*

(6) *Financial instruments (continued)*

(a) Financial assets *(continued)*

Measurement *(continued)*

Debt instruments *(continued)*

(2) FVOCI: Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and presented in other investment income. Interest income from these financial assets is recognised using the effective interest rate method. Foreign exchange gains and losses on the instrument's amortised cost are presented in foreign exchange gains/(losses), net and impairment losses are presented separately in the consolidated income statement.

(3) FVPL: Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. Net gains and losses, including any interest or dividend income and foreign exchange gains and losses, are recognised in profit or loss within other investment income. The interest income represents the interest accrual on these financial assets which is calculated using the coupon rate. Dividend income on equity investments under this category, which are generally determined at the amounts to be distributed by the investees, are recognised when the Group's right to receive the payment is established.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

2.4 Material accounting policy information *(continued)*

(6) Financial instruments (continued)

(a) Financial assets *(continued)*

Measurement *(continued)*

Equity instruments

The Group subsequently measures all equity instruments at fair value. Where the Group's management has elected to present fair value gains and losses on equity instruments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments, except for those clearly represent a recovery of part of the cost of the investments, are recognised in profit or loss and presented within other investment income when the Group's right to receive payments is established.

Changes in the fair value of equity instruments measured at FVPL, including any dividend income and foreign exchange gains and losses, are recognised in profit or loss within other investment income. Dividend income on these equity instruments, which is generally determined at the amounts to be distributed by the investees, is recognised when the Group's right to receive the payment is established.

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, for financial assets which are purchased or originated that have experienced credit loss, they are discounted at the effective interest rate adjusted for credit risk of the financial assets.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

2.4 Material accounting policy information *(continued)*

(6) Financial instruments (continued)

(a) Financial assets *(continued)*

Impairment *(continued)*

On each balance sheet date, the Group measures financial instruments at different stages separately. If the credit risk of financial instruments has not significantly increased since initial recognition, they are in stage 1, the impairment provision is measured at an amount equal to the 12-month expected credit losses. If a significant increase in credit risk since initial recognition is identified but is not yet deemed to be credit-impaired, the financial instrument is moved to Stage 2, the impairment provision is measured based on expected credit losses on a lifetime basis. If the financial instrument is credit-impaired, the financial instrument is then moved to Stage 3, the impairment provision is measured based on expected credit losses on a lifetime basis.

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 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 amortised cost (netting off any expected credit loss provision).

The Group recognises the accrual or reversal of the impairment provision in profit or loss. For debt instruments measured at fair value through other comprehensive income, impairment losses or reversal are reclassified to profit or loss from other comprehensive income.

(b) Financial liabilities

Classification, recognition and measurement

Financial liabilities are classified as financial liabilities measured at amortised cost and financial liabilities measured at fair value through profit or loss at initial recognition. For financial liabilities at fair value through profit or loss, related transaction costs that are directly attributable to the acquisition or issue of the financial liability are recognised in profit or loss, while the transaction costs related to other financial liabilities adjust the carrying amount at initial recognition.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

2.4 Material accounting policy information *(continued)*

(6) Financial instruments (continued)

(b) Financial liabilities *(continued)*

Classification, recognition and measurement *(continued)*

The financial liabilities of the Group are mainly measured at amortised cost, including bonds payable and other payables. These financial liabilities are initially measured at fair value after deducting transaction costs, and are subsequently measured using the effective interest rate method.

Derecognition of financial liabilities

When the obligation specified in the contract is discharged or cancelled, or expires, the Group derecognises the financial liability or a part of it. The difference between the carrying amount of the derecognised liability and the consideration paid is recognised in profit or loss.

If an existing financial liability is replaced by another financial liability with substantially different terms by the same creditor, or if the terms of the existing liability are substantially modified, such replacement or modification shall be treated as derecognition of the original liability and recognition of a new liability, and the difference shall be included in profit or loss.

(c) Derivatives and embedded derivatives

The Group's derivative financial instruments mainly include interest rate swaps. Such derivative financial instruments are initially recognised at fair value on the date on 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.

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.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

2.4 Material accounting policy information *(continued)*

(6) *Financial instruments (continued)*

(c) Derivatives and embedded derivatives *(continued)*

If a hybrid contract contains a host that is not an asset within the scope of HKFRS 9, an embedded derivative shall be separated from the host and accounted for as a derivative if, and only if:

(1) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host;

(2) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and

(3) 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).

If it is unable to measure the embedded derivative separately either at acquisition or at the end of a subsequent financial reporting period, it shall designate the entire hybrid contract as at fair value through profit or loss.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the consolidated income statement.

(d) Offsetting of financial assets and financial liabilities

When the Group currently has a 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 realise the financial assets and settle the financial liabilities simultaneously, the financial assets and financial liabilities are offset in the statement of financial position. Otherwise, financial assets and financial liabilities are presented separately in the statement of financial position and are not offset.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

2.4 Material accounting policy information *(continued)*

(6) Financial instruments (continued)

(e) Fair value measurement

The fair value of financial instruments with an active market is determined based on the quoted prices in the active market. The fair value of financial instruments without an active market is determined using valuation techniques. 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.

Valuation techniques include the use of discounted cash flow 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.

For financial instruments that use significant unobservable inputs in valuation, they are classified in Level 3 in the fair value hierarchy.

(7) Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including properties under construction for such purposes). Investment properties include land held for undetermined future use, which is regarded as held for capital appreciation purposes.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured 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.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

2.4 Material accounting policy information *(continued)*

(7) Investment properties (continued)

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 HKFRS 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 disposal. 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 a property and land occupied by the Group as an owner-occupied property and land becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property and equipment and depreciation" and "Leases" for land 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 HKAS 16 Property, Plant and Equipment. On disposal of the investment property, the asset revaluation reserve included in equity is transferred to retained earnings as a movement in reserves.

(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.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

2.4 Material accounting policy information *(continued)*

(8) Property and equipment and depreciation (continued)

Expenditure incurred after items of property and equipment have been put into operation, such as repairs and maintenance, is normally charged to the consolidated 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:

Lands and buildings	1.62% to 19.40%
Motor vehicles	16.17% to 24.25%
Office equipment, furniture and fixtures	9.70% to 32.33%

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 consolidated 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.

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)*

2.4 Material accounting policy information *(continued)*

(9) 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 consolidated income statement in the period in which it arises.

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 consolidated income statement in the period in which it arises, as appropriate.

(10) Taxation

Income tax expense represents the sum of current income tax and deferred income tax.

Current income tax 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.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

2.4 Material accounting policy information *(continued)*

(10) Taxation (continued)

Deferred income 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 income tax liabilities are generally recognised for all taxable temporary differences. Deferred income 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 income 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 and does not give rise to equal taxable and deductible temporary differences. In addition, deferred income tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred income 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 income 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 income 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 income 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 is realised, 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 income tax liabilities and assets reflects 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.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

2.4 Material accounting policy information *(continued)*

(10) Taxation (continued)

For the purposes of measuring deferred income tax liabilities or deferred income 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.

Deferred income tax assets and deferred income tax liabilities are offset when there is a legally enforceable right that 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 income taxes 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 income taxes are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred income tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

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 used by individual group entities in their income tax filings. If it is probable, the current and deferred income 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.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

2.4 Material accounting policy information *(continued)*

(11) Provisions

Except for contingent considerations deriving 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 present value. Provisions shall be reviewed at the end of the reporting period and adjusted to reflect the current best estimate.

(12) Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered services 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"). 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.

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)*

2.4 Material accounting policy information *(continued)*

(12) 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 HKFRS requires or permits the inclusion of the benefits in the cost of an asset or they are identified as the insurance acquisition cash flows as defined in HKFRS 17.

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 HKFRS requires or permits their inclusions in the cost of an asset or they are identified as the insurance acquisition cash flows as defined in HKFRS 17.

(13) 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 HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

2.4 Material accounting policy information *(continued)*

(13) Leases (continued)

The Group as a lessee

As a practical expedient, leases with similar characteristics are accounted for 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.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for leases of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Right-of-use assets

The cost of right-of-use assets 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.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

2.4 Material accounting policy information *(continued)*

(13) Leases (continued)

The Group as a lessee ***(continued)***

Right-of-use assets *(continued)*

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 the 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 their estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on 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 HKFRS 16. The Group recognises any prepaid premium for leasehold lands as right-of-use assets which are depreciated over the relevant lease terms.

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 payments 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.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

2.4 Material accounting policy information *(continued)*

(13) Leases (continued)

The Group as a 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 the fair value model.

(14) Profit appropriation

In accordance with the PRC Company Law and the Company and each of its subsidiaries' articles of association, the Company and each of its subsidiaries are required to make appropriations to the statutory surplus reserve based on their respective annual profit (after offsetting any prior years' losses) as determined in accordance with PRC generally accepted accounting principles ("PRC GAAP"). When the balance of such reserve fund reaches 50% of the capital, any further appropriation is optional. The Company and each of its subsidiaries may also make appropriations to the 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 capital. The balance of the statutory surplus reserve fund after transfers to the capital should not be less than 25% of capital.

According to the relevant regulations of the PRC, the Company has to set aside 10% of its net profit determined in accordance with PRC GAAP to the general risk reserve for catastrophic losses. This general risk reserve cannot be used for dividend distribution or conversion into capital.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

2.4 Material accounting policy information *(continued)*

(14) Profit appropriation (continued)

According to the relevant regulations of the PRC, the Company is required to make appropriations to catastrophic loss reserve when the agriculture and nuclear insurance businesses achieve annual or accumulated excessive underwriting profits. The catastrophic loss reserve cannot be used for dividend distribution or conversion into capital.

(15) Dividends

Dividends proposed by the directors are classified as a separate allocation of retained profits. When these dividends are approved by the shareholders and declared, they are recognised as a liability.

3. SIGNIFICANT JUDGEMENTS AND ESTIMATES

In the application of the Group's accounting policies, which are described in note 2.4, 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.

(1) Estimates of fulfilment cash flows

At the end of the reporting period, when measuring the insurance contract liabilities, the Group needs to make reasonable estimates in payments that the Group is required to make in fulfilling the obligations under the insurance contracts, based on the information currently available at the end of the reporting period.

3. SIGNIFICANT JUDGEMENTS AND ESTIMATES *(CONTINUED)*

(1) Estimates of fulfilment cash flows *(continued)*

The main assumptions applied in making the estimates of FCF are as follows:

Discount rate

The Group determines the discount rates for insurance contracts based on a bottom-up approach.

Insurance contract cash flows are discounted using risk-free yield curves adjusted by illiquidity premiums and tax effect to reflect the liquidity characteristics of the fulfilment cash flows. The risk-free yield curve is interpolated between the latest observable spot rates using the straight-line method and converted to monthly forward rates.

The RMB spot rate curves used by the Group for discounting future cash flow estimates (including illiquidity premiums and tax effects) are presented in the following table.

Term	31 December 2024	31 December 2023
1 month	**0.83%**	1.99%
1 year	**1.35%**	2.57%
5 years	**1.78%**	2.91%
20 years	**2.53%**	3.29%

Expense assumption

The Group develops its expense assumptions based on the expense analysis and future development trends. The purpose of the expense analysis is to allocate total expenses directly attributable to the insurance contracts among insurance acquisition costs, policy administration and maintenance costs, and claim handling costs.

Expected loss ratio and future claim development pattern

The major assumptions applied in measuring LIC include the expected loss ratios and future claim development pattern. The expected loss ratios and future claim development pattern of each measurement unit are based on the Group's historical claims development experience and loss ratios, with consideration of adjustments to company policies such as underwriting policies, level of premium rates, claims handling processes, and the changing trends in external environment such as macroeconomics, regulations, and legislation.

3. SIGNIFICANT JUDGEMENTS AND ESTIMATES *(CONTINUED)*

(1) Estimates of fulfilment cash flows *(continued)*

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 adjustment for non-financial risk is 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% to 85% (31 December 2023: 75% to 85%).

(2) Significant influence on an investee when less than 20% 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 in accordance with HKFRS 9.

The reasons for existence of significant influence over some investees, even though the voting rights held by the Group are less than 20%, are disclosed in note 23 to the consolidated financial statements.

3. SIGNIFICANT JUDGEMENTS AND ESTIMATES *(CONTINUED)*

(3) Consolidation of structured entities

The Group has interests various 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 fellow 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 43.

(4) 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 investments in associates 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 a suitable discount rate in order to calculate those cash flows.

(5) Fair value of financial assets determined using valuation techniques

The Group uses valuation techniques for financial instruments which are not quoted in an active market. Valuation techniques include the use of discounted cash flow 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, valuation techniques and key inputs are disclosed in note 36 to the consolidated financial statements.

3. SIGNIFICANT JUDGEMENTS AND ESTIMATES *(CONTINUED)*

(6) Measurement of expected credit losses on financial assets

The measurement of the expected credit loss for financial assets measured at amortised cost and debt instruments measured at FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour.

A number of significant judgements are also required in applying the accounting requirements for measuring Expected Credit Loss ("ECL"), such as:

(1) Determining criteria for significant increase in credit risk;

(2) Choosing appropriate models and assumptions for the measurement of ECL;

(3) Establishing the number and relative weightings of forward-looking scenarios and the associated ECL; and

(4) 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 internal management reporting provided to the chief operating decision maker for deciding how to allocate resources and for assessing performance.

For management purposes, the Group is organised into business units based on their products and services and has six reportable segments other than the corporate and other segment as follows:

(a) the motor vehicle segment which provides insurance products covering motor vehicles;

(b) the accidental injury and health segment which provides insurance products covering accidental injuries and medical expenses;

(c) the agriculture segment which provides insurance products covering agriculture business;

(d) the liability segment which provides insurance products covering policyholders' liabilities;

4. OPERATING SEGMENT INFORMATION *(CONTINUED)*

(e) the commercial property segment which provides insurance products covering commercial properties; and

(f) the others which mainly represents insurance products related to cargo, credit and surety, household property, special risks, marine hull and construction.

Management monitors the results of the Group's operating segments separately for the purpose of performance assessment. Segment performance is evaluated based on reportable segment result.

The corporate and other segment includes the income and expenses from reinsurance contracts issued and held, the income and expenses from investment activities, other income, unallocated income and expenses of the Group.

Insurance business assets and liabilities directly attributable to operating segments of insurance business will be allocated to each segment. Investment assets and liabilities will be allocated to the corporate and other business segment together with property and equipment, investment properties, prepaid land premiums, other assets, bonds payable, income tax payable, deferred income tax assets and other payables, which are not allocated further.

Geographical information is not presented as the Group's customers, business, assets and liabilities are mainly located and operations are mainly carried out in Mainland China for relevant entities. There were no inter-segment transactions for the years ended 31 December 2024 and 2023.

4. OPERATING SEGMENT INFORMATION *(CONTINUED)*

The segment statements of profit or loss for the year ended 31 December 2024 are as follows:

	Insurance							
	Motor vehicle	Accidental injury and health	Agriculture	Liability	Commercial property	Others	Corporate and other	Total
Insurance revenue	294,674	48,915	55,302	37,148	16,946	30,571	1,667	485,223
Insurance service expenses	(278,626)	(47,290)	(55,853)	(37,678)	(17,208)	(27,072)	(1,665)	(465,392)
Net expenses from reinsurance contracts held	–	–	–	–	–	–	(5,451)	(5,451)
Insurance service result	16,048	1,625	(551)	(530)	(262)	3,499	(5,449)	14,380
Finance expenses from insurance contracts issued	(6,283)	(1,028)	(6)	(1,174)	(495)	(829)	(86)	(9,901)
Finance income from reinsurance contracts held	–	–	–	–	–	–	1,234	1,234
Interest income from financial assets not measured at fair value through profit or loss	–	–	–	–	–	–	11,860	11,860
Other investment income	–	–	–	–	–	–	15,118	15,118
Credit impairment losses	–	–	–	–	–	–	911	911
Other income	–	–	–	–	–	–	254	254
Other finance costs	–	–	–	–	–	–	(1,193)	(1,193)
Other operating expenses	–	–	–	–	–	–	(1,763)	(1,763)
Share of profit or loss of associates and joint ventures	–	–	–	–	–	–	7,123	7,123
Foreign exchange gains, net	–	–	–	2	8	31	(49)	(8)
Profit/(Loss) before income tax	9,765	597	(557)	(1,702)	(749)	2,701	27,960	38,015
Income tax expense	–	–	–	–	–	–	(5,854)	(5,854)
Net profit/(loss) for the year Segment operating result	9,765	597	(557)	(1,702)	(749)	2,701	22,106	32,161

4. OPERATING SEGMENT INFORMATION *(CONTINUED)*

The segment statements of profit or loss for the year ended 31 December 2023 are as follows:

	Insurance							
	Motor vehicle	Accidental injury and health	Agriculture	Liability	Commercial property	Others	Corporate and other	Total
Insurance revenue	282,105	43,746	52,788	32,740	16,099	26,589	3,136	457,203
Insurance service expenses	(266,909)	(40,885)	(50,102)	(33,263)	(15,860)	(22,406)	(2,566)	(431,991)
Net expenses from reinsurance contracts held	–	–	–	–	–	–	(6,142)	(6,142)
Insurance service result	15,196	2,861	2,686	(523)	239	4,183	(5,572)	19,070
Finance expenses from insurance contracts issued	(6,279)	(1,198)	(100)	(1,115)	(466)	(902)	(67)	(10,127)
Finance income from reinsurance contracts held	–	–	–	–	–	–	1,246	1,246
Interest income from financial assets not measured at fair value through profit or loss	–	–	–	–	–	–	11,710	11,710
Other investment income	–	–	–	–	–	–	4,077	4,077
Credit impairment losses	–	–	–	–	–	–	(423)	(423)
Other income	–	–	–	–	–	–	195	195
Other finance costs	–	–	–	–	–	–	(1,151)	(1,151)
Other operating expenses	–	–	–	–	–	–	(2,203)	(2,203)
Share of profit or loss of associates and joint ventures	–	–	–	–	–	–	5,530	5,530
Foreign exchange gains, net	–	–	–	3	5	14	89	111
Profit/(Loss) before income tax	8,917	1,663	2,586	(1,635)	(222)	3,295	13,431	28,035
Income tax expense	–	–	–	–	–	–	(3,469)	(3,469)
Net profit/(loss) for the year								
Segment operating result	8,917	1,663	2,586	(1,635)	(222)	3,295	9,962	24,566

4. OPERATING SEGMENT INFORMATION *(CONTINUED)*

The segment assets and liabilities of the Group at 31 December 2024 and other segment information for the year ended 31 December 2024 are as follows:

	Insurance							
	Motor vehicle	Accidental injury and health	Agriculture	Liability	Commercial property	Others	Corporate and other	Total
31 December 2024								
Segment assets	185	1,126	1,896	990	1,199	1,262	771,586	778,244
Segment liabilities	263,044	36,712	98	45,497	19,775	33,937	118,559	517,622
For the year ended 31 December 2024								
Other segment information:								
Capital expenditures	1,876	408	348	237	119	194	–	3,182
Depreciation and amortisation	2,153	623	304	282	82	307	77	3,828

The segment assets and liabilities of the Group at 31 December 2023 and other segment information for the year ended 31 December 2023 are as follows:

	Insurance							
	Motor vehicle	Accidental injury and health	Agriculture	Liability	Commercial property	Others	Corporate and other	Total
31 December 2023								
Segment assets	226	225	3,052	963	945	2,775	695,437	703,623
Segment liabilities	243,425	36,427	183	41,236	17,943	31,781	98,324	469,319
For the year ended 31 December 2023								
Other segment information:								
Capital expenditures	1,629	340	313	203	99	150	–	2,734
Depreciation and amortisation	2,160	627	332	268	84	265	73	3,809

5. INSURANCE REVENUE

	2024	2023
Amounts relating to the changes in the LRC		
Expected incurred claims and other directly attributable expenses	**3,983**	4,328
Change in the risk adjustment for non-financial risk for the risk expired	**238**	259
CSM recognised for the service provided	**93**	174
Experience adjustments arising from premiums received in the period other than those that related to future service	**(338)**	(424)
Insurance acquisition cash flows recovery	**929**	756
Insurance revenue from contracts measured under the GMM	**4,905**	5,093
Insurance revenue from contracts measured under the PAA	**480,318**	452,110
Total	**485,223**	457,203

An analysis of insurance revenue for insurance contracts issued by transition approach is included in the following table.

