中國太平洋保險（集團）股份有限公司

CHINA PACIFIC INSURANCE (GROUP) CO., LTD.

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

(Stock Code: 02601)

ANNOUNCEMENT OF AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

Chairman's statement

Dear shareholders,

As the wheel of time turns, 2024 is now behind us, a year of both challenges and opportunities. In the year, thanks to the hard work of all my colleagues, we delivered solid business results and achieved new milestones of development. On behalf of the board of directors and the management team, I'd like to extend our heartfelt gratitude to our shareholders for your unwavering trust and support.

The past year was marked by profound changes of the world rarely seen before, which reshaped global political and economic landscapes. Competitions among major powers, heightened by election cycles across nations, have amplified uncertainties in global environment. Domestically, while facing multiple challenges amid a complex environment, China's economy will maintain long-term, steady growth and its fundamentals remain intact. The insurance industry has been pursuing transformation to seize the strategic opportunity of high-quality development. Against such a backdrop, we maintained strategic focus and consistency, pursued progress while ensuring stability, advanced reforms in an all-around way to strengthen our core functions and core competitiveness. As a result, we successfully fulfilled all operational objectives for the first full fiscal year following the election of the new Board, with steady progress and positive momentum in high-quality development.

Maintaining steady growth of core business segments to ensure stable fundamentals

In 2024, Group operating income amounted to RMB404.089 billion, a year-on-year growth of 24.7%, and of this, insurance revenue reached RMB279.473 billion, a growth of 5.0%; Group OPAT[notes 1, 2] reached RMB34.425 billion, up by 2.5% year on year; net profit[note 1] reached RMB44.960 billion, up by 64.9% year on year. By the end of 2024, Group EV amounted to RMB562.066 billion, a growth of 6.2% from the end of 2023, with net assets[note 1] of RMB291.417 billion, up by 16.8%, and Group AuM[note 2] of RMB3,542.660 billion, up by 21.2% from the end of 2023. We vigorously promoted ESG, and our MSCI ESG rating improved considerably to AA, leading among domestic insurers. We were granted the top-notch rating for information disclosure by SSE for the 11th consecutive year. We obtained the DCMM Level 5 (the highest level) certification, issued by the China Electronics and Information Industry Alliance, making us the first DCMM-accredited insurance group in China.

Staying focused on core business segments to consolidate foundation of value growth

CPIC Life pressed ahead with the Changhang Transformation, with steady growth of EV, continued improvement in business quality and sustained optimisation of policy persistency. For 2024, it realised RMB13.258 billion in NBV, representing a 20.9% increase compared to the previous year. The NBV margin reached 16.8%, marking an improvement of 3.5pt. Before adjustment of economic assumptions, the NBV demonstrated a growth of 57.7%, with NBV margin up by 8.6pt year on year; the quality of the agency channel continued to improve, with stabilisation of core manpower and steady gains in productivity and agent income; channel diversification strategy delivered tangible benefits, with considerable increase in value contribution from bancassurance and work-site marketing. **CPIC P/C focused on key national strategies and initiatives**, increasing its support for the real economy. It enhanced customer CRM, refined precise management and improved risk reduction service, which helped to curb the expense ratio. As a result, underwriting combined ratio stood at 98.6%, with auto and non-auto business lines both maintaining underwriting profitability, in tandem with a sharp increase in cash flows from operating activities. In 2024, primary premium income from the subsidiary exceeded the mark of RMB200 billion, a year-on-year growth of 6.8%. **As for asset management, we continued to refine an asset management framework across market cycles and professional investment capabilities,** seized structural opportunities in anticipation of changes to macro-economic environment, developments of government policies and evolving market trends and dynamics. Comprehensive investment yield of Group investment assets reached 6.0%, up by 3.3pt year on year.