	2024	2023
New contracts and contracts measured under the full retrospective approach at transition	**483,674**	454,200
Contracts measured under the modified retrospective approach at transition	**316**	629
Contracts measured under the fair value approach at transition	**1,233**	2,374
Total	**485,223**	457,203

6. NET INSURANCE FINANCE EXPENSES

2024	Contracts measured under the GMM	Contracts measured under the PAA	Total
Interest accreted	976	8,901	9,877
Effect of changes in interest rates and other financial assumptions	553	1,547	2,100
Foreign exchange differences	(11)	35	24
Finance expenses from insurance contracts issued	1,518	10,483	12,001
Recognised in:			
Profit or loss	965	8,936	9,901
Other comprehensive income	553	1,547	2,100
Interest accreted	(175)	(1,046)	(1,221)
Effect of changes in interest rates and other financial assumptions	(99)	(302)	(401)
Foreign exchange differences	(12)	(1)	(13)
Finance income from reinsurance contracts held	(286)	(1,349)	(1,635)
Recognised in:			
Profit or loss	(187)	(1,047)	(1,234)
Other comprehensive income	(99)	(302)	(401)
Net insurance finance expenses recognised in total comprehensive income	1,232	9,134	10,366

6. NET INSURANCE FINANCE EXPENSES *(CONTINUED)*

2023	Contracts measured under the GMM	Contracts measured under the PAA	Total
Interest accreted	1,259	8,741	10,000
Effect of changes in interest rates and other financial assumptions	96	369	465
Foreign exchange differences	15	112	127
Finance expenses from insurance contracts issued	1,370	9,222	10,592
Recognised in:			
Profit or loss	1,274	8,853	10,127
Other comprehensive income	96	369	465
Interest accreted	(256)	(951)	(1,207)
Effect of changes in interest rates and other financial assumptions	(19)	(64)	(83)
Foreign exchange differences	(19)	(20)	(39)
Finance income from reinsurance contracts held	(294)	(1,035)	(1,329)
Recognised in:			
Profit or loss	(275)	(971)	(1,246)
Other comprehensive income	(19)	(64)	(83)
Net insurance finance expenses recognised in total comprehensive income	1,076	8,187	9,263

7. INTEREST INCOME FROM FINANCIAL ASSETS NOT MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024	2023
Financial investments at amortised cost	**5,478**	5,358
Current and term deposits at amortised cost	**2,849**	3,188
Debt instruments at fair value through other comprehensive income	**3,533**	3,164
Total	**11,860**	11,710

8. OTHER INVESTMENT INCOME

	2024	2023
Operating lease income from investment properties	**384**	397
Interest income from financial assets at fair value through profit or loss	**2,031**	2,486
Dividends:		
Equity instruments at fair value through other comprehensive income	**4,111**	3,853
Financial assets at fair value through profit or loss	**988**	1,434
Subtotal	**5,099**	5,287
Unrealised gains/(losses) on investments:		
Financial assets at fair value through profit or loss	**8,065**	(4,700)
Realised gains/(losses) on investments:		
Financial assets at fair value through profit or loss	**(509)**	67
Debt instruments at fair value through other comprehensive income	**283**	755
Gains on derecognition of financial assets at amortised cost	**–**	1
Subtotal	**(226)**	823
Losses on fair value changes of investment properties (note 25)	**(235)**	(216)
Total	**15,118**	4,077

8. OTHER INVESTMENT INCOME *(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.

9. CREDIT IMPAIRMENT (REVERSALS)/LOSSES

	2024	2023
Financial investments at amortised cost	**(627)**	312
Debt instruments at fair value through other comprehensive income	**(71)**	125
Term deposits	**(137)**	67
Other financial assets	**(76)**	(81)
Total	**(911)**	423

10. OTHER FINANCE COSTS

	2024	2023
Interest on securities sold under agreements to repurchase	**694**	741
Interest on bonds payable	**368**	328
Interest on lease liabilities	**46**	51
Interest on investment contracts	**85**	31
Total	**1,193**	1,151

11. OTHER OPERATING EXPENSES

The following expenses for the years ended 31 December 2024 and 2023 were analysed by nature. Expenses incurred that were fulfilment cash flows are not presented in other operating expenses, but either presented as insurance service expenses or recognised as insurance acquisition cash flows according to HKFRS 17.

	2024	2023
Employee expenses (including directors', supervisors' and senior management's remunerations)	**42,744**	40,495
Salaries, allowances and performance related bonuses	**37,689**	35,744
Pension scheme contributions	**5,055**	4,751
Commissions	**38,698**	39,675
Business publicity expenses	**14,035**	19,931
Labor fee	**12,736**	12,517
Consulting fee	**4,452**	5,774
Taxes and other surcharges	**1,951**	1,978
Depreciation of property and equipment (note 26)	**1,773**	1,834
Depreciation of right-of-use assets (note 27)	**914**	961
Amortisation of intangible assets	**1,114**	955
Other expenses	**14,221**	14,142
Subtotal	**132,638**	138,262
Less: Insurance acquisition cash flows	**(88,325)**	(96,407)
Less: Other incurred expenses directly attributable to insurance contracts	**(42,550)**	(39,652)
Total	**1,763**	2,203

12. INCOME TAX EXPENSE

The provision for income tax expense is calculated based on the statutory rate of 25% in accordance with the relevant PRC income tax rules and regulations during each period. Starting from 2020, the Company's branches in some western provinces and Hainan province entitle to the preferential tax rate of 15% for eligible taxable profit. According to relevant tax regulations, the preferential tax rates of some western provinces and Hainan province are applicable until 2030 and 2027, respectively.

	2024	2023
Current tax	**7,308**	1,517
Deferred income tax	**(1,454)**	1,952
Total	**5,854**	3,469

A reconciliation of the tax expense applicable to profit before income tax at the statutory tax rate of the PRC, in which the Group is domiciled, to the income tax at the effective tax rate is as follows:

	2024	2023
Profit before income tax	**38,015**	28,035
Income tax at the statutory tax rate of 25% (2023: 25%)	**9,504**	7,009
Income not subject to tax	**(3,760)**	(3,603)
Expenses not deductible for tax	**350**	96
Impact from preferential tax treatment	**(240)**	(33)
Income tax at the Group's effective tax rate	**5,854**	3,469

13. DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(1) Directors and supervisors

Directors' and supervisors' remuneration for the year, disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, is as follows:

2024	Fees *RMB'000*	Salaries and allowances *RMB'000*	Performance related bonuses *RMB'000*	Retirement benefits *RMB'000*	Housing fund and other benefits *RMB'000*	Total remuneration before tax *RMB'000*
Non-executive directors:						
Ms. Ding Xiangqun (i)(ii) (Chairman of the Board) (appointed as Chairman of the Board and non-executive director on 30 December 2024)	-	-	-	-	-	-
Mr. Wang Tingke (i)(ii) (Former Chairman of the Board) (resigned on 5 September 2024)	-	-	-	-	-	-
Mr. Li Tao (i)(ii) (resigned on 20 December 2024)	-	-	-	-	-	-
Executive directors:						
Mr. Yu Ze (i) (President)	-	-	-	-	-	-
Mr. Jiang Caishi	-	758	398	387	67	1,610
Mr. Zhang Daoming	-	740	389	381	62	1,572
Mr. Hu Wei	-	740	389	370	67	1,566
Independent directors:						
Ms. Qu Xiaohui (ii) (retired on 29 April 2024)	83	-	-	-	-	83
Mr. Cheng Fengchao	250	-	-	-	-	250
Mr. Wei Chenyang	200	-	-	-	-	200
Mr. Li Weibin	250	-	-	-	-	250
Mr. Qu Xiaobo	200	-	-	-	-	200
Ms. Xue Shuang (ii) (appointed as independent director on 26 August 2024)	83	-	-	-	-	83

13. DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S EMOLUMENTS *(CONTINUED)*

(1) Directors and supervisors *(continued)*

2024	Fees *RMB'000*	Salaries and allowances *RMB'000*	Performance related bonuses *RMB'000*	Retirement benefits *RMB'000*	Housing fund and other benefits *RMB'000*	Total remuneration before tax *RMB'000*
Supervisors:						
Mr. Dong Qingxiu (Chairman of the Supervisory Committee)	–	626	329	387	67	1,409
Mr. Wang Yadong (i)	–	–	–	–	–	–
Mr. Zhou Zhiwen	–	420	412	260	143	1,235
Mr. Fu Xiaoliang	–	371	369	249	133	1,122
Independent supervisors:						
Ms. Li Shuk Yin Edwina (ii) (resigned on 30 June 2024)	100	–	–	–	–	100
Mr. Carson Wen	200	–	–	–	–	200
Total	1,366	3,655	2,286	2,034	539	9,880

(i) These directors and supervisors did not receive any remuneration from the Company.

(ii) Besides the above appointment, resignation and retirement notes those right to the directors and supervisors, there were no other changes.

13. DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S EMOLUMENTS *(CONTINUED)*

(1) Directors and supervisors *(continued)*

In accordance with the policies of the relevant authorities in the PRC, the Company did not pay any compensation to Ms. Ding Xiangqun and Mr. Wang Tingke for their services as the Chairman of the Board.

The remuneration of executive directors, Mr. Jiang Caishi, Mr. Zhang Daoming and Mr. Hu Wei was mainly for their services as directors of the Company.

The fees of independent directors and external supervisors consist of two parts: basic fee and floating fee, according to the proposal on remuneration plan of independent directors and external supervisors of the Company. The basic fee is a fixed amount, among which, independent directors and independent supervisors who are the chairman of the committees of the Board of Directors or the Supervisory Committee are proposed to be paid RMB250,000 per person per year before tax, and other independent directors and independent supervisors are proposed to be paid RMB200,000 per person per year before tax. The floating fee is RMB50,000 per person per year before tax, which is linked to the annual performance evaluation results. Those rated as "competent" will be paid at 100%; those rated as "basically competent" will be paid at 60%; and those rated as "incompetent" will not be paid for floating fees. The fees of independent directors and external supervisors shall be charged and paid by the Company in accordance with the relevant policies each year during their terms of office. The fees shall be calculated according to the actual length of service of such directors and supervisors during the year if their actual length of service is less than a year. The above disclosed fees only include basic fees. The floating fees will be paid after the evaluation of the directors and supervisors' performance for the year 2024, and will be disclosed in the restated figures in next year's report.

The supervisors' remuneration shown above was mainly for their services as employees of the Company.

Pursuant to the PRC relevant regulations, the payment of a portion of the performance related bonuses for certain executive directors and supervisors has been deferred for a minimum of 3 years.

The total compensation packages of Mr. Jiang Caishi, Mr. Zhang Daoming, Mr. Hu Wei, Mr. Dong Qingxiu, Mr. Zhou Zhiwen and Mr. Fu Xiaoliang for the year ended 31 December 2024 including performance related bonuses have not yet been finalised in accordance with regulations of the relevant authorities in the PRC. Management of the Company believes that the difference between the final remuneration and that disclosed above will not have a significant impact on the consolidated financial statements.

13. DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S EMOLUMENTS *(CONTINUED)*

(1) Directors and supervisors *(continued)*

2023 (Restated)	Fees *RMB'000*	Salaries and allowances *RMB'000*	Performance related bonuses *RMB'000*	Retirement benefits *RMB'000*	Housing fund and other benefits *RMB'000*	Total remuneration before tax *RMB'000*
Non-executive directors:						
Mr. Wang Tingke (i) (Chairman of the Board) (appointed as Chairman of the Board and non-executive director on 8 October 2023)	–	–	–	–	–	–
Mr. Li Tao (i)	–	–	–	–	–	–
Mr. Luo Xi (i) (Former Chairman of the Board) (resigned on 16 March 2023)	–	–	–	–	–	–
Executive directors:						
Mr. Yu Ze (i) (President)	–	–	–	–	–	–
Mr. Jiang Caishi	–	758	966	370	65	2,159
Mr. Zhang Daoming	–	740	932	359	60	2,091
Mr. Hu Wei (appointed as executive director on 16 March 2023)	–	499	817	253	54	1,623
Independent directors:						
Ms. Qu Xiaohui	300	–	–	–	–	300
Mr. Cheng Fengchao	300	–	–	–	–	300
Mr. Wei Chenyang (appointed as independent director on 12 January 2023)	250	–	–	–	–	250
Mr. Li Weibin (appointed as independent director on 31 July 2023)	125	–	–	–	–	125
Mr. Qu Xiaobo (appointed as independent director on 12 September 2023)	67	–	–	–	–	67
Mr. Lin Hanchuan (resigned on 17 February 2023)	33	–	–	–	–	33
Mr. Lo Chung Hin (retired on 8 August 2023)	167	–	–	–	–	167

13. DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S EMOLUMENTS *(CONTINUED)*

(1) Directors and supervisors *(continued)*

2023 (Restated)	Fees *RMB'000*	Salaries and allowances *RMB'000*	Performance related bonuses *RMB'000*	Retirement benefits *RMB'000*	Housing fund and other benefits *RMB'000*	Total remuneration before tax *RMB'000*
Supervisors:						
Mr. Dong Qingxiu (ii) (Chairman of the Supervisory Committee) (appointed as Chairman of the Supervisory Committee and shareholder supervisor on 23 May 2023)	–	365	775	217	46	1,403
Mr. Wang Yadong (i)	–	–	–	–	–	–
Mr. Zhou Zhiwen (ii) (appointed as employee supervisor on 23 May 2023)	–	245	555	155	79	1,034
Mr. Fu Xiaoliang (ii) (appointed as employee supervisor on 23 May 2023)	–	205	542	145	78	970
Mr. Zhang Xiaoli (ii) (ceased to perform the duties of a supervisory on 23 May 2023)	–	187	645	153	48	1,033
Independent supervisors:						
Ms. Li Shuk Yin Edwina (appointed as independent supervisor on 31 January 2023)	250	–	–	–	–	250
Mr. Carson Wen (appointed as independent supervisor on 23 November 2023)	33	–	–	–	–	33
Mr. Lu Zhengfei (retired on 8 August 2023)	167	–	–	–	–	167
Total	1,692	2,999	5,232	1,652	430	12,005

(i) These directors and supervisors did not receive any remuneration from the Company.

(ii) Mr. Zhang Xiaoli resigned as the Chairman of the Supervisory Committee, a supervisor and the Chairman of the special committee of the Supervisory Committee on 15 July 2022. Given that the Supervisory Committee became inquorate due to Mr. Zhang Xiaoli's resignation, pursuant to relevant laws and regulations of the PRC and the Articles of Association, Mr. Zhang Xiaoli shall continue to perform his duties as a supervisor in accordance with laws and regulations, regulatory provisions and the Articles of Association before a new supervisor is elected and fills the vacancy caused by his resignation. On 23 May 2023, the National Financial Regulatory Administration (the "NFRA") approved the qualification of Mr. Dong Qingxiu, Mr. Zhou Zhiwen and Mr. Fu Xiaoliang to serve as supervisors, therefore Mr. Zhang Xiaoli ceased to perform the duties as a supervisor from 23 May 2023 onwards.

13. DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S EMOLUMENTS *(CONTINUED)*

(1) Directors and supervisors *(continued)*

The remuneration of executive directors and supervisors and the fees of independent directors and independent supervisors for the year 2023 have been restated according to the amounts finalised in the year 2024.

(2) Senior management

Remuneration of senior management other than directors and supervisors is as follows:

	2024 *RMB'000*	2023 (Restated) *RMB'000*
Salaries and allowances	**2,941**	2,532
Performance related bonuses	**1,751**	3,178
Retirement benefits	**1,592**	1,347
Housing fund and other benefits	**339**	297
Total	**6,623**	7,354

Pursuant to the PRC relevant regulations, the payment of a portion of the performance related bonuses for certain members of senior management has been deferred for a minimum of 3 years contingent upon the future performance.

The total compensation packages for senior management for the year ended 31 December 2024 including performance related bonuses have not yet been finalised in accordance with regulations of the relevant authorities in the PRC. Management of the Company believes that the difference between the final remuneration and that disclosed above will not have a significant impact on the consolidated financial statements.

13. DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S EMOLUMENTS *(CONTINUED)*

(2) Senior management *(continued)*

The number of senior management other than directors and supervisors whose remuneration fell within the following bands is as follows:

	2024	2023 (Restated)
HKD1,000,001 to HKD1,500,000	**1**	–
HKD1,500,001 to HKD2,000,000	**3**	1
HKD2,000,001 to HKD2,500,000	**–**	3
Total	**4**	4

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. Pursuant to the PRC relevant regulations, the payment of a portion of the performance related bonuses for the year ended 31 December 2023 amounting to approximately RMB3 million for senior management was deferred.

14. FIVE HIGHEST PAID INDIVIDUALS

The five highest paid individuals of the Group during the year included three directors (2023: two directors), details of whose remuneration are set out in note 13 above. Details of the remuneration for the year of the remaining two (2023: three) highest paid individuals are set out below:

	2024 *RMB'000*	2023 (Restated) *RMB'000*
Salaries and allowances	**1,480**	2,079
Performance related bonuses	**777**	2,573
Retirement benefits	**757**	1,042
Housing fund and other benefits	**135**	195
Total	**3,149**	5,889

14. FIVE HIGHEST PAID INDIVIDUALS *(CONTINUED)*

The number of the highest paid individuals who are not directors/supervisors of the Company whose remuneration fell within the following bands is as follows:

	2024	2023 (Restated)
HKD1,000,001 to HKD1,500,000	**–**	–
HKD1,500,001 to HKD2,000,000	**2**	–
HKD2,000,001 to HKD2,500,000	**–**	3
Total	**2**	3

The compensation amounts for the highest paid individuals for the year ended 31 December 2023 were restated based on the finalised amounts determined during 2024.

15. EARNINGS PER SHARE

(1) Basic earnings per share

The calculation of basic earnings per share attributable to owners of the parent is based on the following:

	2024	2023
Earnings:		
Net profit attributable to owners of the parent	**32,173**	24,585
Shares:		
Weighted average number of ordinary shares in issue (in million shares) (note 35)	**22,242**	22,242
Basic earnings per share (RMB yuan)	**1.446**	1.105

Basic earnings per share amounts were calculated by dividing the profit attributable to owners of the parent by the weighted average number of ordinary shares in issue for the years ended 31 December 2024 and 2023.

15. EARNINGS PER SHARE *(CONTINUED)*

(2) Diluted earnings per share

For the years ended 31 December 2024 and 2023, the Company did not hold any dilutive potential ordinary shares, therefore the diluted earnings per share amounts were the same as the basic earnings per share amounts.

16. DIVIDENDS

	2024	2023
Dividends recognised as distribution during the year:		
Final dividend for the year 2022:		
RMB0.478 per ordinary share	**–**	10,632
Final dividend for the year 2023:		
RMB0.489 per ordinary share	**10,877**	–
Interim dividend for the year 2024:		
RMB0.208 per ordinary share	**4,626**	–

Pursuant to the shareholders' approval at the general meeting on 29 October 2024, an interim dividend of RMB0.208 per ordinary share totalling RMB4,626 million in respect of the period for the six months ended 30 June 2024 was declared.

Pursuant to the shareholders' approval at the general meeting on 28 June 2024, a final dividend of RMB0.489 per ordinary share totalling RMB10,877 million in respect of the year ended 31 December 2023 was declared.

Pursuant to the shareholders' approval at the general meeting on 19 June 2023, a final dividend of RMB0.478 per ordinary share totalling RMB10,632 million in respect of the year ended 31 December 2022 was declared.

17. CASH AND CASH EQUIVALENTS

	31 December 2024	31 December 2023
Demand deposits and cash on hand	**8,550**	12,242
Securities purchased under resale agreements with original maturity of no more than three months	**10,813**	4,246
Subtotal	**19,363**	16,488
Add: interest receivable	**7**	38
Less: provision for impairment	**–**	–
Total	**19,370**	16,526
Cash and cash equivalents by accounting categories:		
Financial assets at amortised cost	**19,370**	16,526

For securities purchased under resale agreements, counterparties are required to pledge certain bonds as collateral. The securities purchased are not recognised on the consolidated statement of financial position.

The carrying amounts of cash and cash equivalents approximated to the fair values at 31 December 2024 and 31 December 2023.

18. FINANCIAL INVESTMENTS AT AMORTISED COST

	31 December 2024	31 December 2023
Bond investments:		
Government bonds	**44,893**	19,119
Corporate bonds	**16,552**	17,904
Financial bonds	**6,953**	6,548
Trust plans	**29,454**	39,178
Long-term debt investment schemes	**31,388**	38,118
Project support schemes	**7,128**	6,149
Others	**396**	532
Total	**136,764**	127,548
Less: provision for impairment	**(704)**	(1,356)
Net value	**136,060**	126,192

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	31 December 2024	31 December 2023
Debt instruments:		
Bond investments		
Corporate bonds	**47,466**	51,442
Government bonds	**77,166**	27,547
Financial bonds	**16,672**	16,013
Project support schemes	**74**	71
Subtotal	**141,378**	95,073
Including:		
Amortised cost	**130,190**	90,379
Accumulated fair value changes	**11,188**	4,694
Equity instruments:		
Perpetual bonds (i)	**39,584**	34,676
Listed shares	**39,230**	27,941
Perpetual trust plans and perpetual debt plans (i)	**16,097**	14,998
Preferred shares	**7,482**	7,454
Subtotal	**102,393**	85,069
Including:		
Cost	**86,032**	76,979
Accumulated fair value changes	**16,361**	8,090
Total	**243,771**	180,142

(i) These perpetual financial instruments have no fixed maturity dates, and the issuer does not have a contractual obligation to make any distributions or to redeem them by paying cash or other financial assets.

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME *(CONTINUED)*

At 31 December 2024, the impairment provision for financial assets at fair value through other comprehensive income was RMB121 million (31 December 2023: RMB234 million).

Certain investments in equity instruments that are not held for trading were designated at fair value through other comprehensive income. The equity instruments at fair value through other comprehensive income, designated by the Group, are non-trading equity investments with the primary objective of being held for long term or obtaining dividends during the holding period.