Breaking new grounds to strengthen engines of high-quality development

We aligned ourselves with the "5 Financial Priorities" and contributed to the new-quality productive forces. **Technology finance gained momentum.** We enhanced research on risks of tech companies across their full life cycles, launched multiple industry-first insurance products for emerging industries such as integrated circuit, bio-pharmaceutical, AI and low-altitude economy, explored coordination of equity investment and guarantee to provide risk protection and funding to the new-quality productive forces. **Deepened innovation in green insurance.** We increased risk cover for key sectors such as new energy, green transport, green technology and carbon finance, established and invested in green debt investment schemes, green equity investment schemes, industry funds and portfolio-based insurance asset management products, and at the same time enhanced data management of carbon emissions. **Diversified offerings of inclusive insurance.** We continued to upgrade programmes of terminal illnesses, Huiminbao, long-term care and agricultural insurance to boost the coverage and availability of insurance. **Built competitive edge in pension finance.** We were deeply involved in pilot programmes of individual deferred pension schemes, specialised private pension and individual retirement accounts; we managed over RMB740 billion in corporate and occupational annuity funds, with investment performance leading in industry; 15 CPIC Home retirement communities have been up and running in 13 cities, with delivery over 8,800 beds; the brick-and-mortar Experience Centres of Bai Sui Ju (Longevity Retreat), a home-based elderly care programme, was rolled out in 127 cities; we built an elderly care system integrating preventive care, diagnosis/treatment, convalescence, rehabilitation and old-age nursing to meet diverse needs of customers. **Digitalisation gained further traction.** We strived to build a new model of "insurance, service and technology", with Digital Employees helping to boost productivity and increased use of large models in claims management of health insurance.

Upholding business integrity to solidify foundation of sustainable development

We fostered a corporate culture of honesty so that we can win the trust of customers, regulators and the society. In line with our customer-first business philosophy, we strengthened the ecosystem of services for full life cycle of customers, particularly intelligent service for different customer segments; ensured effective response to major natural disasters such as freezing rain at the beginning of the year, and Typhoon Capricorn and Typhoon Bebinca, so as to minimise loss of lives and property. In 2024, both CPIC Life and CPIC P/C won top rankings at the regulatory evaluation of consumer protection, while CPIC Health ranked top on the Service Quality Index for specialised health insurers. **We are committed to compliance management**, enhanced internal control, coordinated capital planning, optimised solvency management and strengthened intelligent risk early warning. The Credit Risk Early Warning Programme for Non-public Financial Instruments of the Group was granted the Fin-tech Award by PBoC, while CPIC life and CPIC P/C maintained high ratings at regulatory Integrated Risk Ratings. **We enhanced professionalism, efficiency and checks and balances of corporate governance.** We fully leveraged the diversity and professional expertise of the board of directors, and ensured its central role in decision-making. We deepened the term- and contract-based management of senior management. At the same time, in response to investor needs, we continued to improve transparency and quality of information disclosure, so as to offer an all-around view of the business performance and long-term development drivers of the Company to the capital markets both at home and abroad.

The achievements of the past year not only stand as testament to the commitment, perseverance and hard work of all CPIC employees, but also laid a solid foundation for future success. In 2025, we expect the insurance industry will shift further away from volume growth to value creation, accelerating transformation amid opportunities and challenges. The resolution of the Third Plenary Session of the 20th CPC Central Committee mentioned "insurance" 13 times, while the State Council issued the Guidelines on Strengthening Supervision, Preventing Risks, and Promoting High-Quality Development of the Insurance Industry, underscoring an increasingly important role of insurance in advancing Chinese modernization. With population aging, the silver economy thrives, which means growing demand for healthcare and retirement service. Generative AI is expected to profoundly change the operational process of customer service, marketing, actuarial service, claims management and risk control, optimising business processes and improving operational efficiency. As climate risk rises, it's vital for the industry to enhance catastrophe risk management capability and boost green, low-carbon transformation of the society and economy. In the meantime, China has introduced a stringent financial regulatory system, with implementation of look-through supervision and C-ROSS II Phase II, which would push for the return of the industry to the basics and facilitate high-quality development based on effective control of risks. At the new stage of industry development, we can only meet challenges and seize opportunities with an even clearer strategic direction, a broader vision and more effective measures. We will stay focused on insurance, advance strategic priorities of healthcare, AI+ and internationalization with relentless efforts, pursue long-term value growth and embark on a new stretch of journey of high-quality development.

We will continue to enhance core business segments to consolidate foundation of high-quality development. CPIC Life will persist in the business strategy of "creating value for customers with products and services delivered by sales teams", continue to promote CRM and improve the ecosystem of products and services; nurture a career-based, professional agency force and press ahead with transformation to boost sustainable value growth; upgrade channel diversification, explore efforts to optimise bancassurance, inclusive insurance, CRM of HNW customers and internet sales. CPIC P/C, on the other hand, will put profitability first while ensuring stable business performance, and accelerate the shift of focus from top-line growth to bottom-line growth; to be specific, it will enhance profitability through a host of measures, such as business quality control, enhancing capabilities in risk pricing and claims management, empowering key distribution channels in customer acquisition and improving the business model for NEV. As for asset management, given the long-term nature of insurance money, we will adhere to long-term investing, enhance coordination of assets and liabilities, maintain stable asset allocation and strengthen “look-through” risk management of investment; build investment research capabilities across market cycles, explore portfolio diversification, diversify investment strategies so as to enhance returns on investment.

We will forge ahead with execution of healthcare and elderly care strategies to promote integration of products and services. We will seize opportunities arising from favourable government policies to reform the payment of social medical insurance and boost medical data sharing and accelerate the development of private health insurance. We’ll diversify product offerings, optimise claims payment, explore integration of on-line and off-line services to enhance customer experience. We will participate in pension finance, leverage our strengths as an insurer to build a service ecosystem, roll out the new model of talent annuity, boost commercial annuity and prudently manage pension funds. We will deepen integration of products and services, build an ecosystem of healthcare and elderly care to create value via collaboration. In particular, we will improve the system of “preventive care, diagnosis & treatment, convalescence, rehab care and old-age nursing”, establish networks of premium care providers, continue to enhance services of CPIC Home retirement communities, and explore home-based and community-based elderly care.

We will accelerate the use of technologies and enhance the integration of “AI+” and business. Technology innovation has been a catalyst of new insurance products and models. We will continue to refine the top-level design of the Digital & Intelligent CPIC initiative, focused on AI+, improve infrastructure of large models, enhance digital and intelligent capacity, explore ways for AI+ to empower customer acquisition of business front-lines and agent recruitment; deepen data mining, strengthen governance, remove the barriers so that data assets can be reflected on our balance sheets; improve mechanisms of data security, enhance protection of customer privacy and cyber-security, and improve security of information systems.

Internationalization is an indispensable part of our efforts to build CPIC into a world-class company. There is a compelling case for it. On the one hand, with internationalization we can better serve Chinese companies who are going overseas; on the other hand, internationalization can help us diversify risks and expand into new market, optimise corporate governance and increase our global influence. We will step up research, improve top-level design and prudently advance the agenda. We will deepen our presence in Hong Kong, and use Hong Kong as a stepping stone to accelerate overseas networks of offices, businesses and services, explore paths of overseas investment, foster global competitiveness and lay a solid foundation for international development.

A long journey requires firm steps and renewed commitments. CPIC has come a long way. Its progress would not have been possible without the wisdom and hard work of all its employees, or the trust and support of its shareholders. Looking ahead, we will work together and strive tirelessly toward the goal of "building CPIC into a top-notch insurance and financial group with global influence". With a renewed vigor and a pragmatic approach, we will continue to embrace reforms and transformation so as to deliver sustainable returns for shareholders and contribute even more to a better life of our customers and the society at large.

Notes:

1. Attributable to shareholders of the parent.
2. Figures for comparative periods were restated.

Review and analysis of operating results

Business overview

I. Key businesses

We provide, through our subsidiaries, a broad range of risk protection solutions, wealth management and asset management products and services. In particular, we provide life/ health insurance products & services through CPIC Life, property and casualty insurance products & services through CPIC P/C and CPIC Anxin Agricultural, and specialised health insurance products & health management services through CPIC Health. We manage insurance funds, including third-party assets, through our investment arm, CPIC AMC;

provide retirement financial solutions and other related asset management service via Changjiang Pension, carry out private equity fund management through CPIC Capital, and also engage in mutual fund management business through CPIC Fund. We also provide market-oriented technological empowerment service via CPIC Technology.

In 2024, China's insurance market[note 1] realised a primary premium income of RMB5.70 trillion, up by 5.7%[note 2] from 2023. Of this, premiums from life/health insurance companies amounted to RMB4.01 trillion, a growth of 5.7%[note 2], and that from property and casualty insurance companies RMB1.69 trillion, up by 5.6%[note 2]. Measured by primary premium income, CPIC Life and CPIC P/C are China's 3rd largest insurers for life and property and casualty insurance, respectively.

Notes:

1. Data for insurance industry came from the official website of NFRA.
2. On a comparable basis.

II. Main items on consolidated financial statements with change of over 30% and reasons

Unit: RMB million

Balance sheet items	31 December 2024	31 December 2023	Changes (%)	Main reason for the changes
Securities purchased under agreements to resell	10,905	2,808	288.4	Timing difference
Financial Investments: Equity investments at fair value through other comprehensive income	142,014	97,965	45.0	Increase in the investments
Insurance contract assets	22	335	(93.4)	Change in insurance business
Deferred income tax assets	3,464	7,076	(51.0)	Decrease in deductible temporary differences
Securities sold under agreements to repurchase	181,695	115,819	56.9	Timing difference
Deferred income tax liabilities	7,362	1,119	557.9	Increase in taxable temporary differences
Other comprehensive income	14,917	7,992	86.6	Change in fair value of financial investments at fair value through other comprehensive income due to capital market fluctuation
Non-controlling interests	27,064	18,118	49.4	Issuing bonds