The dividend income recognised by the Group for such equity instruments for the year ended 31 December 2024 was RMB4,111 million (2023: RMB3,853 million). In 2024, for optimising asset allocation and asset-liability management, the Group disposed of equity instruments designated at fair value through other comprehensive income amounting to RMB7,790 million (2023: RMB1,776 million). The cumulative gains net of taxes of such equity instruments transferred into retained earnings from the revaluation reserve upon the disposals were RMB841 million during the year (2023: losses net of taxes of RMB266 million).

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2024	31 December 2023
Bond investments:		
Financial bonds	**46,883**	63,257
Corporate bonds	**2,307**	4,048
Government bonds	**1,089**	331
Mutual funds	**33,790**	40,879
Equity investment funds and plans (i)	**14,687**	14,647
Listed shares	**9,551**	7,983
Asset management products	**3,043**	5,569
Unlisted shares	**3,795**	2,651
Perpetual bonds	**2,297**	1,619
Project support schemes	**2,416**	1,011
Debt investment schemes	**208**	–
Trust plans	**–**	2,052
Total	**120,066**	144,047

(i) Equity investment funds and plans are structured entities which are set up for holding one or more equity investments on behalf of the ultimate investors. The underlying investments of these equity investment funds and plans are usually determined at inception of these funds and plans.

21. INSURANCE CONTRACTS

(1) Reconciliation of the liability for remaining coverage and the liability for incurred claims for insurance contracts issued

	2024				
	LRC		LIC		
Insurance contracts issued measured under the PAA	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)	(158,484)	(5,213)	(141,944)	(5,298)	(310,939)
Insurance contract assets as at 1 January (2)	10,629	(400)	(6,762)	(456)	3,011
Insurance contract liabilities, net as at 1 January (3) = (1) + (2)	(147,855)	(5,613)	(148,706)	(5,754)	(307,928)
Insurance revenue (4)	480,318	–	–	–	480,318
Incurred claims and other directly attributable expenses (excluding insurance acquisition cash flows) (5)	–	–	(379,948)	(4,386)	(384,334)
Insurance acquisition cash flows amortisation (6)	(92,973)	–	–	–	(92,973)
Losses on onerous contracts and reversals of those losses (7)	–	(151)	–	–	(151)
Changes that relate to past service – changes in the FCF relating to the LIC (8)	–	–	7,180	3,676	10,856
Other expenses (9)	–	–	–	–	–
Insurance service expenses (10) = (5) + (6) + (7) + (8) + (9)	(92,973)	(151)	(372,768)	(710)	(466,602)
Insurance service result (11) = (4) + (10)	387,345	(151)	(372,768)	(710)	13,716
Finance expenses from insurance contracts issued (12)	(4,308)	–	(5,953)	(222)	(10,483)
Other income or expenses recognised in profit or loss (13)	–	–	–	–	–
Other income or expenses recognised in other comprehensive income (14)	–	–	–	–	–
Total amounts recognised in total comprehensive income (15) = (11) + (12) + (13) + (14)	383,037	(151)	(378,721)	(932)	3,233

21. INSURANCE CONTRACTS *(CONTINUED)*

(1) Reconciliation of the liability for remaining coverage and the liability for incurred claims for insurance contracts issued *(continued)*

	2024				
	LRC		LIC		
Insurance contracts issued measured under the PAA	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment for non-financial risk	Total
Investment components (16)	50,704	-	(50,704)	-	-
Premiums received (17)	(538,103)	-	-	-	(538,103)
Insurance acquisition cash flows (18)	87,323	-	-	-	87,323
Claims and other directly attributable expenses paid (including investment components) (19)	-	-	403,347	-	403,347
Other cash flows (20)	-	-	-	-	-
Total cash flows (21) = (17) + (18) + (19) + (20)	(450,780)	-	403,347	-	(47,433)
Other movements (22)	-	-	3,448	-	3,448
Insurance contract liabilities, net as at 31 December (23) = (3) + (15) + (16) + (21) + (22)	(164,894)	(5,764)	(171,336)	(6,686)	(348,680)
Insurance contract assets as at 31 December (24)	8,682	(277)	(6,473)	(443)	1,489
Insurance contract liabilities as at 31 December (25)	(173,576)	(5,487)	(164,863)	(6,243)	(350,169)

21. INSURANCE CONTRACTS *(CONTINUED)*

(1) Reconciliation of the liability for remaining coverage and the liability for incurred claims for insurance contracts issued *(continued)*

	2023				
	LRC		LIC		
Insurance contracts issued measured under the PAA	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)	(143,955)	(3,128)	(122,417)	(4,513)	(274,013)
Insurance contract assets as at 1 January (2)	7,831	(468)	(6,171)	(437)	755
Insurance contract liabilities, net as at 1 January (3) = (1) + (2)	(136,124)	(3,596)	(128,588)	(4,950)	(273,258)
Insurance revenue (4)	452,110	–	–	–	452,110
Incurred claims and other directly attributable expenses (excluding insurance acquisition cash flows) (5)	–	–	(346,491)	(3,937)	(350,428)
Insurance acquisition cash flows amortisation (6)	(94,238)	–	–	–	(94,238)
Losses on onerous contracts and reversals of those losses (7)	–	(2,017)	–	–	(2,017)
Changes that relate to past service – changes in the FCF relating to the LIC (8)	–	–	9,320	3,300	12,620
Other expenses (9)	–	–	–	–	–
Insurance service expenses (10) = (5) + (6) + (7) + (8) + (9)	(94,238)	(2,017)	(337,171)	(637)	(434,063)
Insurance service result (11) = (4) + (10)	357,872	(2,017)	(337,171)	(637)	18,047
Finance expenses from insurance contracts issued (12)	(4,383)	–	(4,672)	(167)	(9,222)
Other income or expenses recognised in profit or loss (13)	–	–	–	–	–
Other income or expenses recognised in other comprehensive income (14)	–	–	–	–	–
Total amounts recognised in total comprehensive income (15) = (11) + (12) + (13) + (14)	353,489	(2,017)	(341,843)	(804)	8,825

21. INSURANCE CONTRACTS *(CONTINUED)*

(1) Reconciliation of the liability for remaining coverage and the liability for incurred claims for insurance contracts issued *(continued)*

	2023				
	LRC		LIC		
Insurance contracts issued measured under the PAA	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment for non-financial risk	Total
Investment components (16)	48,326	–	(48,326)	–	–
Premiums received (17)	(509,056)	–	–	–	(509,056)
Insurance acquisition cash flows (18)	95,510	–	–	–	95,510
Claims and other directly attributable expenses paid (including investment components) (19)	–	–	366,686	–	366,686
Other cash flows (20)	–	–	–	–	–
Total cash flows (21) = (17) + (18) + (19) + (20)	(413,546)	–	366,686	–	(46,860)
Other movements (22)	–	–	3,365	–	3,365
Insurance contract liabilities, net as at 31 December (23) = (3) + (15) + (16) + (21) + (22)	(147,855)	(5,613)	(148,706)	(5,754)	(307,928)
Insurance contract assets as at 31 December (24)	10,629	(400)	(6,762)	(456)	3,011
Insurance contract liabilities as at 31 December (25)	(158,484)	(5,213)	(141,944)	(5,298)	(310,939)

21. INSURANCE CONTRACTS *(CONTINUED)*

(1) Reconciliation of the liability for remaining coverage and the liability for incurred claims for insurance contracts issued *(continued)*

	2024			
	LRC			
Insurance contracts issued measured under the GMM	Excluding loss component	Loss component	LIC	Total
Insurance contract liabilities as at 1 January (1)	(5,485)	(281)	(55,124)	(60,890)
Insurance contract assets as at 1 January (2)	620	–	(746)	(126)
Insurance contract liabilities, net as at 1 January (3) = (1) + (2)	(4,865)	(281)	(55,870)	(61,016)
Insurance revenue (4)	4,905	–	–	4,905
Incurred claims and other directly attributable expenses (excluding insurance acquisition cash flows) (5)	–	265	(4,704)	(4,439)
Insurance acquisition cash flows amortisation (6)	(929)	–	–	(929)
Losses on onerous contracts and reversals of those losses (7)	–	(624)	–	(624)
Changes that relate to past service – changes in the FCF relating to the LIC (8)	–	–	7,202	7,202
Other expenses (9)	–	–	–	–
Insurance service expenses (10) = (5) + (6) + (7) + (8) + (9)	(929)	(359)	2,498	1,210
Insurance service result (11) = (4) + (10)	3,976	(359)	2,498	6,115
Finance expenses from insurance contracts issued (12)	(139)	(28)	(1,351)	(1,518)
Other income or expenses recognised in profit or loss (13)	–	–	–	–
Other income or expenses recognised in other comprehensive income (14)	–	–	–	–
Total amounts recognised in total comprehensive income (15) = (11) + (12) + (13) + (14)	3,837	(387)	1,147	4,597

21. INSURANCE CONTRACTS *(CONTINUED)*

(1) Reconciliation of the liability for remaining coverage and the liability for incurred claims for insurance contracts issued *(continued)*

	2024			
	LRC			
Insurance contracts issued measured under the GMM	Excluding loss component	Loss component	LIC	Total
Investment components (16)	(7)	–	7	–
Premiums received (17)	(4,359)	–	–	(4,359)
Insurance acquisition cash flows (18)	1,126	–	–	1,126
Claims and other directly attributable expenses paid (including investment components) (19)	–	–	8,175	8,175
Other cash flows (20)	–	–	–	–
Total cash flows (21) = (17) + (18) + (19) + (20)	(3,233)	–	8,175	4,942
Other movements (22)	–	–	33	33
Insurance contract liabilities, net as at 31 December (23) = (3) + (15) + (16) + (21) + (22)	(4,268)	(668)	(46,508)	(51,444)
Insurance contract assets as at 31 December (24)	630	–	(406)	224
Insurance contract liabilities as at 31 December (25)	(4,898)	(668)	(46,102)	(51,668)

21. INSURANCE CONTRACTS *(CONTINUED)*

(1) Reconciliation of the liability for remaining coverage and the liability for incurred claims for insurance contracts issued *(continued)*

	2023			
	LRC			
Insurance contracts issued measured under the GMM	Excluding loss component	Loss component	LIC	Total
Insurance contract liabilities as at 1 January (1)	(6,188)	(256)	(70,797)	(77,241)
Insurance contract assets as at 1 January (2)	700	–	(844)	(144)
Insurance contract liabilities, net as at 1 January (3) = (1) + (2)	(5,488)	(256)	(71,641)	(77,385)
Insurance revenue (4)	5,093	–	–	5,093
Incurred claims and other directly attributable expenses (excluding insurance acquisition cash flows) (5)	–	260	(4,245)	(3,985)
Insurance acquisition cash flows amortisation (6)	(756)	–	–	(756)
Losses on onerous contracts and reversals of those losses (7)	–	(269)	–	(269)
Changes that relate to past service – changes in the FCF relating to the LIC (8)	–	–	7,082	7,082
Other expenses (9)	–	–	–	–
Insurance service expenses (10) = (5) + (6) + (7) + (8) + (9)	(756)	(9)	2,837	2,072
Insurance service result (11) = (4) + (10)	4,337	(9)	2,837	7,165
Finance expenses from insurance contracts issued (12)	(159)	(16)	(1,195)	(1,370)
Other income or expenses recognised in profit or loss (13)	–	–	–	–
Other income or expenses recognised in other comprehensive income (14)	–	–	–	–
Total amounts recognised in total comprehensive income (15) = (11) + (12) + (13) + (14)	4,178	(25)	1,642	5,795

21. INSURANCE CONTRACTS *(CONTINUED)*

(1) Reconciliation of the liability for remaining coverage and the liability for incurred claims for insurance contracts issued *(continued)*

	2023			
	LRC			
Insurance contracts issued measured under the GMM	Excluding loss component	Loss component	LIC	Total
Investment components (16)	(1)	–	1	–
Premiums received (17)	(4,618)	–	–	(4,618)
Insurance acquisition cash flows (18)	1,064	–	–	1,064
Claims and other directly attributable expenses paid (including investment components) (19)	–	–	14,086	14,086
Other cash flows (20)	–	–	–	–
Total cash flows (21) = (17) + (18) + (19) + (20)	(3,554)	–	14,086	10,532
Other movements (22)	–	–	42	42
Insurance contract liabilities, net as at 31 December (23) = (3) + (15) + (16) + (21) + (22)	(4,865)	(281)	(55,870)	(61,016)
Insurance contract assets as at 31 December (24)	620	–	(746)	(126)
Insurance contract liabilities as at 31 December (25)	(5,485)	(281)	(55,124)	(60,890)

21. INSURANCE CONTRACTS *(CONTINUED)*

(2) Reconciliation of the asset for remaining coverage and the asset for incurred claims for reinsurance contracts held

	2024				
	Asset for remaining coverage		Asset for incurred claims		
Reinsurance contracts held measured under the PAA	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)	(756)	337	31,899	1,034	32,514
Reinsurance contract liabilities as at 1 January (2)	(45)	–	35	–	(10)
Reinsurance contract assets, net as at 1 January (3) = (1) + (2)	(801)	337	31,934	1,034	32,504
Allocation of reinsurance premiums (4)	(32,224)	–	–	–	(32,224)
Incurred claims recovery (5)	–	(88)	27,526	585	28,023
Recognition and reversal of the loss recovery component (6)	–	363	–	–	363
Changes that relate to past service – changes in the FCF relating to incurred claims recovery (7)	–	–	(963)	(496)	(1,459)
Effect of changes in the risk of reinsurers' non-performance (8)	–	–	(17)	–	(17)
Others (9)	–	–	–	–	–
Amounts recoverable from reinsurers (10) = (5) + (6) + (7) + (8) + (9)	–	275	26,546	89	26,910
Net expenses from reinsurance contracts held (11) = (4) + (10)	(32,224)	275	26,546	89	(5,314)
Finance income from reinsurance contracts held (12)	465	3	836	45	1,349
Other income or expenses recognised in profit or loss (13)	–	–	–	–	–
Other income or expenses recognised in other comprehensive income (14)	–	–	–	–	–
Total amounts recognised in total comprehensive income (15) = (11) + (12) + (13) + (14)	(31,759)	278	27,382	134	(3,965)

21. INSURANCE CONTRACTS *(CONTINUED)*

(2) Reconciliation of the asset for remaining coverage and the asset for incurred claims for reinsurance contracts held *(continued)*

	2024				
	Asset for remaining coverage		Asset for incurred claims		
Reinsurance contracts held measured under the PAA	Excluding loss recovery component	Loss recovery component	Present value of future cash flows	Risk adjustment for non-financial risk	Total
Investment components (16)	(2,798)	–	2,798	–	–
Premiums ceded to reinsurers (17)	34,062	–	–	–	34,062
Amounts received from reinsurers relating to incurred claims (including investment components) (18)	–	–	(26,338)	–	(26,338)
Other cash flows (19)	–	–	–	–	–
Total cash flows (20) = (17) + (18) + (19)	34,062	–	(26,338)	–	7,724
Other movements (21)	–	–	–	–	–
Reinsurance contract assets, net as at 31 December (22) = (3) + (15) + (16) + (20) + (21)	(1,296)	615	35,776	1,168	36,263
Reinsurance contract assets as at 31 December (23)	(1,241)	613	35,645	1,166	36,183
Reinsurance contract liabilities as at 31 December (24)	(55)	2	131	2	80

21. INSURANCE CONTRACTS *(CONTINUED)*

(2) Reconciliation of the asset for remaining coverage and the asset for incurred claims for reinsurance contracts held *(continued)*

	2023				
	Asset for remaining coverage		Asset for incurred claims		
Reinsurance contracts held measured under the PAA	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)	(2,492)	306	26,857	814	25,485
Reinsurance contract liabilities as at 1 January (2)	–	–	–	–	–
Reinsurance contract assets, net as at 1 January (3) = (1) + (2)	(2,492)	306	26,857	814	25,485
Allocation of reinsurance premiums (4)	(31,530)	–	–	–	(31,530)
Incurred claims recovery (5)	–	(131)	26,767	648	27,284
Recognition and reversal of the loss recovery component (6)	–	156	–	–	156
Changes that relate to past service – changes in the FCF relating to incurred claims recovery (7)	–	–	(559)	(456)	(1,015)
Effect of changes in the risk of reinsurers' non-performance (8)	–	–	(8)	–	(8)
Others (9)	–	–	–	–	–
Amounts recoverable from reinsurers (10) = (5) + (6) + (7) + (8) + (9)	–	25	26,200	192	26,417
Net expenses from reinsurance contracts held (11) = (4) + (10)	(31,530)	25	26,200	192	(5,113)
Finance income from reinsurance contracts held (12)	472	6	529	28	1,035
Other income or expenses recognised in profit or loss (13)	–	–	–	–	–
Other income or expenses recognised in other comprehensive income (14)	–	–	–	–	–
Total amounts recognised in total comprehensive income (15) = (11) + (12) + (13) + (14)	(31,058)	31	26,729	220	(4,078)

21. INSURANCE CONTRACTS *(CONTINUED)*

(2) Reconciliation of the asset for remaining coverage and the asset for incurred claims for reinsurance contracts held *(continued)*

	2023				
	Asset for remaining coverage		Asset for incurred claims		
Reinsurance contracts held measured under the PAA	Excluding loss recovery component	Loss recovery component	Present value of future cash flows	Risk adjustment for non -financial risk	Total
Investment components (16)	(2,597)	–	2,597	–	–
Premiums ceded to reinsurers (17)	35,346	–	–	–	35,346
Amounts received from reinsurers relating to incurred claims (including investment components) (18)	–	–	(24,249)	–	(24,249)
Other cash flows (19)	–	–	–	–	–
Total cash flows (20) = (17) + (18) + (19)	35,346	–	(24,249)	–	11,097
Other movements (21)	–	–	–	–	–
Reinsurance contract assets, net as at 31 December (22) = (3) + (15) + (16) + (20) + (21)	(801)	337	31,934	1,034	32,504
Reinsurance contract assets as at 31 December (23)	(756)	337	31,899	1,034	32,514
Reinsurance contract liabilities as at 31 December (24)	(45)	–	35	–	(10)

21. INSURANCE CONTRACTS *(CONTINUED)*

(2) Reconciliation of the asset for remaining coverage and the asset for incurred claims for reinsurance contracts held *(continued)*

	2024			
	Asset for remaining coverage			
Reinsurance contracts held measured under the GMM	Excluding loss recovery component	Loss recovery component	Asset for incurred claims	Total
Reinsurance contract assets as at 1 January (1)	(78)	–	6,455	6,377
Reinsurance contract liabilities as at 1 January (2)	(68)	–	57	(11)
Reinsurance contract assets, net as at 1 January (3) = (1) + (2)	(146)	–	6,512	6,366
Allocation of reinsurance premiums (4)	(333)	–	–	(333)
Incurred claims recovery (5)	–	–	313	313
Recognition and reversal of the loss recovery component (6)	–	62	–	62
Changes that relate to past service – changes in the FCF relating to incurred claims recovery (7)	–	–	(121)	(121)
Effect of changes in the risk of reinsurers' non-performance (8)	–	–	(58)	(58)
Others (9)	–	–	–	–
Amounts recoverable from reinsurers (10) = (5) + (6) + (7) + (8) + (9)	–	62	134	196
Net expenses from reinsurance contracts held (11) = (4) + (10)	(333)	62	134	(137)
Finance income from reinsurance contracts held (12)	40	–	246	286
Other income or expenses recognised in profit or loss (13)	–	–	–	–
Other income or expenses recognised in other comprehensive income (14)	–	–	–	–
Total amounts recognised in total comprehensive income (15) = (11) + (12) + (13) + (14)	(293)	62	380	149

21. INSURANCE CONTRACTS *(CONTINUED)*

(2) Reconciliation of the asset for remaining coverage and the asset for incurred claims for reinsurance contracts held *(continued)*

	2024			
	Asset for remaining coverage			
Reinsurance contracts held measured under the GMM	Excluding loss recovery component	Loss recovery component	Asset for incurred claims	Total
Investment components (16)	(9)	–	9	–
Premiums ceded to reinsurers (17)	434	–	–	434
Amounts received from reinsurers relating to incurred claims (including investment components) (18)	–	–	(2,765)	(2,765)
Other cash flows (19)	–	–	–	–
Total cash flows (20) = (17) + (18) + (19)	434	–	(2,765)	(2,331)
Other movements (21)	–	–	–	–
Reinsurance contract assets, net as at 31 December (22) = (3) + (15) + (16) + (20) +(21)	(14)	62	4,136	4,184
Reinsurance contract assets as at 31 December (23)	(38)	62	4,299	4,323
Reinsurance contract liabilities as at 31 December (24)	24	–	(163)	(139)

21. INSURANCE CONTRACTS *(CONTINUED)*

(2) Reconciliation of the asset for remaining coverage and the asset for incurred claims for reinsurance contracts held *(continued)*