Unit: RMB million

Income statement items	2024	2023	Changes (%)	Main reason for the changes
Investment income	26,907	7,053	281.5	Increase in gains from securities trading and dividend income
Share of losses of associates and joint ventures	(540)	(386)	39.9	Increase in the investment losses
Gains/(losses) arising from changes in fair value	37,713	(11,712)	(422.0)	Fluctuation of market value of financial assets at fair value through profit or loss
Insurance finance expenses for insurance contracts issued	(92,520)	(46,741)	97.9	Effect of gains arising from changes in fair value
Reinsurance finance income for reinsurance contracts held	2,103	1,174	79.1	Change in financial assumption
Impairment losses on financial assets	(531)	(2,013)	(73.6)	Decrease in impairment losses of financial assets
Impairment losses on other assets	(406)	(253)	60.5	Increase in impairment losses of investment properties
Income tax	(9,122)	(4,090)	123.0	Increase in taxable income
Other comprehensive income/(loss)	6,800	1,552	338.1	Change in fair value of financial investments at fair value through other comprehensive income due to capital market fluctuation

III. Core Competitiveness

As a leading comprehensive insurance group in China, we are committed to value creation and stay focused on the core business of insurance, with steady growth of overall business results, consolidation of market standings, continued progress in high-quality development, sustained improvement of comprehensive strength, and increased contribution to China’s social and economic development and people’s well-being.

Focus

We stay focused on insurance. As an integrated insurer with multiple business segments along the insurance value chain, we adopt sound business strategies, prudent risk management philosophies and a long-term perspective in performance evaluation. We strive to enhance core functions, leverage the role of insurance in improving people’s welfare, economic stability and social security, strengthen core competitiveness, with continued improvement in professional capabilities. Our life/health insurance business, committed to value growth, persists in the business logic of “creating value for customers with suitable products/services delivered via professional sales teams”, with steady growth of business results and sustained improvement in KPIs such as NBV and NBV margin. The property and casualty insurance business is committed to serving the New Development Pattern and steps up the risk reduction system. Automobile insurance business focuses on customer resources management (CRM) and precise management, and heightens strategic cooperation and partnerships, while non-auto insurance business diversifies offerings of products and services to boost the new quality productive forces. As for investment, we adhere to prudent, value, long-term and responsible investing, continuously strengthen the asset allocation framework across market cycles and professional investment capabilities, improve ALM mechanisms, with steady growth of assets under management.

Prudence

Committed to prudent business operation, we continuously improve the corporate governance structure with legal entities shouldering the primary responsibility and optimise relevant rules and policies to ensure a clear division of responsibilities and checks and balances, with mechanisms of well-coordinated operation of relevant governance bodies. We establish and refine the performance evaluation system and incentive & restraint mechanisms balancing short term and long term, development and risk management, which cements the foundation of sustainable development. We put in place a risk management system covering risk governance, risk strategies and management of major risk categories, continue to improve the soundness and implementation effectiveness of risk management rules and policies, foster the culture and capabilities of risk management, adopt a pro-active, “look-through” approach towards risk management and compliance, so as to ensure high-quality development and sustainable value growth of the Company.

Innovation

We are customer-oriented and forge ahead with transformation & innovation in a bid to foster new drivers for high-quality development. First, launching new products and models to serve China’s modern industrial system. We focus on “bottlenecks” of technological advancement and needs of green industry development, with the debut of multiple industry-first technology insurance products; explore coordinated equity investment and guarantee; increase efforts in launch of industry-first green insurance products. Second, innovating the product/service system of health service and elderly care to improve people's welfare. We continue to expand the coverage of inclusive insurance and upgrade its risk protection; step up innovation of private health insurance, focusing particularly on needs of the elderly, children, women and migrant residents; build an integrated service system of "preventive care, diagnosis, treatment, rehabilitation and elderly nursing", while innovating modes of CRM to facilitate marketing activities. Third, accelerate technological innovation and increase the use of digital applications. We start the design of Digital and Intelligent CPIC to foster new models of "insurance + service + technology" and help with risk reduction; build insurance large models, with increased penetration of Digital Employees and higher productivity.

Responsibility

We leverage insurance as "a cushion of economic shocks" and "a social stabiliser" to contribute to China's modernisation drive and create value for customers, employees, shareholders and the society. We strengthen the system of consumer rights protection, enhance consumer protection governance and improve customer experience, with increased visibility of "Responsible, Smart and Caring" CPIC Service. We optimise the HR management system, step up training and development of young talent to strengthen succession and paths of career advancement. We continue to enhance investor communication, improve transparency in information disclosure, maintain stable and prudent shareholder dividend levels so that shareholders can benefit from the growth of the Company. We support national strategies, deepen presence in regional integrated development to boost local economic growth; contribute to rural invigoration and provide sannong (i.e., rural areas, farmers and agriculture) insurance with extensive coverage, diversified product offerings and high protection levels. We continue to improve ESG management, promote the responsible investing system and enhance due diligence management to facilitate sustainable social and economic development of China; CPIC Blue, a philanthropic foundation, actively conducts charitable activities in healthcare, elderly care, poverty reduction and green development, underscoring our commitment to corporate social responsibilities.

Performance overview

We focused on the core business of insurance, stayed committed to value growth and long-termism, deepened the customer-oriented strategic transformation, delivered steady growth of overall business results and further improvement of comprehensive strength. CPIC Life deepened the Changhang Transformation, with steady improvement of business performance; CPIC P/C strived to support the real economy, refined CRM and effectively responded to natural disasters, with further progress in high-quality development; asset management adhered to the ALM system across market cycles, enhanced professional investment research capabilities, with considerable improvement in value contribution.

I. Performance highlights

During the reporting period, Group operating income amounted to RMB404.089 billion, a growth of 24.7% from 2023, of which, insurance revenue totalled RMB279.473 billion, a growth of 5.0%. Group net profit[note 1] reached RMB44.960 billion, up by 64.9% from 2023, with Group OPAT[notes 1,2,3] of RMB34.425 billion, up by 2.5%. Group EV amounted to RMB562.066 billion, an increase of 6.2% from the end of 2023. Of this, Group value of in-force business[note 4] amounted to RMB212.892 billion, down by 10.5%. Life insurance business delivered RMB13.258 billion in new business value (NBV), a growth of 20.9% yoy; with NBV margin of 16.8%, up by 3.5pt yoy. Before adjustment of economic assumptions, NBV grew by 57.7% and NBV margin increased by 8.6pt yoy. Property and casualty insurance business[note 5] recorded an underwriting combined ratio of 98.6%, up by 0.9pt from 2023. Comprehensive investment yield of Group investment assets went up by 3.3pt year on year to 6.0%. As of the end of the reporting period, Group total number of customers reached 183 million, an increase of 3.307 million.

CPIC Life reported robust NBV growth with foundation of value creation further enhanced

- NBV reached RMB13.258 billion, with NBV margin of 16.8%. Year on year, these figures increased by 20.9% and 3.5pt, respectively, and by 57.7% and 8.6pt, respectively, before adjusting economic assumptions.
- Written premiums amounted to RMB261.080 billion, up by 3.3% year on year.

- OPAT[note 2] of life insurance reached RMB27.591 billion, a year-on-year growth of 6.1%; contract service margin amounted to RMB342.105 billion, up by 5.6% from the end of 2023.
- The agency channel deepened sales force restructuring, with sustained improvement in productivity and income of core manpower; bancassurance focused on value growth, with notable improvement in value contribution; business quality management was intensified, with continued optimisation of policy persistency.

Property and casualty business[note 5] maintained underwriting profitability, with sustained premium growth

- Underwriting combined ratio was 98.6%, up by 0.9pt from 2023. Of this, underwriting expense ratio stood at 27.6%, down by 0.9pt, and underwriting loss ratio 71.0%, up by 1.8pt.
- Primary premium income amounted to RMB203.541 billion, a year-on-year increase of 6.8%. Of this, non-auto business grew by 10.7% and accounted for 47.2% of total property and casualty insurance premiums, up by 1.6pt.
- Auto insurance enhanced precise management and deepened presence in NEV business; non-auto business improved all-around CRM capabilities and advanced the risk reduction system.

Persisted in strategic asset allocation based on profiles of liabilities, with solid investment performance

- The share of debt category financial assets stood at 75.9%, up by 1.4pt from the end of 2023; that of equity category financial assets 14.5%, the same as that at the end of 2023, and of this, core equity[note 6] accounted for 11.2% of total investment assets, an increase of 0.5pt from the end of the preceding year.
- Comprehensive investment yield of Group investment assets reached 6.0%, up by 3.3pt year on year. Total investment yield was 5.6%, up by 3.0pt, with net investment yield of 3.8%, down by 0.2pt.