	2023			
	Asset for remaining coverage			
Reinsurance contracts held measured under the GMM	Excluding loss recovery component	Loss recovery component	Asset for incurred claims	Total
Reinsurance contract assets as at 1 January (1)	363	4	10,975	11,342
Reinsurance contract liabilities as at 1 January (2)	–	–	–	–
Reinsurance contract assets, net as at 1 January (3) = (1) + (2)	363	4	10,975	11,342
Allocation of reinsurance premiums (4)	(647)	–	–	(647)
Incurred claims recovery (5)	–	(2)	447	445
Recognition and reversal of the loss recovery component (6)	–	(2)	–	(2)
Changes that relate to past service – changes in the FCF relating to incurred claims recovery (7)	–	–	(818)	(818)
Effect of changes in the risk of reinsurers' non-performance (8)	–	–	(7)	(7)
Others (9)	–	–	–	–
Amounts recoverable from reinsurers (10) = (5) + (6) + (7) + (8) + (9)	–	(4)	(378)	(382)
Net expenses from reinsurance contracts held (11) = (4) + (10)	(647)	(4)	(378)	(1,029)
Finance income from reinsurance contracts held (12)	39	–	255	294
Other income or expenses recognised in profit or loss (13)	–	–	–	–
Other income or expenses recognised in other comprehensive income (14)	–	–	–	–
Total amounts recognised in total comprehensive income (15) = (11) + (12) + (13) + (14)	(608)	(4)	(123)	(735)

21. INSURANCE CONTRACTS *(CONTINUED)*

(2) Reconciliation of the asset for remaining coverage and the asset for incurred claims for reinsurance contracts held *(continued)*

	2023			
	Asset for remaining coverage			
Reinsurance contracts held measured under the GMM	Excluding loss recovery component	Loss recovery component	Asset for incurred claims	Total
Investment components (16)	(20)	–	20	–
Premiums ceded to reinsurers (17)	119	–	–	119
Amounts received from reinsurers relating to incurred claims (including investment components) (18)	–	–	(4,360)	(4,360)
Other cash flows (19)	–	–	–	–
Total cash flows (20) = (17) + (18) + (19)	119	–	(4,360)	(4,241)
Other movements (21)	–	–	–	–
Reinsurance contract assets, net as at 31 December (22) = (3) + (15) + (16) + (20) +(21)	(146)	–	6,512	6,366
Reinsurance contract assets as at 31 December (23)	(78)	–	6,455	6,377
Reinsurance contract liabilities as at 31 December (24)	(68)	–	57	(11)

21. INSURANCE CONTRACTS *(CONTINUED)*

(3) Reconciliation of the measurement components of insurance contracts issued

	2024			
Insurance contracts issued measured under the GMM	Present value of FCF	Risk adjustment for non-financial risk	CSM	Total
Insurance contract liabilities as at 1 January (1)	(58,531)	(1,861)	(498)	(60,890)
Insurance contract assets as at 1 January (2)	(96)	(30)	–	(126)
Insurance contract liabilities, net as at 1 January (3) = (1) + (2)	(58,627)	(1,891)	(498)	(61,016)
CSM recognised for the service provided (4)	–	–	93	93
Change in the risk adjustment for non-financial risk for the risk expired (5)	–	109	–	109
Experience adjustments – relating to insurance service expenses (6)	(665)	–	–	(665)
Changes that relate to current service (7) = (4) + (5) + (6)	(665)	109	93	(463)
Contracts initially recognised in the year (8)	(223)	(182)	(2)	(407)
Changes in estimates that adjust the CSM (9)	(116)	(11)	127	–
Changes in estimates that do not adjust the CSM (10)	(210)	(7)	–	(217)
Other changes that relate to future service (11)	–	–	–	–
Changes that relate to future service (12) = (8) + (9) + (10) + (11)	(549)	(200)	125	(624)
Changes in the FCF relating to the LIC (13)	6,631	571	–	7,202
Other changes that relate to past service (14)	–	–	–	–
Changes that relate to past service (15) = (13) + (14)	6,631	571	–	7,202
Insurance service result (16) = (7) + (12) + (15)	5,417	480	218	6,115

21. INSURANCE CONTRACTS *(CONTINUED)*

(3) Reconciliation of the measurement components of insurance contracts issued *(continued)*

	2024			
Insurance contracts issued measured under the GMM	Present value of FCF	Risk adjustment for non-financial risk	CSM	Total
Insurance finance expenses from insurance contracts issued (17)	(1,422)	(80)	(16)	(1,518)
Other income or expenses recognised in profit or loss (18)	–	–	–	–
Other income or expenses recognised in other comprehensive income (19)	–	–	–	–
Total amounts recognised in total comprehensive income (20) = (16) + (17) + (18) + (19)	3,995	400	202	4,597
Premiums received (21)	(4,359)	–	–	(4,359)
Insurance acquisition cash flows (22)	1,126	–	–	1,126
Claims and other directly attributable expenses paid (including investment components) (23)	8,175	–	–	8,175
Other cash flows (24)	–	–	–	–
Total cash flows (25) = (21) + (22) + (23) + (24)	4,942	–	–	4,942
Other movements (26)	33	–	–	33
Insurance contract liabilities, net as at 31 December (27) = (3) + (20) + (25) + (26)	(49,657)	(1,491)	(296)	(51,444)
Insurance contract assets as at 31 December (28)	236	(12)	–	224
Insurance contract liabilities as at 31 December (29)	(49,893)	(1,479)	(296)	(51,668)

21. INSURANCE CONTRACTS *(CONTINUED)*

(3) Reconciliation of the measurement components of insurance contracts issued *(continued)*

Insurance contracts issued measured under the GMM	2023 Present value of FCF	Risk adjustment for non-financial risk	CSM	Total
Insurance contract liabilities as at 1 January (1)	(74,011)	(2,451)	(779)	(77,241)
Insurance contract assets as at 1 January (2)	(102)	(42)	–	(144)
Insurance contract liabilities, net as at 1 January (3) = (1) + (2)	(74,113)	(2,493)	(779)	(77,385)
CSM recognised for the service provided (4)	–	–	174	174
Change in the risk adjustment for non-financial risk for the risk expired (5)	–	147	–	147
Experience adjustments – relating to insurance service expenses (6)	31	–	–	31
Changes that relate to current service (7) = (4) + (5) + (6)	31	147	174	352
Contracts initially recognised in the year (8)	(204)	(217)	(3)	(424)
Changes in estimates that adjust the CSM (9)	(126)	(8)	134	–
Changes in estimates that do not adjust the CSM (10)	163	(8)	–	155
Other changes that relate to future service (11)	–	–	–	–
Changes that relate to future service (12) = (8) + (9) + (10) + (11)	(167)	(233)	131	(269)
Changes in the FCF relating to the LIC (13)	6,331	751	–	7,082
Other changes that relate to past service (14)	–	–	–	–
Changes that relate to past service (15) = (13) + (14)	6,331	751	–	7,082
Insurance service result (16) = (7) + (12) + (15)	6,195	665	305	7,165

21. INSURANCE CONTRACTS *(CONTINUED)*

(3) Reconciliation of the measurement components of insurance contracts issued *(continued)*

	2023			
Insurance contracts issued measured under the GMM	Present value of FCF	Risk adjustment for non-financial risk	CSM	Total
Insurance finance expenses from insurance contracts issued (17)	(1,283)	(63)	(24)	(1,370)
Other income or expenses recognised in profit or loss (18)	–	–	–	–
Other income or expenses recognised in other comprehensive income (19)	–	–	–	–
Total amounts recognised in total comprehensive income (20) = (16) + (17) + (18) + (19)	4,912	602	281	5,795
Premiums received (21)	(4,618)	–	–	(4,618)
Insurance acquisition cash flows (22)	1,064	–	–	1,064
Claims and other directly attributable expenses paid (including investment components) (23)	14,086	–	–	14,086
Other cash flows (24)	–	–	–	–
Total cash flows (25) = (21) + (22) + (23) + (24)	10,532	–	–	10,532
Other movements (26)	42	–	–	42
Insurance contract liabilities, net as at 31 December (27) = (3) + (20) + (25) + (26)	(58,627)	(1,891)	(498)	(61,016)
Insurance contract assets as at 31 December (28)	(96)	(30)	–	(126)
Insurance contract liabilities as at 31 December (29)	(58,531)	(1,861)	(498)	(60,890)

21. INSURANCE CONTRACTS *(CONTINUED)*

(4) Reconciliation of the measurement components of reinsurance contracts held

	2024			
Reinsurance contracts held measured under the GMM	Present value of FCF	Risk adjustment for non-financial risk	CSM	Total
Reinsurance contract assets as at 1 January (1)	5,906	367	104	6,377
Reinsurance contract liabilities as at 1 January (2)	(11)	–	–	(11)
Reinsurance contract assets, net as at 1 January (3) = (1) + (2)	5,895	367	104	6,366
CSM recognised for the service received (4)	–	–	(22)	(22)
Change in the risk adjustment for non-financial risk (5)	–	(8)	–	(8)
Experience adjustments for the period (6)	10	–	–	10
Changes that relate to current service (7) = (4) + (5) + (6)	10	(8)	(22)	(20)
Reinsurance contracts initially recognised in the period (8)	–	–	–	–
Changes in estimates that adjust the CSM (9)	31	4	(35)	–
Changes in estimates that do not adjust the CSM (10)	–	–	–	–
Recognition and reversal of the loss recovery component (11)	–	–	62	62
Other changes that relate to future service (12)	–	–	–	–
Changes that relate to future service (13) = (8) + (9) +(10) + (11) + (12)	31	4	27	62
Changes in the FCF relating to incurred claims recovery (14)	(38)	(83)	–	(121)
Other changes that relate to past service (15)	–	–	–	–
Changes that relate to past service (16) = (14) + (15)	(38)	(83)	–	(121)

21. INSURANCE CONTRACTS *(CONTINUED)*

(4) Reconciliation of the measurement components of reinsurance contracts held *(continued)*

	2024			
Reinsurance contracts held measured under the GMM	Present value of FCF	Risk adjustment for non-financial risk	CSM	Total
Changes in the risk of reinsurers' non-performance (17)	(58)	–	–	(58)
Net expenses from reinsurance contracts held (18) = (7) + (13) + (16) + (17)	(55)	(87)	5	(137)
Finance income or expenses from reinsurance contracts held (19)	267	15	4	286
Other income or expenses recognised in profit or loss (20)	–	–	–	–
Other income or expenses recognised in other comprehensive income (21)	–	–	–	–
Total amounts recognised in total comprehensive income (22) = (18) + (19) + (20) + (21)	212	(72)	9	149
Premiums ceded to reinsurers (23)	434	–	–	434
Amounts received from reinsurers relating to incurred claims and other expenses (including investment components) (24)	(2,765)	–	–	(2,765)
Other cash flows (25)	–	–	–	–
Total cash flows (26) = (23) + (24) + (25)	(2,331)	–	–	(2,331)
Other movements (27)	–	–	–	–
Reinsurance contract assets, net as at 31 December (28) = (3) + (22) + (26) + (27)	3,776	295	113	4,184
Reinsurance contract assets as at 31 December (29)	3,916	294	113	4,323
Reinsurance contract liabilities as at 31 December (30)	(140)	1	–	(139)

21. INSURANCE CONTRACTS *(CONTINUED)*

(4) Reconciliation of the measurement components of reinsurance contracts held *(continued)*

	2023			
Reinsurance contracts held measured under the GMM	Present value of FCF	Risk adjustment for non-financial risk	CSM	Total
Reinsurance contract assets as at 1 January (1)	10,581	557	204	11,342
Reinsurance contract liabilities as at 1 January (2)	–	–	–	–
Reinsurance contract assets, net as at 1 January (3) = (1) + (2)	10,581	557	204	11,342
CSM recognised for the service received (4)	–	–	(72)	(72)
Change in the risk adjustment for non-financial risk (5)	–	(22)	–	(22)
Experience adjustments for the period (6)	(108)	–	–	(108)
Changes that relate to current service (7) = (4) + (5) + (6)	(108)	(22)	(72)	(202)
Reinsurance contracts initially recognised in the period (8)	–	–	–	–
Changes in estimates that adjust the CSM (9)	30	2	(32)	–
Changes in estimates that do not adjust the CSM (10)	–	–	–	–
Recognition and reversal of the loss recovery component (11)	–	–	(2)	(2)
Other changes that relate to future service (12)	–	–	–	–
Changes that relate to future service (13) = (8) + (9) +(10) + (11) + (12)	30	2	(34)	(2)
Changes in the FCF relating to incurred claims recovery (14)	(633)	(185)	–	(818)
Other changes that relate to past service (15)	–	–	–	–
Changes that relate to past service (16) = (14) + (15)	(633)	(185)	–	(818)

21. INSURANCE CONTRACTS *(CONTINUED)*

(4) Reconciliation of the measurement components of reinsurance contracts held *(continued)*

	2023			
Reinsurance contracts held measured under the GMM	Present value of FCF	Risk adjustment for non-financial risk	CSM	Total
Changes in the risk of reinsurers' non-performance (17)	(7)	–	–	(7)
Net expenses from reinsurance contracts held (18) = (7) + (13) + (16) + (17)	(718)	(205)	(106)	(1,029)
Finance income or expenses from reinsurance contracts held (19)	273	15	6	294
Other income or expenses recognised in profit or loss (20)	–	–	–	–
Other income or expenses recognised in other comprehensive income (21)	–	–	–	–
Total amounts recognised in total comprehensive income (22) = (18) + (19) + (20) + (21)	(445)	(190)	(100)	(735)
Premiums ceded to reinsurers (23)	119	–	–	119
Amounts received from reinsurers relating to incurred claims and other expenses (including investment components) (24)	(4,360)	–	–	(4,360)
Other cash flows (25)	–	–	–	–
Total cash flows (26) = (23) + (24) + (25)	(4,241)	–	–	(4,241)
Other movements (27)	–	–	–	–
Reinsurance contract assets, net as at 31 December (28) = (3) + (22) + (26) + (27)	5,895	367	104	6,366
Reinsurance contract assets as at 31 December (29)	5,906	367	104	6,377
Reinsurance contract liabilities as at 31 December (30)	(11)	–	–	(11)

21. INSURANCE CONTRACTS *(CONTINUED)*

(5) Expected release of the contractual service margin

An analysis of the expected release of the CSM remaining at the end of the reporting period in profit or loss is provided in the following table:

	31 December 2024	
Number of years until expected to be released	**Insurance contracts issued**	**Reinsurance contracts held**
Within 1 year	**51**	**(53)**
More than 1 year to 2 years	**40**	**(17)**
More than 2 years to 3 years	**33**	**(8)**
More than 3 years to 4 years	**28**	**(6)**
More than 4 years to 5 years	**24**	**(4)**
More than 5 years	**120**	**(25)**
Total	**296**	**(113)**

	31 December 2023	
Number of years until expected to be released	Insurance contracts issued	Reinsurance contracts held
Within 1 year	132	(41)
More than 1 year to 2 years	83	(16)
More than 2 years to 3 years	56	(8)
More than 3 years to 4 years	40	(6)
More than 4 years to 5 years	33	(5)
More than 5 years	154	(28)
Total	498	(104)

21. INSURANCE CONTRACTS *(CONTINUED)*

(6) Contractual service margin by transition approach

Insurance contracts issued measured under the GMM	2024 Contracts measured under the modified retrospective approach at transition	Contracts measured under the fair value approach at transition	New contracts and contracts measured under the full retrospective approach at transition	Total
CSM as at 1 January	2	489	7	498
Changes that relate to current service				
CSM recognised for the services provided	–	(88)	(5)	(93)
Changes that relate to future service				
Contracts initially recognised in the period	–	–	2	2
Changes in estimates that adjust the CSM	(2)	(125)	–	(127)
Subtotal	(2)	(213)	(3)	(218)
Finance expenses from insurance contracts issued	–	16	–	16
Total amounts recognised in comprehensive income	(2)	(197)	(3)	(202)
CSM as at 31 December	–	292	4	296

21. INSURANCE CONTRACTS *(CONTINUED)*

(6) Contractual service margin by transition approach *(continued)*

	2023			
Insurance contracts issued measured under the GMM	Contracts measured under the modified retrospective approach at transition	Contracts measured under the fair value approach at transition	New contracts and contracts measured under the full retrospective approach at transition	Total
CSM as at 1 January	–	774	5	779
Changes that relate to current service				
CSM recognised for the services provided	(3)	(165)	(6)	(174)
Changes that relate to future service				
Contracts initially recognised in the period	–	–	3	3
Changes in estimates that adjust the CSM	5	(144)	5	(134)
Subtotal	2	(309)	2	(305)
Finance expenses from insurance contracts issued	–	24	–	24
Total amounts recognised in comprehensive income	2	(285)	2	(281)
CSM as at 31 December	2	489	7	498

21. INSURANCE CONTRACTS *(CONTINUED)*

(6) Contractual service margin by transition approach *(continued)*

Reinsurance contracts held measured under the GMM	2024 Contracts measured under the modified retrospective approach at transition	Contracts measured under the fair value approach at transition	New contracts and contracts measured under the full retrospective approach at transition	Total
CSM as at 1 January	–	104	–	104
Changes that relate to current service				
CSM recognised for the services	–	(22)	–	(22)
Changes that relate to future service				
Changes in estimates that adjust the CSM	–	(35)	–	(35)
Recognition and reversal of the loss recovery component	–	62	–	62
Subtotal	–	5	–	5
Finance income or expenses from reinsurance contracts held	–	4	–	4
Total amounts recognised in comprehensive income	–	9	–	9
CSM as at 31 December	–	113	–	113

21. INSURANCE CONTRACTS *(CONTINUED)*

(6) Contractual service margin by transition approach *(continued)*

	2023			
Reinsurance contracts held measured under the GMM	Contracts measured under the modified retrospective approach at transition	Contracts measured under the fair value approach at transition	New contracts and contracts measured under the full retrospective approach at transition	Total
CSM as at 1 January	–	204	–	204
Changes that relate to current service				
CSM recognised for the services	–	(72)	–	(72)
Changes that relate to future service				
Changes in estimates that adjust the CSM	–	(32)	–	(32)
Recognition and reversal of the loss recovery component	–	(2)	–	(2)
Subtotal	–	(106)	–	(106)
Finance income or expenses from reinsurance contracts held	–	6	–	6
Total amounts recognised in comprehensive income	–	(100)	–	(100)
CSM as at 31 December	–	104	–	104

21. INSURANCE CONTRACTS *(CONTINUED)*

(7) Impact of contracts recognised in the year

Insurance contracts issued measured under the GMM	2024 Non-onerous contracts acquired	2024 Onerous contracts acquired	2024 Total
Insurance acquisition cash flows	2	920	922
Claims and other directly attributable expenses	–	3,034	3,034
Estimates of the present value of future cash outflows	2	3,954	3,956
Estimates of the present value of future cash inflows	(4)	(3,729)	(3,733)
Risk adjustment for non-financial risk	–	182	182
CSM	2	–	2
Loss recognised on initial recognition	–	407	407

Insurance contracts issued measured under the GMM	2023 Non-onerous contracts acquired	2023 Onerous contracts acquired	2023 Total
Insurance acquisition cash flows	6	1,163	1,169
Claims and other directly attributable expenses	1	3,612	3,613
Estimates of the present value of future cash outflows	7	4,775	4,782
Estimates of the present value of future cash inflows	(10)	(4,568)	(4,578)
Risk adjustment for non-financial risk	–	217	217
CSM	3	–	3
Loss recognised on initial recognition	–	424	424

22. TERM DEPOSITS

The original maturities of the term deposits are as follows:

	31 December 2024	31 December 2023
More than 3 months to 1 year	**485**	472
More than 1 year to 2 years	**200**	7
More than 2 years to 3 years	**13,585**	8,978
More than 3 years	**61,261**	47,410
Subtotal	**75,531**	56,867
Add: Interest receivable	**1,709**	1,138
Less: Provision for impairment	**(84)**	(220)
Total	**77,156**	57,785

23. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	31 December 2024	31 December 2023
Associates		
Cost of investments in associates	**39,759**	39,759
Share of post-acquisition profit and other equity movement, less dividends received or receivable	**27,336**	22,809
Subtotal	**67,095**	62,568
Joint ventures		
Cost of investments in joint ventures	**98**	98
Share of post-acquisition profit and other equity movement, less dividends received or receivable	**(57)**	(58)
Subtotal	**41**	40
Total	**67,136**	62,608
Less: Provision for impairment	**(7)**	(7)
Net value	**67,129**	62,601

Movements in investments in associates and joint ventures are as follows:

Associates and joint ventures	1 January 2024	Addition	Share of profit	Share of other comprehensive income	Others	Dividend received	Impairment losses	31 December 2024
Hua Xia Bank Co., Limited ("Hua Xia Bank")	45,128	–	4,146	909	(1)	(1,241)	–	**48,941**
Others	17,473	–	2,977	(2,045)	17	(234)	–	**18,188**
	62,601	–	7,123	(1,136)	16	(1,475)	–	**67,129**

23. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES *(CONTINUED)*

Particulars of a material associate

Particulars of a material associate at 31 December 2024 and 2023 are as follows:

Name	Place of registration and operations	Paid-up/ registered Capital	Proportion of ownership interest and voting right at 31 December		Principal activities
			2024	2023	
Hua Xia Bank	Beijing, PRC	15,915	**16.106%**	16.106%	Commercial banking

On 28 December 2015, the Company 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 the Company 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 the Company conditionally agreed to purchase these shares with a total amount of RMB22,444 million. This transaction was completed on 17 November 2016.

On 28 December 2018, Hua Xia Bank completed its private offering. The Group did not subscribe for the shares proportionately, therefore, its total equity interest in Hua Xia Bank was diluted from 19.99% to 16.66%. As such, a dilution loss amounting to RMB737 million was recognised in investments in associates and joint ventures and reserves.