- Group AuM[note 2] amounted to RMB3,542.660 billion, an increase of 21.2% from the end of 2023. Of this, third-party AuM[note 2] amounted to RMB808.203 billion, a growth of 20.1%.

Notes:

1. Attributable to shareholders of the parent.

2. Figures for comparative periods were restated.

3. OPAT is based on net profit on the financial statements, while excluding certain P/L items with short-term volatility and material one-off items which management does not consider to be part of the Company's day-to-day business operation. Of this, short-term investment volatility applies to business of CPIC P/C, CPIC Life and CPIC Health, etc., while excluding business based on VFA; it refers to the difference between actual investment income and long-term investment assumptions, while considering the impact of income tax. Material one-off items includes the difference between deductible amounts for pre-tax profit of the current period and the average deductible amounts for pre-tax profit of the preceding years.

4. Based on the Group's share of CPIC Life's value of in-force business after solvency.

5. Consolidated data of CPIC P/C, CPIC Anxin Agricultural and CPIC HK.

6. Stocks and equity funds included.

II. Key performance indicators

Unit: RMB million

Indicators	As at 31 December 2024 /for the period between January and December in 2024	As at 31 December 2023 /for the period between January and December in 2023	Changes (%)
Key value indicators			
Group embedded value	562,066	529,493	6.2
Value of in-force business[note 1]	212,892	237,974	(10.5)
Group net assets[note 2]	291,417	249,586	16.8
NBV of CPIC Life[note 3]	13,258	10,962	20.9
NBV margin of CPIC Life (%)[note 4]	16.8	13.3	3.5pt
Underwriting combined ratio of CPIC P/C (%)	98.6	97.7	0.9pt
Comprehensive investment yield (%)	6.0	2.7	3.3pt
Key operating indicators			
Insurance revenue	279,473	266,167	5.0
CPIC Life	83,519	85,461	(2.3)
CPIC P/C	191,397	177,128	8.1
Group number of customers ('000)[note 5]	183,176	179,869	1.8
Average number of insurance policies per customer	2.34	2.32	0.9
Monthly average agent number ('000)	184	210	(12.4)
Surrender rate of CPIC Life (%)	1.7	1.8	(0.1pt)
Total investment yield (%)	5.6	2.6	3.0pt
Net investment yield (%)	3.8	4.0	(0.2pt)
Third-party AuM[note 6]	808,203	672,719	20.1
Key financial indicators			
Net profit attributable to shareholders of the parent	44,960	27,257	64.9
CPIC Life	35,821	19,532	83.4
CPIC P/C	7,376	6,575	12.2
Basic earnings per share (RMB)[note 2]	4.67	2.83	64.9
Net assets per share (RMB)[note 2]	30.29	25.94	16.8
Comprehensive solvency margin ratio (%)			
CPIC Group	256	257	(1pt)
CPIC Life	210	210	–
CPIC P/C	222	214	8pt

Notes:

1. Based on the Group's share of CPIC Life's value of in-force business after solvency.

2. Attributable to shareholders of the parent.

3. NBV grew by 57.7% year on year before adjustment of economic assumptions.

4. NBV margin improved by 8.6pt year on year before adjustment of economic assumptions.

5. The Group number of customers refers to the number of applicants and insureds who hold at least one insurance policy within the insurance period issued by one or any of CPIC subsidiaries as at the end of the reporting period. In the event that the applicants and insureds are the same person, they shall be deemed as one customer.

6. Figures for comparative periods were restated.

Life/health insurance business

CPIC Life deepened the Changhang Transformation, continued to improve agency force quality, increased value contribution from diversified channels and achieved steady growth of NBV and NBV margin. CPIC Health rolled out the core strategy of "new products, new channels and new technology", with new models increasingly mature and quality of development gradually improving.

I. CPIC Life

(I) Business analysis

CPIC Life follows the path of high-quality development and deepens the Changhang Transformation. In 2024, it reported RMB261.080 billion in written premiums, an increase of 3.3% year on year.