On 18 October 2022, Hua Xia Bank completed its private offering of shares. 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%. As such, a dilution loss amounting to RMB95 million was recognised in losses arising on a reduced stake in an associate.

Management has assessed the level of influence that the Group has on Hua Xia Bank, and determined that it has significant influence even though the respective shareholding is below 20% because of the board representation. Consequently, this investment has been classified as an associate. It is accounted for using the equity method.

Except for Hua Xia Bank, all the associates and joint ventures are private companies or structured entities, and there are no quoted market prices available for these shares.

23. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES *(CONTINUED)*

Particulars of a material associate *(continued)*

As at 31 December 2024, the carrying amount of the Group's investment in 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 below the carrying amount. Considering impairment indicator exists, the Group performed an impairment test, which confirmed that there was no impairment of the investment at 31 December 2024 as the recoverable amount as determined by a value-in-use ("VIU") approach was higher than the carrying amount.

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 HKAS 36.

Summarised financial information of a material associate

Summarised financial information in respect of the Group's material associate is set out below:

Hua Xia Bank

	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

23. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES *(CONTINUED)*

Summarised financial information of a material associate *(continued)*

Hua Xia Bank (continued)

Reconciliation of the carrying amount of the interest in Hua Xia Bank recognised in the consolidated financial statements:

	31 December 2024	31 December 2023
Net assets attributable to equity holders of Hua Xia Bank	**361,982**	318,579
Total preference shares issued by Hua Xia Bank	**–**	–
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 ownership interest in Hua Xia Bank	**16.106%**	16.106%
The Group's ownership interest 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 and financial instruments recognised in fair value adjustments	**322**	322
Others	**45**	–
Carrying amount of the Group's interest in Hua Xia Bank	**48,941**	45,128
Fair value of shares listed in Mainland China	**20,532**	14,405

23. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES *(CONTINUED)*

Aggregate information of associates and joint ventures that are not individually material

At 31 December 2024, apart from the associate disclosed above, the Group has in aggregate 9 (31 December 2023: 9) individually immaterial associates and joint ventures and their aggregate information is presented below:

	2024	2023
The Group's share of profit	**2,977**	1,747
The Group's share of other comprehensive income	**(2,045)**	(785)
The Group's share of total comprehensive income	**932**	962
Aggregate carrying amount of the Group's interests in these associates and joint ventures	**18,188**	17,473

24. SUBSIDIARIES

Particulars of the subsidiaries at 31 December 2024 and 2023 are as follows:

Name of subsidiary	Place of incorporation and type of legal entity	Share capital registered/ paid-up capital	Equity interest and voting right held by the Company as at 31 December		Principal activities
			2024	2023	
PICC Minhe Holding (Beijing) Company Limited (Formerly known as PICC Community Sales Service Company Limited)	Shenzhen, PRC Limited Liability	RMB250	**100.00%**	100.00%	Provision of insurance agency services
PICC Haikou Training Center Company Limited	Hainan, PRC Limited Liability	RMB0.1	**100.00%**	100.00%	Provision of training services
PICC North Information Center Management Co., Ltd. ("PICC North Center") (i)	Hebei, PRC Limited Liability	RMB1,652	**70.00%**	70.00%	Provision of IT services and business services
PICC Services (Europe) Ltd.	London, UK Limited Liability	GBP0.5	**100.00%**	100.00%	Claim handling agency
PICC Real Estate (Shenzhen) Company Limited ("PICC Real Estate") (ii)	Shenzhen, PRC Limited Liability	RMB4,546	**50.00%**	50.00%	Property management

(i) In current year, the paid-up capital of PICC North Center increased by RMB101 million, of which RMB22 million were contributed by non-controlling equity holder.

(ii) The Group assesses it has control over PICC Real Estate as the Group has the power to appoint or remove a majority of the Board of Directors of PICC Real Estate to have the majority voting rights on the board meetings. In current year, the paid-up capital of PICC Real Estate decreased by RMB394 million, of which RMB197 million were contributed by non-controlling equity holder.

24. SUBSIDIARIES *(CONTINUED)*

Particulars of the major structured entities at 31 December 2024 are as follows:

Name	Attributable equity interest	Paid-in capital	Principal activities
PICC AMC- Shenzhou Youche Equity Investment Plan	100.00%	2,400	Equity investment plan
PICC AMC-China Railway Construction Debt Investment Plan I	100.00%	2,300	Debt investment plan
PICC Capital-Hua Rong Financial Leasing No.1 Asset Support Plan I	75.00%	2,000	Asset support plan
PICC AMC Chuangzhi Bond Enhanced Asset Management Product	67.98%	1,466	Asset management product
PICC Capital-AION Equity Investment Plan	100.00%	1,000	Equity investment plan
PICC Capital-CGN Infrastructure and Property Debt Investment Plan II	80.00%	1,000	Debt investment plan
CI Investment – CITIC Financial Assets Special Debt Investment Plan 26	100.00%	1,000	Debt investment plan
CI Investment – CITIC Financial Assets Special Debt Investment Plan 27	100.00%	1,000	Debt investment plan
CI Investment – CITIC Financial Assets Special Debt Investment Plan 28	100.00%	1,000	Debt investment plan

25. INVESTMENT PROPERTIES

	2024	2023
At 1 January	**7,576**	7,440
Transferred from property and equipment and right-of-use assets	**323**	839
Fair value gains on revaluation of investment properties transferred from property and equipment and right-of-use assets	**360**	397
Decrease in fair value of investment properties (note 8)	**(235)**	(216)
Transferred to property and equipment and right-of-use assets	**(790)**	(884)
At 31 December	**7,234**	7,576
Hierarchy of fair value:		
Level 3	**7,234**	7,576

The Group is still in the process of applying for the title certificates of certain investment properties with a total carrying value of RMB268 million at 31 December 2024 (31 December 2023: RMB252 million). The directors of the Company do not expect this to have any impacts on the operations of the Group.

At 31 December 2024 and 2023, the Group's investment properties were not pledged as collateral.

25. INVESTMENT PROPERTIES *(CONTINUED)*

At 31 December 2024 and 2023, the fair values were determined based on the valuation carried out by external independent valuers, Cushman & Wakefield Shenzhen Valuation Co., Ltd. and Jones Lang LaSalle (Beijing) Real Estate Assets Appraisal & Consultancy Co., Ltd. Valuations were carried out based on the following two approaches:

(i) The Group uses the income approach determining the fair values at the valuation date 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 capitalisation rate; or

(ii) The Group uses the direct comparison approach comparing the amounts of target properties with those of the similar properties that had recent market transactions, adjusting the differences of status, date, region and other specific factors those might have an impact on the fair value measurement of the properties.

The Group usually determines the fair values of the investment properties by one of these approaches according to its 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.

One of the key inputs used in valuing these investment properties was the capitalisation rate used, which ranges from 4% to 7.5% at 31 December 2024 (31 December 2023: 4% to 7.5%). A slight increase in the capitalisation rate used would result in a significant decrease in fair value measurement of investment properties, and vice versa.

There was no transfer in or out of Level 3 during the year.

For investment properties measured at fair value categorised as Level 3, their valuations are performed by the independent valuers at 30 June and 31 December of each year, as well as on the dates of transfers in and out of investment properties. The finance department reviews the overall reasonableness of these valuations and reports the results of valuations to management.

Operating lease income from investment properties for the year amounting to RMB384 million (2023: RMB397 million) was recognised in the consolidated income statement.

26. PROPERTY AND EQUIPMENT

	Lands and buildings	Motor vehicles	Office equipment, furniture and fixtures	Construction in progress	Total
Cost					
At 31 December 2023	26,415	1,648	9,541	5,378	42,982
Additions	164	61	1,514	99	1,838
Transfers to/(from)	332	–	–	(332)	–
Transfers from investment properties	675	–	–	–	675
Transfers to investment properties	(479)	–	–	–	(479)
Disposals	(48)	(201)	(263)	–	(512)
At 31 December 2024	27,059	1,508	10,792	5,145	44,504
Accumulated depreciation					
At 31 December 2023	(9,524)	(1,323)	(8,044)	–	(18,891)
Depreciation charge (note 11)	(977)	(118)	(678)	–	(1,773)
Transfers to investment properties	186	–	–	–	186
Disposals	25	139	229	–	393
At 31 December 2024	(10,290)	(1,302)	(8,493)	–	(20,085)
Net book value					
At 31 December 2024	16,769	206	2,299	5,145	24,419
At 31 December 2023	16,891	325	1,497	5,378	24,091

26. PROPERTY AND EQUIPMENT *(CONTINUED)*

	Lands and buildings	Motor vehicles	Office equipment, furniture and fixtures	Construction in progress	Total
Cost					
At 31 December 2022	25,257	1,738	9,064	6,390	42,449
Additions	271	4	784	298	1,357
Transfers to/(from)	1,310	–	–	(1,310)	–
Transfers from investment properties	588	–	–	–	588
Transfers to investment properties	(983)	–	–	–	(983)
Disposals	(28)	(94)	(307)	–	(429)
At 31 December 2023	26,415	1,648	9,541	5,378	42,982
Accumulated depreciation					
At 31 December 2022	(8,752)	(1,261)	(7,662)	–	(17,675)
Depreciation charge (note 11)	(1,006)	(152)	(676)	–	(1,834)
Transfers to investment properties	211	–	–	–	211
Disposals	23	90	294	–	407
At 31 December 2023	(9,524)	(1,323)	(8,044)	–	(18,891)
Net book value					
At 31 December 2023	16,891	325	1,497	5,378	24,091
At 31 December 2022	16,505	477	1,402	6,390	24,774

At 31 December 2024, certain acquired buildings of the Group with a net book value of RMB481 million (31 December 2023: RMB439 million) were still in the process of title registration. The directors of the Company do not expect this to have any impacts on the operations of the Group.

27. RIGHT-OF-USE ASSETS

	Leasehold lands	Leased properties	Others	Total
Cost				
At 31 December 2023	6,327	2,813	15	9,155
Additions	80	829	10	919
Transfers from investment properties	115	–	–	115
Transfers to investment properties	(65)	–	–	(65)
Disposals/Terminations	(39)	(916)	(11)	(966)
At 31 December 2024	6,418	2,726	14	9,158
Accumulated depreciation				
At 31 December 2023	(2,215)	(1,497)	(7)	(3,719)
Provided for the year (note 11)	(170)	(732)	(12)	(914)
Transfers to investment properties	35	–	–	35
Disposals/Terminations	17	819	10	846
At 31 December 2024	(2,333)	(1,410)	(9)	(3,752)
Net book value				
At 31 December 2024	4,085	1,316	5	5,406
At 31 December 2023	4,112	1,316	8	5,436

27. RIGHT-OF-USE ASSETS *(CONTINUED)*

	Leasehold lands	Leased properties	Others	Total
Cost				
At 31 December 2022	6,181	3,185	20	9,386
Additions	30	647	15	692
Transfers from investment properties	296	–	–	296
Transfers to investment properties	(126)	–	–	(126)
Disposals/Terminations	(54)	(1,019)	(20)	(1,093)
At 31 December 2023	6,327	2,813	15	9,155
Accumulated depreciation				
At 31 December 2022	(2,093)	(1,718)	(17)	(3,828)
Provided for the year (note 11)	(197)	(753)	(11)	(961)
Transfers to investment properties	59	–	–	59
Disposals/Terminations	16	974	21	1,011
At 31 December 2023	(2,215)	(1,497)	(7)	(3,719)
Net book value				
At 31 December 2023	4,112	1,316	8	5,436
At 31 December 2022	4,088	1,467	3	5,558

The above items of leasehold lands are depreciated on a straight-line basis over 30 to 70 years. For the year ended 31 December 2024, an expense relating to leases of low-value assets and short-term leases that applied the simplified approach was approximately RMB101 million (2023: RMB128 million).

The Group has obtained the land use right certificates for all leasehold lands except for leasehold lands with a carrying amount of RMB21 million (2023: RMB59 million) for which the Group is in the process of obtaining the land use right certificates.

28. DEFERRED INCOME TAX ASSETS AND LIABILITIES

The movements in deferred income tax assets and liabilities for the year ended 31 December 2024 are as follows:

	Impairment losses on financial assets	Fair value changes of financial assets	Insurance contracts	Salaries and staff welfare payables	Revaluation of investment properties	Others	Total
Deferred income tax assets							
At 1 January 2024	625	1,132	10,299	1,945	–	1,215	15,216
Credited to/(Charged to) income statement (note 12)	(235)	(1,132)	2,096	1,125	–	344	2,198
Credited to other comprehensive income	–	–	425	–	–	–	425
Gross deferred income tax assets at 31 December 2024	390	–	12,820	3,070	–	1,559	17,839
Deferred income tax liabilities							
At 1 January 2024	–	(3,138)	–	–	(1,883)	(56)	(5,077)
Credited to/(Charged to) income statement (note 12)	–	(880)	–	–	67	69	(744)
Charged to other comprehensive income	–	(3,805)	–	–	(88)	–	(3,893)
Tax effect due to disposals of equity instruments at fair value through other comprehensive income	–	267	–	–	–	–	267
Gross deferred income tax liabilities at 31 December 2024	–	(7,556)	–	–	(1,904)	13	(9,447)
Net deferred income tax assets at 31 December 2024							8,392

28. DEFERRED INCOME TAX ASSETS AND LIABILITIES *(CONTINUED)*

The movements in deferred income tax assets and liabilities for the year ended 31 December 2023 are as follows:

	Impairment losses on financial assets	Fair value changes of financial assets	Insurance contracts	Salaries and staff welfare payables	Revaluation of investment properties	Others	Total
Deferred income tax assets							
At 1 January 2023	576	–	13,941	1,802	–	876	17,195
Credited to/(Charged to) income statement (note 12)	49	1,132	(3,737)	143	–	339	(2,074)
Credited to other comprehensive income	–	–	95	–	–	–	95
Gross deferred income tax assets at 31 December 2023	625	1,132	10,299	1,945	–	1,215	15,216
Deferred income tax liabilities							
At 1 January 2023	–	(3,170)	–	–	(1,827)	(138)	(5,135)
Credited to income statement (note 12)	–	–	–	–	40	82	122
Credited to/(Charged to) other comprehensive income	–	117	–	–	(96)	–	21
Tax effect due to disposals of equity instruments at fair value through other comprehensive income	–	(85)	–	–	–	–	(85)
Gross deferred income tax liabilities at 31 December 2023	–	(3,138)	–	–	(1,883)	(56)	(5,077)
Net deferred income tax assets at 31 December 2023							10,139

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

28. DEFERRED INCOME TAX ASSETS AND LIABILITIES *(CONTINUED)*

OECD Pillar Two model rules

The Group is within the scope of the Organisation for Economic Co-operation and Development ("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 HKAS 12 issued in July 2023.

The Group is in the process of assessing its exposure to the Pillar Two legislation 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 of 15%, there may still be Pillar Two tax implications.

29. PREPAYMENTS AND OTHER ASSETS

	31 December 2024	31 December 2023
Deductible input value-added tax	**4,828**	5,226
Restricted statutory deposits (i)	**4,633**	4,726
Receivables from co-insurers for amounts paid on their behalf	**4,138**	3,877
Receivables arising from redemption of investment funds	**3,829**	1,422
Intangible assets	**2,706**	2,811
Prepaid output value-added tax borne by the policyholders	**1,825**	1,728
Deposits paid	**1,246**	1,232
Prepaid income tax	**725**	3,731
Prepayments for acquisition of assets and services	**320**	265
Amounts due from PICC Group (note 41(4))	**114**	53
Amounts due from fellow subsidiaries under PICC Group (note 41(4))	**24**	25
Amounts due from associates (note 41(4))	**8**	50
Others	**3,302**	2,919
Total	**27,698**	28,065
Less: Provision for impairment	**(676)**	(753)
Net value	**27,022**	27,312

(i) In accordance with the PRC Insurance Law, the Company is required to maintain a deposit equivalent to 20% of its registered capital with banks designated by the NFRA as a security fund. The use of the security fund is subject to the approval of the NFRA.

30. RESTRICTED DEPOSITS

At 31 December 2024, included in the term deposits, deposits of RMB1,765 million (31 December 2023: RMB1,965 million) that were subject to various restrictions. These deposits are mainly managed in specific bank accounts according to the requirements of certain local governments and can only be used to settle for catastrophic losses from agriculture insurance business.

31. SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE

	31 December 2024	31 December 2023
Transactions by market places:		
Inter-bank market	**29,241**	29,232
Stock exchange	**10,401**	10,805
Total	**39,642**	40,037

For debt repurchase transactions through stock exchange, the Group is required to deposit certain exchange-traded bonds into a collateral pool with fair value converted at a standard rate pursuant to the stock exchange's regulation which should be no less than the balance of related repurchase transaction. At 31 December 2024, the carrying amount and fair value of securities deposited in the collateral pool were RMB28,587 million and RMB33,585 million (31 December 2023: RMB23,694 million and RMB25,747 million) respectively. The collateral is restricted from trading during the period of the repurchase transaction. The Group can withdraw the exchange-traded bonds from the collateral pool provided that the value of the remaining exchange-traded bonds within the collateral pool is no less than the balance of related repurchase transactions.

At 31 December 2024, bonds with carrying amount and fair value of RMB31,210 million and RMB35,938 million (31 December 2023: RMB31,652 million and RMB34,473 million) respectively were pledged as the collateral for securities sold under agreements to repurchase resulted from repurchase transactions entered into by the Group in the inter-bank market. The collateral is restricted from trading during the period of the repurchase transactions.

32. INVESTMENT CONTRACT LIABILITIES

	31 December 2024	31 December 2023
Policyholders' deposits	**1,671**	1,676
Policy dividends payable	**60**	60
Total	**1,731**	1,736

The Group has underwritten policies in household property and accidental insurance products containing both insurance and investment features, etc. Policyholders' deposit a fixed principal amount which is only refundable upon the maturity of the policy, and the policyholders receive a fixed rate of interest or bear no interest. Penalties on early termination are charged according to the terms stated in the policy.

33. BONDS PAYABLE

Bonds payable comprised capital supplementary bonds.

	31 December 2024	31 December 2023
Carrying amount repayable in:		
more than five years	**20,433**	8,365

On 28 November 2024, the Company issued capital supplementary bonds with par value of RMB12,000 million and a contractual period of ten years. With proper notice to the counterparties, the Company 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.

On 23 March 2020, the Company issued capital supplementary bonds with par value of RMB8,000 million and a contractual period of ten years. With proper notice to the counterparties, the Company 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 3.59% per annum in the first five years and 4.59% per annum in the following five years.

34. ACCRUALS AND OTHER LIABILITIES

	31 December 2024	31 December 2023
Salaries and staff welfare payables	**23,051**	20,491
Other taxes payable	**7,857**	7,990
Premiums received in advance	**6,696**	4,963
Payables to co-insurers	**3,257**	2,821
Insurance protection fund	**938**	906
Insurance deposit received	**669**	578
Amounts due to fellow subsidiaries under PICC Group (note 41(4))	**483**	201
Accrued capital expenditures	**227**	143
Others	**9,441**	7,914
Total	**52,619**	46,007

35. ISSUED CAPITAL

	31 December 2024	31 December 2023
Issued and fully paid:		
Domestic shares of RMB1.00 each	**15,343**	15,343
H shares of RMB1.00 each	**6,899**	6,899
Total	**22,242**	22,242

36. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS

(1) Classification of financial instruments

This note provides information on how the Group determines the fair values of major financial assets and financial liabilities. Details of fair value measurements of investment properties are disclosed in note 25 to the consolidated financial statements.

The Group's financial assets mainly include cash and cash equivalents, financial investments at amortised cost, financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss and term deposits, etc.

The Group's financial liabilities mainly include securities sold under agreements to repurchase, investment contract liabilities and bonds payable, etc.

The carrying amounts and fair values of the Group's financial investments at amortised cost and bonds payable not measured at fair value are disclosed in note 36(2) (b) Fair value of major financial assets and financial liabilities not measured at fair value.

The carrying amounts of the Group's other financial assets and financial liabilities approximated to their fair values.

36. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS *(CONTINUED)*

(2) Determination of fair value and the fair value hierarchy of financial instruments

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.

(a) Fair value of major 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 the reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, their fair value hierarchy, the valuation technique(s) and key input(s) used).

36. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS *(CONTINUED)*

(2) Determination of fair value and the fair value hierarchy of financial instruments *(continued)*

(a) Fair value of major financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Items	Fair value at 31 December 2024	Fair value hierarchy	Valuation technique(s) and key input(s)
Financial assets at fair value through profit or loss	41,647	Level 1	Quoted bid prices in an active market.
Financial assets at fair value through profit or loss	59,740	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 at fair value through profit or loss	18,471	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 at fair value through profit or loss	208	Level 3	Fair value of the investments is based on the use of the respective discounted cash flow valuation models.
Debt instruments at fair value through other comprehensive income	5,217	Level 1	Quoted bid prices in an active market.
Debt instruments at fair value through other comprehensive income	136,161	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 at fair value through other comprehensive income	35,145	Level 1	Quoted bid prices in an active market.
Equity instruments at fair value through other comprehensive income	47,066	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 at fair value through other comprehensive income	4,085	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 at fair value through other comprehensive income	16,097	Level 3	Fair value of the investments is based on the use of the respective discounted cash flow valuation models.

36. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS *(CONTINUED)*

(2) Determination of fair value and the fair value hierarchy of financial instruments *(continued)*

(a) *Fair value of major financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)*

Items	Fair value at 31 December 2023	Fair value hierarchy	Valuation technique(s) and key input(s)
Financial assets at fair value through profit or loss	42,165	Level 1	Quoted bid prices in an active market.
Financial assets at fair value through profit or loss	82,531	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 at fair value through profit or loss	14,336	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 at fair value through profit or loss	5,015	Level 3	Fair value of the investments is based on the use of the respective discounted cash flow valuation models.
Debt instruments at fair value through other comprehensive income	6,679	Level 1	Quoted bid prices in an active market.
Debt instruments at fair value through other comprehensive income	88,394	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 at fair value through other comprehensive income	24,735	Level 1	Quoted bid prices in an active market.
Equity instruments at fair value through other comprehensive income	42,129	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 at fair value through other comprehensive income	3,207	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 at fair value through other comprehensive income	14,998	Level 3	Fair value of the investments is based on the use of the respective discounted cash flow valuation models.

36. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS *(CONTINUED)*

(2) Determination of fair value and the fair value hierarchy of financial instruments *(continued)*

(a) Fair value of major financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

	31 December 2024			
	Fair value hierarchy			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	**41,647**	**59,740**	**18,679**	**120,066**
Debt instruments at fair value through other comprehensive income	**5,217**	**136,161**	**–**	**141,378**
Equity instruments at fair value through other comprehensive income	**35,145**	**47,066**	**20,182**	**102,393**
Total	**82,009**	**242,967**	**38,861**	**363,837**

	31 December 2023			
	Fair value hierarchy			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	42,165	82,531	19,351	144,047
Debt instruments at fair value through other comprehensive income	6,679	88,394	–	95,073
Equity instruments at fair value through other comprehensive income	24,735	42,129	18,205	85,069
Total	73,579	213,054	37,556	324,189

36. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS *(CONTINUED)*

(2) Determination of fair value and the fair value hierarchy of financial instruments *(continued)*

(a) Fair value of major financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

For the year ended 31 December 2024, financial assets at fair value through profit or loss with a carrying amount of RMB2,701 million and financial assets at fair value through other comprehensive income with a carrying amount of RMB2,841 million were transferred from Level 1 to Level 2 because the quoted prices in the market for such investments were no longer regularly available. Conversely, financial assets at fair value through profit or loss with a carrying amount of RMB6,732 million and financial assets at fair value through other comprehensive income with a carrying amount of RMB2,402 million were transferred from Level 2 to Level 1 because the quoted prices in active markets were available at 31 December 2024.

As at 31 December 2024, the fair values of derivative financial assets and derivative financial liabilities were RMB153 million and RMB353 million, which are categorised in Level 3.

(b) Fair value of major financial assets and financial liabilities not measured at fair value

The carrying amounts of the Group's financial assets and financial liabilities not measured at fair value approximated to their fair values at 31 December 2024 and 2023 except for the following financial instruments, for which fair value and the level of fair value hierarchy are disclosed below:

	31 December 2024			
	Fair value hierarchy			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial investments at amortised cost	1,332	78,532	68,370	148,234
Financial liabilities				
Bonds payable	–	20,442	–	20,442

36. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS *(CONTINUED)*

(2) Determination of fair value and the fair value hierarchy of financial instruments *(continued)*

(b) Fair value of major financial assets and financial liabilities not measured at fair value (continued)

	31 December 2023			
	Fair value hierarchy			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial investments at amortised cost	1,129	47,599	85,323	134,051
Financial liabilities				
Bonds payable	–	8,296	–	8,296

The fair values of the debt instruments reported as financial assets and financial liabilities and included in the Level 3 category above have been determined using discounted cash flow model, with most significant inputs being the estimated cash flow and the discount rate that reflect the risk of counterparties and the Group.

36. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS *(CONTINUED)*

(2) Determination of fair value and the fair value hierarchy of financial instruments *(continued)*

(c) Reconciliation of Level 3 fair value measurements

	2024	2023
1 January	**37,556**	35,476
Addition	**2,431**	2,455
Realised and unrealised gains/(losses) recognised in profit or loss	**685**	(388)
Unrealised gains recognised in other comprehensive income	**1,481**	1,373
Disposals	**(3,291)**	(942)
Transfer from Level 3 to Level 1	**(1)**	(418)
31 December	**38,861**	37,556

37. CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that the Company meets all obligations arising from the insurance contracts and the applicable laws and regulations in Mainland China so as to support the growth of business and maximise the shareholders' value.

The comprehensive and core solvency margin ratios of the Company are listed below:

	31 December 2024	31 December 2023
Actual capital	**265,560**	226,182
Core capital	**240,863**	203,088
Minimum capital	**114,171**	97,334
Comprehensive solvency margin ratio (%)	**233%**	232%
Core solvency margin ratio (%)	**211%**	209%

37. CAPITAL MANAGEMENT *(CONTINUED)*

Insurance companies carrying out business in Mainland China are required to comply with capital requirements imposed by the NFRA. These capital requirements are generally known as solvency requirements in the insurance industry.

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. For the Company, core capital is principally the net assets, while supplementary capital is mainly the capital supplementary bonds issued by the Company.

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 has to be higher than 100% and 50% respectively for compliance with the solvency requirements.

The NFRA can take a number of regulatory measures against non-compliance with the solvency requirements conducted by any insurance company. 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.

38. 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 risks are credit risk, liquidity risk and market risk.

38. RISK MANAGEMENT *(CONTINUED)*

(1) Insurance risk

The risk under an insurance contract arises from the possibility of occurrence of an insured event and the uncertainty of the amount and timing of any resulting claim. The principal risk the Group faces under such contract is that the actual claim payments and the costs of claim settlements 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 those 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 an insurer's obligation at the end of the contract period

The Group has the objective to control and minimise insurance risk so as to reduce the volatility of the operating profits. The Group manages insurance risk through the following mechanism:

- The launch of any new product has to be approved by appropriate authorities;
- Underwriting and claims-handling authorities at different levels are properly established;
- Treaty reinsurance and most facultative reinsurance arrangements are centrally managed at the head office level; and
- Catastrophe reinsurance is used to limit the Group's exposure to flooding, earthquakes and typhoons.

The Group limits its exposure to loss within insurance operations through participation in reinsurance arrangements. The majority of the businesses ceded are placed on a quota share basis or surplus line basis with retention limits varying by product line. There are profit commission, sliding scale commission and loss participation limit clauses in various proportional reinsurance contracts. Excess of loss catastrophe reinsurance is also arranged to limit the Group's exposure to certain catastrophic events.

38. RISK MANAGEMENT *(CONTINUED)*

(1) Insurance risk *(continued)*

Insurance risk concentration

Claims in 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.

The Group's concentration of insurance risk before and after reinsurance, measured by geographical gross written premiums and net written premiums, is as follows:

	2024		2023	
	Gross written premiums	Net written premiums	Gross written premiums	Net written premiums
Coastal and developed provinces/cities	**251,463**	**227,744**	238,579	215,589
Western China	**108,456**	**100,263**	103,887	95,842
Northern China	**58,643**	**53,116**	57,692	51,868
Central China	**91,149**	**84,360**	87,484	81,678
North-eastern China	**31,244**	**27,712**	30,385	27,178
Total	**540,955**	**493,195**	518,027	472,155

38. RISK MANAGEMENT *(CONTINUED)*

(1) Insurance risk *(continued)*

Sensitivity analysis

It is not possible to quantify the sensitivity of certain variables like 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 insurance contract balances are not quantifiable with certainty.

The LIC's sensitivity to unpaid claims and expenses is outlined below. The analysis is performed for possible movements in unpaid claims and expenses with all other variables held constant, showing the pre-tax impact on profit and equity before and after risk mitigation by the reinsurance contracts held.

	Change in assumptions	Pre-tax impact on profit 2024		Pre-tax impact on equity 31 December 2024		Pre-tax impact on profit 2023		Pre-tax impact on equity 31 December 2023	
		Gross	Net	Gross	Net	Gross	Net	Gross	Net
Unpaid claims and expenses	+3%	(6,654)	(5,437)	(6,736)	(5,504)	(6,252)	(5,072)	(6,275)	(5,091)
Unpaid claims and expenses	-3%	6,654	5,437	6,736	5,504	6,252	5,072	6,275	5,091

38. RISK MANAGEMENT *(CONTINUED)*

(1) Insurance risk *(continued)*

Sensitivity analysis (continued)

Reproduced below is an analysis that shows the development of the undiscounted claims over a period of time on a gross basis:

	Accident year – Gross					
	2020	2021	2022	2023	2024	Total
Estimated cumulative claims						
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	276,509	313,436	313,962	362,074	**395,250**	1,661,231
Less: cumulative gross claims and other directly attributable expenses paid	(271,744)	(305,475)	(293,490)	(328,165)	**(264,434)**	(1,463,308)
Sub-total						197,923
Prior year adjustments, unallocated loss adjustment expenses, discounting, risk adjustment for non-financial risk and others						26,607
Gross LIC						224,530

38. RISK MANAGEMENT *(CONTINUED)*

(1) Insurance risk *(continued)*

Sensitivity analysis (continued)

Reproduced below is an analysis that shows the development of the undiscounted claims over a period of time on a net basis:

	Accident year – Net					
	2020	2021	2022	2023	2024	Total
Estimated cumulative claims						
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	251,984	284,095	283,444	331,354	**363,233**	1,514,110
Less: cumulative gross claims and other directly attributable expenses paid	(248,242)	(278,181)	(266,245)	(304,198)	**(244,935)**	(1,341,801)
Sub-total						172,309
Prior year adjustments, unallocated loss adjustment expenses, discounting, risk adjustment for non-financial risk and others						11,141
Net LIC						183,450

The ultimate liabilities will vary as a result of subsequent developments. Differences resulting from the reassessment of the ultimate liabilities are recognised in subsequent years' financial statements.

38. RISK MANAGEMENT *(CONTINUED)*

(2) Financial risks

(a) Credit risk

Credit risks refer to the risk of losses incurred by the inabilities of debtors or counterparties to fulfil their contractual obligations or by the adverse changes in their credit conditions. The Group is exposed to credit risks primarily associated with its deposit arrangements with commercial banks, investments in debt instruments, and reinsurance arrangements with reinsurers.

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.

Reinsurance of the Group is mainly placed with 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 except for state-owned reinsurance companies. Management of the Group performs regular assessment of creditworthiness of reinsurers to update reinsurance purchase strategies.

At 31 December 2024, the maximum credit risk exposure of the reinsurance contract assets was RMB13,187 million (31 December 2023: RMB12,213 million).

Credit quality

The majority of the Group's bank deposits are placed 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 project support schemes are mostly large domestic trust companies and asset management companies.

38. RISK MANAGEMENT *(CONTINUED)*

(2) Financial risks *(continued)*

(a) Credit risk (continued)

Collateral and other credit enhancements

The amount and type of collateral required depend on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and the valuation parameters.

Securities purchased under resale agreements are pledged by counterparties' debt securities of which the Group could take the ownership should the owner of the collateral defaults.

Management monitors the market value of the collateral, requests additional items of collateral when needed and performs impairment testing when applicable.

Expected credit loss

From 1 January 2023, the Group has formulated the credit losses of debt instruments carried at amortised cost and FVOCI using ECL models according to HKFRS 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 and whether credit impairment occurs. For financial instruments with or without significant increase in credit risk, 12-month or lifetime ECLs are provided respectively. The ECL is the product of Exposure at Default ("EAD"), Probability of Default ("PD") and Loss Given Default ("LGD").

- 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.

- PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months, or over the remaining lifetime of the obligation.

- LGD represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support.

38. RISK MANAGEMENT *(CONTINUED)*

(2) Financial risks *(continued)*

(a) Credit risk (continued)

Expected credit loss ***(continued)***

Judgement of significant increase in credit risk ("SICR")

Under HKFRS 9, when considering the impairment stages for financial assets, the Group evaluates the credit risk at initial recognition and also whether there is any significant increase in credit risk for each reporting period.

The Group considers various reasonable supporting information to judge if there is significant increase in credit risk, including the forward-looking information, when determining the ECL staging for financial assets. Major factors 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 Group has set quantitative and qualitative criteria to judge whether the credit risk has SICR after 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 the criteria of SICR, in accordance with the standard.

38. RISK MANAGEMENT *(CONTINUED)*

(2) Financial risks *(continued)*

(a) Credit risk (continued)

Expected credit loss ***(continued)***

The definition of credit-impaired assets

Under HKFRS 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.

38. RISK MANAGEMENT *(CONTINUED)*

(2) Financial risks *(continued)*

(a) Credit risk (continued)

Expected credit loss *(continued)*

Forward-looking information

The determination 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 ECL for each portfolio. The Group has developed macroeconomic forward-looking adjustment model by establishing a basket of factors, preparing data, filtering model factors and adjusting forward-looking elements. The basket of macroeconomic factors includes Gross Domestic Product (GDP) quarter on quarter percentage change, Customer Price Index (CPI) year on year percentage change, term deposit interest rates and other macroeconomic variables. Through regression analysis, the relationship among these economic indicators in history with EAD, PD and LGD is determined, and the EAD, PD and LGD are determined through forecasting economic indicators.

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 impact of these economic indicators on PD and LGD varies to different businesses. The Group comprehensively considers internal and external data, expert forecasts and statistical analysis to determine the relationship between these economic indicators with PD and LGD.

38. RISK MANAGEMENT *(CONTINUED)*

(2) Financial risks *(continued)*

(a) Credit risk (continued)

Expected credit loss ***(continued)***

Forward-looking information *(continued)*

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 forecasting have high inherent uncertainties, actual results may have significant difference on estimates. The Group considered the estimates above represented the optimal estimation of possible outcomes.

38. RISK MANAGEMENT *(CONTINUED)*

(2) Financial risks *(continued)*

(a) Credit risk (continued)

Expected credit loss *(continued)*

Credit risk exposure

The following table presents the credit risk exposure of the financial assets under the scope of ECL. Without considering guarantee or any other credit enhancement measures, the maximum credit risk exposure is presented as the carrying amount of the financial assets:

	31 December 2024				31 December 2023
	Stage 1	Stage 2	Stage 3	Maximum credit risk exposure	Maximum credit risk exposure
Cash and cash equivalents	19,370	–	–	19,370	16,526
Financial investments:					
Financial investments at amortised cost	135,306	674	80	136,060	126,192
Debt instruments at fair value through other comprehensive income	141,378	–	–	141,378	95,073
Term deposits	77,156	–	–	77,156	57,785
Restricted statutory deposits	4,630	–	–	4,630	4,723
Total	377,840	674	80	378,594	300,299

The Group closely monitors the collateral for credit-impaired financial assets.

38. RISK MANAGEMENT *(CONTINUED)*

(2) Financial risks *(continued)*

(a) Credit risk (continued)

Expected credit loss *(continued)*

Impairment stage changes

The following tables explain the changes in the gross carrying amount and provision for impairment 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		Total
Financial investments at amortised cost	Gross carrying amount	Provision for impairment	Gross carrying amount	Provision for impairment	Gross carrying amount	Provision for impairment	Provision for impairment
1 January 2024	123,189	(722)	3,827	(130)	532	(504)	(1,356)
Net increase/(decrease) for the year *	9,350	485	-	(19)	(134)	186	652
Net amount transfer in/(out) from Level 2 to Level 1	3,124	(120)	(3,124)	120	-	-	-
Net amount transfer in/(out) from Level 1 to Level 3	-	-	-	-	-	-	-
Net amount transfer in/(out) from Level 2 to Level 3	-	-	-	-	-	-	-
Write-offs	-	-	-	-	-	-	-
31 December 2024	135,663	(357)	703	(29)	398	(318)	(704)

* Changes in current year due to purchase, purchased credit-impaired or derecognition except write-offs.

38. RISK MANAGEMENT *(CONTINUED)*

(2) Financial risks *(continued)*

(a) *Credit risk (continued)*

Expected credit loss ***(continued)***

Impairment stage changes *(continued)*

Debt instruments at fair value through other comprehensive income	Stage 1		Stage 2		Stage 3		Total
	Gross carrying amount	Provision for impairment	Gross carrying amount	Provision for impairment	Gross carrying amount	Provision for impairment	Provision for impairment
1 January 2024	95,073	(234)	-	-	-	-	(234)
Net increase/(decrease) for the year *	46,305	113	-	-	-	-	113
Net amount transfer in/(out) from Level 1 to Level 2	-	-	-	-	-	-	-
Net amount transfer in/(out) from Level 1 to Level 3	-	-	-	-	-	-	-
Net amount transfer in/(out) from Level 2 to Level 3	-	-	-	-	-	-	-
Write-offs	-	-	-	-	-	-	-
31 December 2024	141,378	(121)	-	-	-	-	(121)

* Changes in current year due to purchase, purchased credit-impaired or derecognition except write-offs.

38. RISK MANAGEMENT *(CONTINUED)*

(2) Financial risks *(continued)*

(a) Credit risk (continued)

Expected credit loss *(continued)*

The following table contains an analysis of the credit rating of financial investments at amortised cost and debt instruments at fair value through other comprehensive income. The credit rating of these financial assets is assessed by qualified rating agencies in the PRC except for overseas bonds. The credit risk exposure is listed below:

Credit rating of financial assets (other than overseas bonds)	**31 December 2024**	31 December 2023
AAA	**204,687**	190,199
AA+	**53**	–
A or lower	**613**	–
Not rated*	**71,741**	31,066
Total	**277,094**	221,265

* Included in the not rated category, there is an aggregate carrying amount of RMB65,644 million of government bonds and certain financial bonds issued by policy banks with low credit risks, and the remaining financial assets with a carrying amount of RMB6,097 million without any credit rating do not have low credit risk.

(b) Liquidity or funding risk

Liquidity risk is the risk of not having access to sufficient funds or being unable to realise an asset in a timely manner at a reasonable price to meet the Group's obligations as they become due. Liquidity risk may result from either the inability to sell financial assets quickly at their fair values; or a counterparty failing to repay a contractual obligation; or an insurance liability falling due for payment earlier than expected; or the inability to generate cash inflows as anticipated.

The major liquidity risk the Group confronts is the daily calls on its available cash resources in respect of claims arising from insurance contracts and maturities of policyholders' deposits.

38. RISK MANAGEMENT *(CONTINUED)*

(2) Financial risks *(continued)*

(b) Liquidity or funding risk (continued)

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.

At 31 December 2024, the Group maintained cash and cash equivalents at 2% of total assets (31 December 2023: 2%) to ensure sufficient liquid assets are available to meet its payment obligations. Management closely monitors the increase of non-current assets.

Maturity analysis

The tables below summarise maturity profiles of financial assets, lease liabilities and financial liabilities of the Group. Maturity profiles of financial assets, lease liabilities and financial liabilities are prepared, using the contractual collection and repayment dates, respectively.

All amounts are based on undiscounted contractual cash flows.

38. RISK MANAGEMENT *(CONTINUED)*

(2) Financial risks *(continued)*

(b) Liquidity or funding risk (continued)

Maturity analysis *(continued)*

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
Assets:							
Cash and cash equivalents	8,551	10,819	-	-	-	-	19,370
Financial investments at amortised cost	399	2,934	11,181	68,732	99,074	-	182,320
Financial assets at fair value through other comprehensive income	-	2,206	11,918	47,491	122,586	102,393	286,594
Financial assets at fair value through profit or loss	-	236	3,791	9,414	54,831	67,029	135,301
Term deposits	-	7,346	21,233	54,253	-	-	82,832
Restricted statutory deposits	-	34	1,257	3,666	-	-	4,957
Other financial assets	16,465	1,199	520	504	250	-	18,938
Subtotal	25,415	24,774	49,900	184,060	276,741	169,422	730,312
Liabilities:							
Securities sold under agreements to repurchase	-	39,646	-	-	-	-	39,646
Investment contract liabilities	1,731	-	-	-	-	-	1,731
Bonds payable	-	8,287	280	1,118	13,998	-	23,683
Lease liabilities	-	144	431	843	36	-	1,454
Other financial liabilities	11,401	142	69	-	2	-	11,614
Subtotal	13,132	48,219	780	1,961	14,036	-	78,128
Net liquidity gap	12,283	(23,445)	49,120	182,099	262,705	169,422	652,184

38. RISK MANAGEMENT *(CONTINUED)*

(2) Financial risks *(continued)*

(b) Liquidity or funding risk (continued)

Maturity analysis *(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
Assets:							
Cash and cash equivalents	12,275	4,251	–	–	–	–	16,526
Financial investments at amortised cost	–	3,729	10,945	80,783	72,307	–	167,764
Financial assets at fair value through other comprehensive income	–	2,207	6,899	52,173	57,113	85,069	203,461
Financial assets at fair value through profit or loss	–	1,179	3,530	12,331	72,681	75,400	165,121
Term deposits	–	2,275	9,058	48,906	2,072	–	62,311
Restricted statutory deposits	–	33	2,156	2,819	–	–	5,008
Other financial assets	14,933	681	1,032	283	38	332	17,299
Subtotal	27,208	14,355	33,620	197,295	204,211	160,801	637,490
Liabilities:							
Securities sold under agreements to repurchase	–	40,046	–	–	–	–	40,046
Investment contract liabilities	1,736	–	–	–	–	–	1,736
Bonds payable	–	287	–	1,389	8,734	–	10,410
Lease liabilities	–	173	412	847	109	–	1,541
Other financial liabilities	12,281	180	74	32	17	–	12,584
Subtotal	14,017	40,686	486	2,268	8,860	–	66,317
Net liquidity gap	13,191	(26,331)	33,134	195,027	195,351	160,801	571,173

38. RISK MANAGEMENT *(CONTINUED)*

(2) Financial risks *(continued)*

(b) Liquidity or funding risk (continued)

Maturity analysis *(continued)*

The following tables present the estimated amount and timing of the remaining contractual undiscounted cash flows arising from insurance contracts and reinsurance contracts (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						
Cash inflows/(outflows)	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years	Total
Insurance contract assets	**(5,552)**	**(463)**	**(215)**	**(34)**	**(5)**	**(15)**	**(6,284)**
Reinsurance contract assets	**26,858**	**5,453**	**2,580**	**1,940**	**1,263**	**1,746**	**39,840**
Insurance contract liabilities	**(135,926)**	**(42,596)**	**(20,242)**	**(7,069)**	**(4,924)**	**(7,951)**	**(218,708)**
Reinsurance contract liabilities	**90**	**15**	**7**	**4**	**2**	**2**	**120**
Net gap	**(114,530)**	**(37,591)**	**(17,870)**	**(5,159)**	**(3,664)**	**(6,218)**	**(185,032)**

	31 December 2023						
Cash inflows/(outflows)	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years	Total
Insurance contract assets	(5,282)	(875)	(390)	(285)	(34)	(10)	(6,876)
Reinsurance contract assets	25,503	6,527	2,902	1,747	1,001	1,165	38,845
Insurance contract liabilities	(131,350)	(43,534)	(14,963)	(6,845)	(4,178)	(6,207)	(207,077)
Reinsurance contract liabilities	23	1	–	–	–	–	24
Net gap	(111,106)	(37,881)	(12,451)	(5,383)	(3,211)	(5,052)	(175,084)

38. RISK MANAGEMENT *(CONTINUED)*

(2) Financial risks *(continued)*

(c) Market risk

Market risk refers to the risk that causes unexpected losses to the Group due to unfavourable changes in foreign exchange rates, interest rates or market prices. The market risk comprises currency risk, interest rate risk and other price risk.