Overall, the Changhang Transformation has delivered tangible benefits, with KPIs of the subsidiary showing momentum of improvement. First, there was steady growth of EV and NBV, with sustained improvement in NBV margin. During the reporting period, EV of CPIC Life amounted to RMB421.837 billion, up by 4.9% from the end of 2023; NBV reached RMB13.258 billion, a growth of 20.9% yoy; with NBV margin of 16.8%, up by 3.5pt yoy. Before adjustment of economic assumptions, NBV grew by 57.7% and margin increased by 8.6pt yoy. Second, it maintained strong profitability. OPAT[note] reached RMB27.591 billion, a growth of 6.1% year on year, with net profit of RMB35.821 billion, a jump of 83.4% yoy. Third, stepped up customer segmentation to increase the focus on mid-tier and high-end customers, with continued optimisation of customer mix; the number of mid-tier customers and above from the agency channel increased by 2.6% year on year, HNW customers from bancassurance grew by 3.6% and ultra HNW customers by 8.3%. Fourth, upgraded the "2+N" channel diversification strategy, with considerable value growth from bancassurance and work-site marketing and sustained increase in their value contribution. Fifth, the quality and mix of the agency force continued to improve, with steady improvement in core manpower income and productivity. Sixth, business quality continued to improve, with sustained improvement in policy persistency and marked improvement of loss ratios of long-term insurance.

In 2025, CPIC Life will persist in high-quality development and pursue the supply-side reform focusing on the balance of "economic value, customer value and social value", with customer value at the core and laying the foundation for growth of economic and social value. We'll implement the new business strategy of "creating value for customers with suitable products/services delivered by professional sales teams", roll out the Polaris Programme under the 2nd phase of Changhang Transformation, deepen CRM, step up channel diversification, optimise product mix, boost integration of healthcare and elderly care and enhance coordination of assets and liabilities so as to drive development via transformation and steadily enhance our competitiveness.

Note: Figures for comparative periods were restated.

1. Analysis by channels

CPIC Life seeks to build a more diversified channel mix with the agency force at the core, in order to expand avenues of value growth.

Unit: RMB million

For 12 months ended 31 December	2024	2023	Changes (%)
Written premiums	**261,080**	**252,817**	**3.3**
Agency channel	**202,479**	**195,478**	**3.6**
New policies	36,896	32,377	14.0
Regular premium business	28,727	26,175	9.7
Renewed policies	165,583	163,101	1.5
Bancassurance channel	**40,902**	**38,069**	**7.4**
New policies	28,104	33,291	(15.6)
Regular premium business	10,871	9,024	20.5
Renewed policies	12,798	4,778	167.9
Group channel	**15,850**	**18,096**	**(12.4)**
New policies	13,934	17,208	(19.0)
Renewed policies	1,916	888	115.8
Other channels[note]	**1,849**	**1,174**	**57.5**

Note: Other channels include telemarketing & internet sales.

(1) Agency channel

CPIC Life put customers first, pressed ahead with high-quality transformation of the agency channel. It started with customers, enhanced customer insights based on customer segmentation, deepened activity management centering on customer profile analysis so that the customer mix can be more skewed towards mid-tier and high-end customers; it matched customer insights with products/services, and continued to diversify products/service offerings so as to provide tailor-made solutions to meet diverse needs in wealth inheritance, retirement & education and health protection; it strived to build a professional sales force, enhanced the succession of productive agents and promoted the development of honour systems, stepped up high-quality recruitment and coaching, with improvement in quality and mix of the agency force. In the reporting period, the channel realised RMB202.479 billion in written premiums, a year-on-year growth of 3.6%, and of this, regular-premium of new business amounted to RMB28.727 billion, up by 9.7%.

The subsidiary focused on agency force development and strived to enhance agent capabilities, with stabilisation of total agent headcount and sustained improvement in their productivity during the reporting period. Monthly average agent number reached 184,000, with year-end headcount of 188,000, a growth of 2.7% versus that of 30 June 2024; monthly average FYP per agent reached RMB16,734, up by 30.4% year on year. Core manpower stayed stable, with a headcount of 53,000 on monthly average basis, a growth of 10.4% year on year on a comparable basis; productivity and income of core manpower improved steadily, with monthly average FYP per core agent of RMB54,330, up by 17.9% and monthly average FYC per core agent of RMB6,868, up by 7.1% on a year-on-year basis.

For 12 months ended 31 December	2024	2023	Changes (%)
Monthly average performing ratio of agents (%)	68.3	67.9	0.4pt
Monthly average FYP per core agent (RMB)[note]	54,330	46,094	17.9
Monthly average FYC per core agent (RMB)[note]	6,868	6,413	7.1

Note: Figures for comparative periods were restated.