The Group uses multiple methods to manage market risk, including using sensitivity 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.

The Group mitigates its market risk through proper diversification of its investment portfolio. Investment mandate is also approved by an investment committee to direct investment decisions.

(i) Currency risk

Currency risk is the risk of loss resulting from changes in foreign currency exchange rates. The Group's principal transactions are carried out in RMB. 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.

38. RISK MANAGEMENT *(CONTINUED)*

(2) Financial risks *(continued)*

(c) Market risk (continued)

(i) Currency risk *(continued)*

The table below summarises the Group's assets and liabilities by major currency, expressed in the 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	18,083	1,183	92	12	19,370
Financial investments at amortised cost	136,060	–	–	–	136,060
Financial assets at fair value through other comprehensive income	243,428	343	–	–	243,771
Financial assets at fair value through profit or loss	114,978	3,759	1,329	–	120,066
Insurance contract assets	1,419	269	17	8	1,713
Reinsurance contract assets	39,884	630	2	(10)	40,506
Term deposits	75,712	1,444	–	–	77,156
Other financial assets	18,549	266	99	24	18,938
Total assets	648,113	7,894	1,539	34	657,580
Securities sold under agreements to repurchase	39,642	–	–	–	39,642
Investment contract liabilities	1,731	–	–	–	1,731
Insurance contract liabilities	401,833	(20)	37	(13)	401,837
Reinsurance contract liabilities	58	1	–	–	59
Bonds payable	20,433	–	–	–	20,433
Other financial liabilities	11,491	98	7	18	11,614
Total liabilities	475,188	79	44	5	475,316
Net exposure	172,925	7,815	1,495	29	182,264

38. RISK MANAGEMENT *(CONTINUED)*

(2) Financial risks *(continued)*

(c) Market risk (continued)

(i) Currency risk *(continued)*

31 December 2023	RMB	USD in RMB equivalent	HKD in RMB equivalent	Others in RMB equivalent	Total in in RMB equivalent
Cash and cash equivalents	15,431	981	78	36	16,526
Financial investments at amortised cost	126,192	–	–	–	126,192
Financial assets at fair value through other comprehensive income	180,142	–	–	–	180,142
Financial assets at fair value through profit or loss	138,694	4,212	1,141	–	144,047
Insurance contract assets	1,478	1,390	10	7	2,885
Reinsurance contract assets	37,834	1,041	(1)	17	38,891
Term deposits	56,431	1,354	–	–	57,785
Other financial assets	26,902	368	3	39	27,312
Total assets	583,104	9,346	1,231	99	593,780
Securities sold under agreements to repurchase	40,037	–	–	–	40,037
Investment contract liabilities	1,736	–	–	–	1,736
Insurance contract liabilities	370,831	973	27	(2)	371,829
Reinsurance contract liabilities	21	–	–	–	21
Bonds payable	8,365	–	–	–	8,365
Other financial liabilities	45,180	766	19	42	46,007
Total liabilities	466,170	1,739	46	40	467,995
Net exposure	116,934	7,607	1,185	59	125,785

38. RISK MANAGEMENT *(CONTINUED)*

(2) Financial risks *(continued)*

(c) Market risk (continued)

(i) Currency risk *(continued)*

Sensitivity analysis

The analysis below is performed for reasonably possible movements in exchange rates with all other variables held constant, showing the pre-tax impact on profit and equity. The correlation of variables will have a significant effect in determining the ultimate impact on currency risk, but to demonstrate the impact due to changes in foreign currency exchange rate, the correlations of these variables are ignored.

		31 December 2024		31 December 2023	
Appreciation/(Depreciation) against RMB		Pre-tax impact on profit	Pre-tax impact on equity	Pre-tax impact on profit	Pre-tax impact on equity
Financial instruments	+5%	**404**	**421**	463	463
Financial instruments	-5%	**(404)**	**(421)**	(463)	(463)
Insurance contracts	+5%	**46**	**46**	73	73
Insurance contracts	-5%	**(46)**	**(46)**	(73)	(73)

The impact on equity arising from assets and liabilities denominated in foreign currencies shown above is the total impact from both profit before tax and fair value change.

38. RISK MANAGEMENT *(CONTINUED)*

(2) Financial risks *(continued)*

(c) Market risk (continued)

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risk policy requires it to manage interest rate risk by maintaining an appropriate match of fixed and variable rate instruments. The policy also requires it to manage the maturity of interest-bearing financial assets and interest-bearing financial liabilities, reprice interest on floating rate instruments at intervals of less than one year, and manage variable interest rate risk through interest rate swap instruments. Interest on fixed interest rate instruments is priced at inception of the financial instrument and is fixed until maturity.

Sensitivity analysis

The analysis below is performed for reasonably possible movements in interest rates with all other variables held constant, showing the pre-tax impact on profit and equity.

		31 December 2024		31 December 2023	
Increase/(Decrease) in interest rates		Pre-tax impact on profit	Pre-tax impact on equity	Pre-tax impact on profit	Pre-tax impact on equity
Financial instruments	+50bp	**(840)**	**(5,569)**	(1,387)	(4,275)
Financial instruments	-50bp	**864**	**6,024**	1,432	4,539
Insurance contracts	+50bp	**506**	**1,452**	382	1,278
Insurance contracts	-50bp	**(539)**	**(1,497)**	(408)	(1,313)

38. RISK MANAGEMENT *(CONTINUED)*

(2) Financial risks *(continued)*

(c) Market risk (continued)

(iii) Price risk

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 individual financial instruments or their issuers, or factors affecting all similar financial instruments traded in the market.

The Group's price risk exposure relates to listed equity securities and mutual funds whose values will fluctuate as a result of changes in market prices.

The Group holds a diversified portfolio of equity instruments and therefore does not have significant concentration of risk in any particular individual instrument. However, the Group principally invests in the stock markets in Hong Kong and Mainland China and is subject to price risk arising from volatilities of these two markets.

The Group's price risk policy requires it to manage such risks by setting and monitoring objectives and constraints on investments, diversification plans, limits on investments in each country, sector and market and carefully planning the use of derivative financial instruments.

Sensitivity analysis

The analysis below is performed to show the reasonably possible movements in price with all other assumptions held constant, showing the pre-tax impact on profit and equity.

		31 December 2024		31 December 2023	
Increase/(Decrease) in price		Pre-tax impact on profit	Pre-tax impact on equity	Pre-tax impact on profit	Pre-tax impact on equity
Financial instruments	+5%	**3,366**	**8,485**	3,769	8,023
Financial instruments	-5%	**(3,366)**	**(8,485)**	(3,769)	(8,023)

39. 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.

	Securities sold under agreements to repurchase	**Bonds payable** (note 33)	**Lease liabilities**	**Total**
At 1 January 2024	**40,037**	**8,365**	**1,316**	**49,718**
Financing cash flows	**(1,089)**	**11,700**	**(861)**	**9,750**
Finance costs	**694**	**368**	**46**	**1,108**
New leases entered/leases modified	**–**	**–**	**800**	**800**
At 31 December 2024	**39,642**	**20,433**	**1,301**	**61,376**

	Securities sold under agreements to repurchase	Bonds payable (note 33)	Lease liabilities	Total
At 1 January 2023	41,710	8,324	1,484	51,518
Financing cash flows	(2,414)	(318)	(859)	(3,591)
Finance costs	741	359	51	1,151
New leases entered/leases modified	–	–	640	640
At 31 December 2023	40,037	8,365	1,316	49,718

40. CONTINGENCIES AND COMMITMENTS

(1) 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 some losses arising therefrom will be partly indemnified by reinsurers or other recoveries including salvages and subrogation. During the year ended 31 December 2024, the Group was involved in similar legal proceedings on certain insurance businesses. The legal claim amounts for certain cases are significant and the legal proceedings are still in progress. While the outcomes of such contingencies, lawsuits or other proceedings cannot be determined at present, the Group believes that any resulting liabilities, if any, will not have a material adverse effect on the financial position at 31 December 2024 and 2023 or operating results of the Group for the years ended 31 December 2024 and 2023.

(2) Commitments

	31 December 2024	31 December 2023
Property and equipment commitments:		
Contracted, but not provided for	**835**	717
Authorised, but not contracted	**77**	269
Investment commitments:		
Contracted, but not provided for	**7,572**	1,309
Total	**8,484**	2,295

41. RELATED PARTY TRANSACTIONS

A party is considered to be related to the Group if:

(a) 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

41. RELATED PARTY TRANSACTIONS *(CONTINUED)*

A party is considered to be related to the Group if: (continued)

(b) 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 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).

(1) Related parties with controlling relationship

The Company is a state-owned enterprise and its controlling shareholder is PICC Group.

41. RELATED PARTY TRANSACTIONS *(CONTINUED)*

(2) Other related parties without controlling relationship with the Company:

Related parties' name	Relationship
PICC Asset Management Company Limited ("PICC AMC")	Fellow subsidiary
The People's Insurance Company of China (Hong Kong) Limited ("PICC HK")	Fellow subsidiary
PICC Capital Insurance Asset Management Company Limited ("PICC Capital")	Fellow subsidiary
PICC Investment Holding Company Limited ("PICC Investment")	Fellow subsidiary
PICC Pension Company Limited ("PICC Pension")	Fellow subsidiary
PICC Information Technology Company Limited ("PICC Technology")	Fellow subsidiary
PICC Capital Equity Investment Company Limited ("PICC Equity")	A subsidiary of a fellow subsidiary
PICC Life Insurance Company Limited ("PICC Life")	An associate of the Company and fellow subsidiary
PICC Health Insurance Company Limited ("PICC Health")	An associate of the Company and fellow subsidiary
PICC Reinsurance Company Limited ("PICC Re")	An associate of the Company and fellow subsidiary
PICC Financial Services Company Limited ("PICC Financial Services")	An associate of the Company and fellow subsidiary
Prime Insurance Brokers Company Limited ("PIB")	A subsidiary of a fellow subsidiary
PICC Investment Holding (Beijing) Operation Management Company Limited ("PICC Operation")	A subsidiary of a fellow subsidiary
Hua Xia Bank	An associate of the Company
Industrial Bank Co., Ltd. ("IBC")	An associate of the controlling shareholder
China Merchants Securities Co. Ltd. ("China Merchant Securities")	An associate of the controlling shareholder
Bangbang Auto Sales Service (Beijing) Co., Ltd. ("Bangbang")	A joint venture of the Company
Aibao Technology Co., Ltd. ("Aibao Technology")	An associate of a fellow subsidiary

41. RELATED PARTY TRANSACTIONS *(CONTINUED)*

(3) Material transactions with related parties

	Notes	2024	2023
Transactions with PICC Group:			
2024 interim dividend distribution	*(i)*	**3,191**	–
2023 final dividend distribution	*(i)*	**7,503**	–
2022 final dividend distribution	*(i)*	**–**	7,334
Addition to right-of-use assets	*(ii)*	**–**	74
Addition to lease liabilities	*(ii)*	**–**	74
Payment of lease liabilities	*(ii)*	**78**	75
Interest on lease liabilities	*(ii)*	**–**	1
Service expense	*(ii)*	**53**	63
Service income		**34**	81
Rental income		**1**	4
Transactions with fellow subsidiaries under PICC Group:			
Management fee	*(iii)*	**354**	478
Subscription amount of financial products set up and managed by fellow subsidiaries under PICC Group	*(iii)*	**11,130**	11,143
Premiums ceded	*(iv)*	**747**	671
Reinsurance commission income	*(iv)*	**239**	206
Paid losses recoverable from reinsurers	*(iv)*	**418**	412
Reinsurance premiums assumed	*(iv)*	**162**	18
Commission expenses – reinsurance	*(iv)*	**38**	4
Gross claims paid – reinsurance	*(iv)*	**2**	7
Brokerage commission expense	*(v)*	**169**	179
Technology service fees	*(xiv)*	**508**	146
Rental income		**7**	7
Rental expense	*(xv)*	**85**	107
Addition to right-of-use assets	*(xv)*	**297**	17
Addition to lease liabilities	*(xv)*	**297**	17
Payment of lease liabilities	*(xv)*	**95**	79
Interest on lease liabilities	*(xv)*	**14**	6
Property service fees	*(xvi)*	**270**	139

41. RELATED PARTY TRANSACTIONS *(CONTINUED)*

(3) Material transactions with related parties *(continued)*

	Notes	2024	2023
Transactions with associates of the Company:			
Agency service commission income	*(vi),(vii)*	**111**	95
Agency service commission expense	*(vi),(vii)*	**263**	271
Premiums paid	*(viii)*	**188**	168
Sale of insurance products	*(x)*	**17**	18
Gross claim paid	*(x)*	**2**	2
Interest income	*(x)*	**3**	1
Dividend income	*(x)*	**1,241**	982
Premiums ceded	*(xi)*	**5,100**	5,153
Reinsurance commission income	*(xi)*	**1,394**	1,523
Paid losses recoverable from reinsurers	*(xi)*	**3,083**	2,835
Addition to right-of-use assets		**2**	31
Addition to lease liabilities		**2**	31
Payment of lease liabilities		**17**	16
Rental income		**36**	36
Interest on lease liabilities		**2**	1
Service expense	*(xiv)*	**96**	85
Transactions with associates of PICC Group:			
Dividend income	*(ix)*	**1,313**	1,494
Interest income	*(ix)*	**280**	483
Sale of insurance products	*(ix)*	**12**	61
Gross claim paid	*(ix)*	**–**	24
Transactions with joint ventures of the Company:			
Purchase of spare parts	*(xii)*	**171**	217
Service expense		**3**	3
Transactions with associates of fellow subsidiaries:			
Service expense	*(xiii)*	**353**	430

Notes:

(i) As PICC Group held 68.98% of the share capital of the Company, the Company distributed the 2024 interim dividend amounting to RMB3,191 million and the 2023 final dividend amounting to RMB7,503 million to PICC Group during the year of 2024.

The Company distributed 2022 final dividend amounting to RMB7,334 million to PICC Group during the year of 2023.

(ii) On 30 December 2022, the Company entered into the South Information Center Package Service Agreement with PICC Group for one year, effective from 1 January 2023. On 31 December 2023, the Company renewed the South Information Centre Package Service Agreement with PICC Group for one year, effective from 1 January 2024. Pursuant to the agreement, PICC Group shall provide the Company with, among others, the service of leasing workplaces, meeting rooms and server installation positions in the server building.

The Company paid the rent and service fees to PICC Group. The rental transaction was accounted for as right-of-use assets and lease liabilities.

41. RELATED PARTY TRANSACTIONS *(CONTINUED)*

(3) Material transactions with related parties *(continued)*

Notes (continued):

(iii) On 8 September 2022, the Company and PICC AMC entered into the Asset Management Agreement and Supplemental Agreement, effective from 1 July 2022 to 30 June 2025. Pursuant to the mentioned agreements, PICC AMC provided investment and management services in respect of certain financial assets of the Company, and use the assets entrusted by the Company to subscribe for the debt financial products and equity financial products sponsored and managed by them. The Company paid a management fee to PICC AMC, which was calculated based on the daily net asset value of the entrusted assets and the applicable rates. Other than the management fee, performance bonuses were also paid to PICC AMC when the investment performance has satisfied certain conditions.

On 8 September 2022, the Company entered into the Asset Management Agreement and Supplemental Agreement with PICC Capital, effective from 28 August 2022 to 30 June 2025. Pursuant to the mentioned agreements, the Company entrusts some investment assets to PICC Capital for their management, and PICC Capital manage the entrusted assets in accordance with the mentioned agreements, relevant laws and regulations and regulatory provisions and the investment guidelines formulated by the Company, and use the assets entrusted by the Company to subscribe for the debt financial products and equity financial products sponsored and managed by them. Meanwhile, the Company pays product management fees to PICC Capital.

On 11 October 2023, the Company entered into the Asset Management Supplemental Agreement (II) with PICC Capital, which is valid from a term commencing from 11 October 2023 to 30 June 2025. The Supplemental Agreement (II) adjusted the scope of application of the entrusted management fee under the Asset Management Agreement with PICC Capital as follows: “the annual fee rate of the entrusted management fee payable to the trustee for purchasing insurance asset management products issued by third parties is 8 BP and the annual charging days are 365 days” has been amended as “the annual fee rate of the entrusted management fee payable to the trustee for purchasing financial products issued by third parties is 8 BP and the annual charging days are 365 days.” Save for such amendment, other terms of the Asset Management Agreement with PICC Capital shall remain unchanged. For the matters not covered by the Supplemental Agreement (II), the relevant terms as set out in the Asset Management Agreement with PICC Capital shall continue to apply.

On 20 May 2024, the Company entered into the Investment Business Agreement with PICC Life, PICC Health, PICC Reinsurance and PICC Capital, commencing from 20 May 2024 and expiring on 30 June 2025. Pursuant to the agreement, PICC Capital provides the Company with the services of subscription of equity investment products initiated and managed by enterprises other than connected persons of the Company (other subscribers of such investment products include PICC Life and/or PICC Health and/or PICC Reinsurance) with the Company’s funds, and the Company shall pay entrusted management fees to PICC Capital.

(iv) On 30 December 2022, the Company and PICC HK entered into the Reinsurance Framework Agreement for one year, effective from 1 January 2023. On 29 December 2023, the Company entered into the Reinsurance Framework Agreement with PICC HK for one year, effective from 1 January 2024. Pursuant to the agreement, the Company agreed to cede insurance premiums to PICC HK in return for commissions, and PICC HK agreed to cede insurance premiums to the Company in return for commissions.

(v) On 15 June 2022, the Company entered into the Insurance Brokerage Business Cooperation Agreement with PIB, commencing on 17 June 2022 and expiring on 16 June 2025. Pursuant to the agreement, the Company continues to cooperate with PIB in insurance business. PIB provides insurance brokerage services for the insurance contracts entered into between the insurance purchasers and the Company, and the Company pays brokerage commissions to PIB.

41. RELATED PARTY TRANSACTIONS *(CONTINUED)*

(3) Material transactions with related parties *(continued)*

Notes (continued):

(vi) On 30 August 2022, the Company and PICC Health entered into the Mutual Agency Agreement for a term of three years, effective from 31 August 2022. Pursuant to the Mutual Insurance Agency Agreement, the Company and PICC Health mutually acted as the agent for selling the insurance products and receiving agency premiums on behalf of each other. The Company would pay an agency fee to PICC Health in consideration of the agency services provided by PICC Health on the Company's insurance products. The Company would receive an agency fee from PICC Health in consideration of the agency services provided by the Company on PICC Health's insurance products. The agency fees were calculated by the actual agency premiums received multiplied by the agreed commission rates. The commission rates were negotiated between the Company and PICC Health on normal commercial terms.

PICC Health is both an associate of the Company and a fellow subsidiary of the Company. In the above note, PICC Health is included in "associates" and excluded from "fellow subsidiaries".

(vii) On 30 August 2022, the Company and PICC Life entered into the Mutual Agency Agreement for a term of three years, effective from 31 August 2022. Pursuant to the Mutual Insurance Agency Agreement, the Company and PICC Life mutually acted as the agent for selling the insurance products and receiving agency premiums on behalf of each other. The Company would pay an agency fee to PICC Life in consideration of the agency services provided by PICC Life on the Company's insurance products. The Company would receive an agency fee from PICC Life in consideration of the agency services provided by the Company on PICC Life's insurance products. The agency fees were calculated by the actual agency premiums received multiplied by the agreed commission rates. The commission rates were negotiated between the Company and PICC Life on normal commercial terms.

PICC Life is both an associate of the Company and a fellow subsidiary of the Company. In the above note, PICC Life is included in "associates" and excluded from "fellow subsidiaries".

(viii) The Company purchased life or health insurance products from PICC Life and PICC Health for the employees of the Company.

(ix) The transactions with IBC are related party transactions as IBC is an associate of PICC Group since 2013. The transactions with China Merchant Securities are related party transactions as China Merchant Securities is an associate of PICC Group since 2017.

(x) The transactions with Hua Xia Bank are related party transactions as Hua Xia Bank is an associate of the Company since 2016.

(xi) On 30 December 2022, the Company and PICC Re entered into the Framework Agreement on Reinsurance Business Cooperation for a term of one year, effective from 1 January 2023. On 29 December 2023, the Company and PICC Re renewed the Reinsurance Framework Agreement for a term of one year, effective from 1 January 2024. Pursuant to the agreement, the Company agreed to cede insurance premiums to PICC Re in return for commissions and PICC Re agreed to cede insurance premiums to the Company in return for commissions.

PICC Re is both an associate of the Company and a fellow subsidiary of the Company. In the above note, PICC Re is included in "associates" and excluded from "fellow subsidiaries".

41. RELATED PARTY TRANSACTIONS *(CONTINUED)*

(3) Material transactions with related parties *(continued)*

Notes (continued):

(xii) On 29 April 2021, the Company entered into an Auto Parts Procurement Contract with Bangbang for a term of two years, effective from 1 April 2021. Pursuant to the contract, the Company shall purchase auto spare parts from Bangbang for the maintenance of insured vehicles damaged in accidents, and Bangbang shall supply the goods ordered under the contract, undertake the responsibility of delivery, installment, adjustment of goods, and provide the Company with services including warranty, maintenance, consultation and training. The Company shall pay the cost of the auto spare parts to Bangbang.

On 16 June 2023, the Company entered into the Auto Parts Procurement Supplemental Contract with Bangbang to extend the term of the original contract for 8 months (commencing from 1 April 2023 to 30 November 2023, and the Company may terminate the contract at any time).

On 7 February 2024, the Company further entered into an Auto Parts Procurement Supplemental Contract with Bangbang, and each of the contract and the original contract forms an integral part of a new contract ("New Contract"). The term of the New Contract shall be one year, from 7 February 2024 to 6 February 2025, and the Company may terminate the New Contract at any time. Pursuant to such New Contract, the Company shall purchase auto spare parts from Bangbang for the maintenance of insured vehicles damaged in accidents, and Bangbang shall supply the goods ordered under the New Contract, undertake the responsibility of delivery, installment and adjustment of goods, and provide the Company with services including warranty, maintenance, consultation and training. The Company shall pay the cost of the auto spare parts to Bangbang.

(xiii) On 30 December 2022, the Company entered into the Customer Services Cooperation Framework Agreement with Aibao Technology, with a term commencing from 1 January 2023 and expiring on 31 December 2023. On 29 December 2023, the Company and Aibao Technology renewed the Customer Services Cooperation Framework Agreement which is valid from a term commencing from 1 January 2024 and expiring on 31 December 2024. Pursuant to the agreement, Aibao Technology and its subsidiaries shall provide value-added services for customers' motor vehicle insurance, value-added services related to online activities, and online advertising services etc. to the Company, and the Company shall pay service fees to Aibao Technology and its subsidiaries.

(xiv) On 30 December 2022, the Company entered into the 2023 PICC Technology Service Agreement with PICC Technology for the period from 1 January 2023 to 31 December 2023. Pursuant to the agreement, PICC Technology will provide the Company with shared projects and services as well as exclusive services and the Company will pay technology service fees to PICC Technology.

On 30 August 2024, the Company entered into the 2024 General Project Service Agreement with PICC Information Technology, commencing on 30 August 2024 and expiring on 31 December 2024. Pursuant to the agreement, PICC Information Technology will provide the Company with shared project services and exclusive project services based on the Company's general system, and the Company will pay technology service fees to PICC Information Technology.

On 18 April 2024, the Company entered into the 95518 East China Center and South Center Service Contract with PICC Financial Services with a term from 18 April 2024 to 17 April 2025. Pursuant to the contract, PICC Financial Services will provide the Company with services relating to the construction and operation of 95518 East China Center and South Center, the optimization of customer service system functions, and the design, development, promotion and application services regarding the intelligent services, and the Company will pay service fees to PICC Financial Services accordingly.

On 31 May 2024, the Company entered into the 95518 Entrusted Operation Service Framework Agreement with PICC Technology, commencing from 31 May 2024 and expiring on 31 December 2025. Pursuant to the agreement, PICC Technology will provide the Company with services relating to nationwide 95518 entrusted operation and construction and operation of regional centers, etc., and the Company will pay service fees to PICC Technology accordingly.

41. RELATED PARTY TRANSACTIONS *(CONTINUED)*

(3) Material transactions with related parties *(continued)*

Notes (continued):

(xiv) On 31 May 2024, the Company entered into the Tripartite Agreement on the Transfer of 95518 Entrusted Operation Related Service Contracts ("Service Contract") with PICC Financial Services and PICC Technology. From 1 June 2024, all rights and obligations of PICC Financial Services under the original contracts shall be transferred to PICC Technology, the service terms of various services under the original contracts shall remain unchanged. Specifically, the term of the Service Contract for entrusting PICC Financial Services to operate 95518 customer service is until 30 June 2024, the term of the Service Contract for entrusting PICC Financial Services to undertake 95518 communication service is until 31 December 2024, and the term of the Service Contract for entrusting PICC Financial Services to construct and operate 95518 East China Center and South Center is until 17 April 2025. Pursuant to the Service Contracts, the entrusted party in relation to 95518 entrusted operation related service will be changed from PICC Financial Services to PICC Technology, and from 1 June 2024, all rights and obligations of PICC Financial Services under the original contracts shall be transferred to PICC Technology, the relevant services under the original contracts shall be transferred to the mentioned Tripartite Agreement for implementation, and the Company will pay service fees to PICC Technology.

(xv) On 5 July 2022, the Company entered into the Property Leasing Extension Agreement with PICC Investment for a term of two years, effective from 7 July 2022 to 6 July 2024. On 21 June 2024, the Company entered into the Property Leasing Agreement with PICC Investment, commencing on 7 July 2024 and expiring on 6 July 2027. Pursuant to the agreement, (i) PICC Investment (as the lessor) leases its property to the Company (as the lessee) and the Company pays rent to PICC Investment; (ii) the Company (as the lessor) leases its property to PICC Investment (as the lessee) and PICC Investment pays rent to the Company.

On 1 August 2024, the Company entered into the Office Premise Leasing Contract with PICC Investment, commencing on 1 August 2024 and expiring on 31 July 2029. Pursuant to the contract, PICC Investment (as the lessor) leases its property to the Company (as the lessee) and the Company pays rent to PICC Investment.

(xvi) On 21 March 2023, the Company entered into the Fully Entrusted Service Agreement for Business Workplace Property Management with PICC Investment and PICC Operation for a term of three years, effective from 21 March 2023 to 20 March 2026. Pursuant to the agreement, the Company, PICC Investment and PICC Operation will jointly formulate the overall work plan, PICC Operation will provide property management services and property management consultancy services to the Company, the Company will pay the property service fees to PICC Operation and will not be required to pay fees to PICC Investment.

41. RELATED PARTY TRANSACTIONS *(CONTINUED)*

(4) Outstanding balances with related parties

	31 December 2024	31 December 2023
Cash and cash equivalents:		
Associates of PICC Group	**2,399**	3,053
Associates	**79**	181
Term deposits:		
Associates of PICC Group	**6,280**	6,092
Associates	**453**	–
Debt securities at fair value through other comprehensive income:		
Associates of PICC Group	**680**	701
Equity securities at fair value through other comprehensive income:		
Associates of PICC Group	**24,216**	18,835
Receivables from reinsurers:		
Associates	**1,056**	1,149
Fellow subsidiaries under PICC Group	**434**	288
Amounts due from related parties:		
PICC Group (note 29)	**114**	53
Associates (note 29)	**8**	50
Fellow subsidiaries under PICC Group (note 29)	**24**	25
Payables to reinsurers:		
Associates	**2,700**	2,868
Fellow subsidiaries under PICC Group	**362**	266
Amounts due to related parties:		
Fellow subsidiaries under PICC Group (note 34)	**483**	201
PICC Group	**3**	–
Associates	**21**	10
Lease liabilities:		
Fellow subsidiaries under PICC Group	**248**	45
PICC Group	**–**	78
Associates	**2**	17

41. RELATED PARTY TRANSACTIONS *(CONTINUED)*

(4) Outstanding balances with related parties *(continued)*

PICC Life, PICC Health, PICC Re and PICC Financial Services are all associates of the Company and fellow subsidiaries of the Company as their parent company is PICC Group. In the above note, PICC Life, PICC Health, PICC Re and PICC Financial Services are included in "associates" and excluded from "fellow subsidiaries".

The balances with PICC Group, fellow subsidiaries, associates and an associate of PICC Group are settled according to the respective arrangements between the Company and the related parties.

(5) Transactions with state-owned entities in the PRC

The Company is a state-owned company indirectly controlled by the Ministry of Finance ("MOF"). The MOF is the component of the State Council of the PRC ("State Council") and performs government functions such as finance, taxation and management of state-owned assets authorised by the State Council.

The Group's key business is insurance and investment related and therefore the business transactions with other government-related entities 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.

41. RELATED PARTY TRANSACTIONS *(CONTINUED)*

(6) Compensation of key management personnel

	2024 *RMB'000*	2023 (Restated) *RMB'000*
Fees, salaries and allowances	**6,596**	5,532
Performance related bonuses	**4,036**	8,410
Retirement benefits	**3,626**	2,999
Housing fund and other benefits	**880**	726
Total	**15,138**	17,667

Key management personnel are those persons having authorities and responsibilities for planning, directing and controlling the activities of the Group directly or indirectly, including directors, supervisors and other members of senior management.

The total compensation packages for key management personnel for the year ended 31 December 2024 including performance related bonuses have not yet been finalised in accordance with regulations of the PRC relevant authorities. Management of the Group believes that the difference between the final remuneration and that disclosed above will not have a significant impact on the consolidated financial statements.

The compensation amounts for certain key management personnel for the year ended 31 December 2023 were restated based on the finalised amounts determined in 2024. Additionally, pursuant to the PRC relevant regulations, the payment of a portion of the performance related bonuses for the year ended 31 December 2023 amounting to RMB8 million for key management personnel was deferred.

42. OPERATING LEASING ARRANGEMENTS

As lessor

The Group leases its investment properties (note 25) under lease arrangements, with lease terms ranging from 1 to 23 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.

At 31 December 2024 and 2023, the undiscounted lease payments to be received under leases are as follows:

	31 December 2024	31 December 2023
Within one year, inclusive 1 year	**266**	286
One to two years, inclusive 2 years	**186**	197
Two to three years, inclusive 3 years	**133**	137
Three to four years, inclusive 4 years	**107**	46
Four to five years, inclusive 5 years	**89**	71
After five years	**125**	95
Total	**906**	832

43. STRUCTURED ENTITIES

(1) Interests in consolidated structured entities

To determine whether control exists in a structured entity, the Group uses the judgements as described in note 3.

The Group had consolidated certain structured entities during the year which are debt or equity schemes. The financial impact of these debt or equity schemes on the Group's financial position at 31 December 2024 as describes in note 24.

Interests held by other interest holders in consolidated structured entities are presented as other income in the consolidated income statement and as accruals and other liabilities in the consolidated statement of financial position respectively.

43. STRUCTURED ENTITIES *(CONTINUED)*

(2) Interests in unconsolidated structured entities

The Group invested in a variety of structured entities including asset management products sponsored by asset management companies, securities companies or insurance asset management companies, mutual funds sponsored by mutual fund management companies, trusts sponsored by trust companies and wealth management products sponsored by banks. Investments in these unconsolidated structured entities are disclosed in the respective notes of "Financial investments at amortised cost", "Financial assets at fair value through other comprehensive income" and "Financial assets at fair value through profit or loss".

The Group is not the investment manager, and has no power over changing any investment decisions and investment managers, as such, the Group does not control any of these structured entities and does not consolidate these structured entities.

The following table shows the Group's 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 may occur. The Group does not provide any financial support to these unconsolidated structured entities.

	31 December 2024		
	Funding provided by the Group and carrying amount of the investment	The Group's maximum exposure	Interest held by the Group
Products managed by related parties	40,412	40,412	Investment income
Products managed by third parties	89,645	89,645	Investment income
Total	130,057	130,057	

43. STRUCTURED ENTITIES *(CONTINUED)*

(2) Interests in unconsolidated structured entities *(continued)*

	31 December 2023		
	Funding provided by the Group and carrying amount of the investment	The Group's maximum exposure	Interest held by the Group
Products managed by related parties	50,064	50,064	Investment income
Products managed by third parties	110,786	110,786	Investment income
Total	160,850	160,850	

44. EVENTS AFTER THE REPORTING PERIOD

(1) On 24 March 2025, the Company 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 RMB0.332 per ordinary share in respect of the year ended 31 December 2024.

The above event is subject to the approval of the shareholders' general meeting of the Company.

45. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

(1) The Company's statement of financial position

	31 December 2024	31 December 2023
ASSETS		
Cash and cash equivalents	**18,599**	15,588
Financial investments:		
Financial investments at amortised cost	**135,313**	126,164
Financial assets at fair value through other comprehensive income	**244,650**	180,142
Financial assets at fair value through profit or loss	**118,650**	144,030
Insurance contract assets	**1,713**	2,885
Reinsurance contract assets	**40,506**	38,891
Term deposits	**77,012**	57,647
Investments in subsidiaries	**3,611**	3,729
Investments in associates and joint ventures	**39,857**	39,857
Investment properties	**5,200**	5,546
Property and equipment	**20,959**	20,462
Right-of-use assets	**5,301**	5,351
Deferred income tax assets	**8,376**	10,124
Prepayments and other assets	**26,810**	27,154
TOTAL ASSETS	**746,557**	677,570
LIABILITIES		
Securities sold under agreements to repurchase	**39,621**	40,037
Investment contract liabilities	**1,731**	1,736
Insurance contract liabilities	**401,640**	371,681
Reinsurance contract liabilities	**59**	21
Bonds payable	**20,433**	8,365
Lease liabilities	**1,379**	1,419
Accruals and other liabilities	**50,732**	45,455
TOTAL LIABILITIES	**515,595**	468,714
EQUITY		
Issued capital	**22,242**	22,242
Reserves	**208,720**	186,614
TOTAL EQUITY	**230,962**	208,856
TOTAL LIABILITIES AND EQUITY	**746,557**	677,570

45. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY *(CONTINUED)*

(2) Movements in the Company's reserves

Movements in the Company's reserves are as follows:

	For the year ended 31 December 2024									
	Issued capital	Share premium and other reserves	Asset revaluation reserve	Revaluation reserve of financial assets at fair value through other comprehensive Income	Insurance finance reserve	Surplus reserve	General risk reserve	Catastrophic loss reserve	Retained earnings	Total equity
1 January 2024	22,242	11,367	5,025	9,882	(514)	80,155	25,878	130	54,691	208,856
Total comprehensive income										
Net profit for the year	-	-	-	-	-	-	-	-	26,596	26,596
Other comprehensive income	-	-	270	12,017	(1,274)	-	-	-	-	11,013
Appropriations to statutory surplus reserve and general risk reserve	-	-	-	-	-	3,411	3,411	-	(6,822)	-
Appropriations to discretionary surplus reserve	-	-	-	-	-	7,000	-	-	(7,000)	-
Appropriations to catastrophic loss reserve	-	-	-	-	-	-	-	355	(355)	-
Utilisation of catastrophic loss reserve	-	-	-	-	-	-	-	(227)	227	-
Dividends declared (note 16)	-	-	-	-	-	-	-	-	(15,503)	(15,503)
Reclassification of gains on equity instruments at fair value through other comprehensive income to retained earnings upon disposals	-	-	-	(841)	-	-	-	-	841	-
31 December 2024	22,242	11,367	5,295	21,058	(1,788)	90,566	29,289	258	52,675	230,962

45. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY *(CONTINUED)*

(2) Movements in the Company's reserves *(continued)*

Movements in the Company's reserves are as follows *(continued):*

	For the year ended 31 December 2023									
	Issued capital	Share premium and other reserves	Asset revaluation reserve	Revaluation reserve of financial assets at fair value through other comprehensive Income	Insurance finance reserve	Surplus reserve	General risk reserve	Catastrophic loss reserve	Retained earnings	Total equity
1 January 2023	22,242	11,367	4,739	10,092	(227)	67,691	23,414	85	60,453	199,856
Total comprehensive income										
Net profit for the year	–	–	–	–	–	–	–	–	20,109	20,109
Other comprehensive income	–	–	286	(476)	(287)	–	–	–	–	(477)
Appropriations to statutory surplus reserve and general risk reserve	–	–	–	–	–	2,491	2,491	–	(4,982)	–
Appropriations to discretionary surplus reserve	–	–	–	–	–	10,000	–	–	(10,000)	–
Appropriations to catastrophic loss reserve	–	–	–	–	–	–	–	255	(255)	–
Utilisation of catastrophic loss reserve	–	–	–	–	–	–	–	(210)	210	–
Dividends declared (note 16)	–	–	–	–	–	–	–	–	(10,632)	(10,632)
Reclassification of losses on equity instruments at fair value through other comprehensive income to retained earnings upon disposals	–	–	–	266	–	(27)	(27)	–	(212)	–
31 December 2023	22,242	11,367	5,025	9,882	(514)	80,155	25,878	130	54,691	208,856

Definitions

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

"Aibao Technology"	Aibao Technology Co., Ltd.
"Articles of Association"	the articles of association of the Company
"Bangbang Auto Sales & Services"	Bangbang Auto Sales & Service (Beijing) Co., Ltd.
"Board" or "Board of Directors"	the board of directors of the Company
"CBIRC"	China Banking and Insurance Regulatory Commission (currently known as the National Financial Regulatory Administration)
"China Credit Trust"	China Credit Trust Company Limited
"Code of Corporate Governance"	Code of Corporate Governance for Banking and Insurance Institutions
"Company" "We" or "PICC Property and Casualty"	PICC Property and Casualty Company Limited
"Company Law"	the Company Law of the People's Republic of China
"Corporate Governance Code"	the Corporate Governance Code as set out in Appendix C1 of the Listing Rules
"C-ROSS"	China Risk-oriented Solvency System
"Director(s)"	the director(s) of the Company
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Hua Xia Bank"	Hua Xia Bank Co., Limited
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules
"NFRA"	National Financial Regulatory Administration
"PIB"	Prime Insurance Brokers Company Limited
"PICC AMC"	PICC Asset Management Company Limited
"PICC Capital"	PICC Capital Insurance Asset Management Co., Ltd.
"PICC Equity"	PICC Capital Equity Investment Company Limited
"PICC Financial Services"	PICC Financial Services Company Limited

Definitions

"PICC Group"	The People's Insurance Company (Group) of China Limited
"PICC Health"	PICC Health Insurance Company Limited
"PICC HK"	The People's Insurance Company of China (Hong Kong), Limited
"PICC Investment"	PICC Investment Holding Company Limited
"PICC Life"	PICC Life Insurance Company Limited
"PICC Operation"	PICC Investment Holding (Beijing) Operation Management Company Limited
"PICC Reinsurance"	PICC Reinsurance Company Limited
"PICC Technology"	PICC Information Technology Co., Ltd.
"PRC" or "China"	the People's Republic of China
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Supervisor(s)"	the supervisor(s) of the Company
"Supervisory Committee"	the supervisory committee of the Company
"Year"	the year ended 31 December 2024
"%"	per cent

Corporate Information

REGISTERED NAME

Chinese name: 中國人民財產保險股份有限公司
(Abbreviation of Chinese name: 人保財險)

English name: PICC Property and Casualty Company Limited
(Abbreviation of English name: PICC P&C)

REGISTERED OFFICE

Tower 2, No. 2 Jianguomenwai Avenue, Chaoyang District, Beijing 100022, the PRC

WEBSITE

property.picc.com

STOCK NAME

PICC P&C

STOCK CODE

2328

TYPE OF STOCK

H Share

PLACE OF LISTING OF H SHARES

The Stock Exchange of Hong Kong Limited

H SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited

LEGAL REPRESENTATIVE

Yu Ze

SECRETARY OF THE BOARD OF DIRECTORS

Bi Xin

COMPANY SECRETARY

Zhang Xiao

INVESTOR RELATIONS CONTACT

Tel: (8610) 85176084
E-mail: ir@picc.com.cn

AUDITORS

International Auditor
Ernst & Young
Registered Public Interest Entity Auditor

Domestic Auditor
Ernst & Young Hua Ming LLP