(2) Bancassurance channel

CPIC Life persisted in value-oriented bancassurance and fostered its competitive advantage to boost long-term development of the channel. It focused on strategic partnerships, deepened its presence in bank outlets and optimised staffing of outlets; pursued high-quality team building, training and management to strengthen professionalism; diversified exclusive product/service offerings of bancassurance to meet niche customer needs and improve CRM. During the reporting period, it realised RMB40.902 billion in written premiums, up by 7.4% year on year, and of this, regular premium of new business amounted to RMB10.871 billion, a growth of 20.5%.

(3) Group channel

CPIC Life adhered to the business strategy of “fully leveraging strengths and balancing between long-term and short-term business” for group channel. In work-site marketing, we followed high standards, seeking to provide integrated insurance solutions via professional teams on various work-places based on needs of corporate clients and their employees; for group business, we continued to expand dimensions of value evaluation and upgraded the model of precise management; as for inclusive finance, we aligned ourselves with government guidelines on the “5 Financial Priorities”, strengthened core competitiveness, expanded coverage and improved industry visibility. During the reporting period, the channel recorded RMB15.850 billion in written premiums. Of this, new premiums from work-site marketing reached RMB1.461 billion, a growth of 22.3% year on year, with improved business mix amid a top-line slow down.

2. Analysis by product types

CPIC Life strived to build a product/service system centring on “health protection, retirement/education and wealth inheritance”, enhanced product innovation based on customer insights, diversified product offerings specific to customer segments, in a bid to provide integrated “products + services” solutions to customers across their entire life cycles.

In health protection, it improved the product matrix of critical illness insurance, launched “Ai Xin Bao”, a CI product which can satisfy customer’s needs for high protection leverage;

optimised “Jin Sheng Wu You”, the pillar CI product, and added features of multiple payment, raised SA, waiver of premium and return of premiums; explored long-term care insurance to improve health risk protection for customers. In terms of retirement & education, it deepened the supply-side reform of pension finance and continued to diversify individual pension products; stepped up promotion of participating products to achieve breakthroughs in variable business. In wealth inheritance, the company upgraded the whole-life product suite to meet diverse needs for death protection, wealth inheritance and long-term wealth management; rolled out elderly care of CPIC Home retirement communities and the pilot programme of Longevity Retreat, a home-based care project; explored the integration of pension finance and elderly care service, realised direct pay of pension trust funds under Shanghai Trust, providing an integrated solution of “products + elderly care + trust”.

At the same time, the subsidiary continuously optimised business mix and promoted the development of regular-pay business. For the reporting period, it recorded RMB40.876 billion in new written premiums from regular-pay business, a growth of 12.0% year on year, accounting for 50.7% of total new written premiums, up by 7.3pt. By product types, traditional business generated RMB38.889 billion in new regular-pay written premiums, up by 7.1% year on year; participating business delivered RMB1.987 billion in new regular-pay written premiums, a sharp increase of 1,016.3% compared with that of 2023.

Unit: RMB million

For 12 months ended 31 December	2024	2023	Changes (%)
Written premiums	**261,080**	**252,817**	**3.3**
Traditional[note]	172,051	159,543	7.8
New regular-pay business	38,889	36,303	7.1
Participating	55,509	59,245	(6.3)
New regular-pay business	1,987	178	1,016.3
Universal	21,383	18,812	13.7
Short-term insurance	12,137	15,217	(20.2)

Note: Figures for comparative periods have been restated; tax-deferred pension business has been incorporated into traditional business and is no longer listed separately.

Information of the top five products in 2024

Unit: RMB million

For 12 months ended 31 December

Ranking	Name	Type	Written Premium	Main channel
1	Chang Xiang Ban (chuanshiban) whole life 長相伴(傳世版)終身壽險	Traditional	17,769	Agency channel
2	Chang Xiang Ban (shengshiban) whole life 長相伴(盛世版)終身壽險	Traditional	14,236	Agency channel
3	Jin You Ren Sheng whole life A (2014) 金佑人生終身壽險(分紅版)A款(2014版)	Participating	12,256	Agency channel
4	Chang Xiang Ban (anniversary celebration) whole life 長相伴(慶典版)終身壽險	Traditional	9,770	Agency channel
5	Xin Xiang Ban 2.0 whole life 鑫相伴 2.0 終身壽險	Traditional	8,056	Bancassurance

3. Policy persistency ratio

We continued to strengthen business quality control, and as a result, the 13-month policy persistency ratio of individual customers improved by 1.7pt to 97.4%; while the 25-month policy persistency ratio rose by 8.5pt year on year to 92.5%.

For 12 months ended 31 December	2024	2023	Changes
Individual customers 13-month persistency ratio (%)[note 1]	97.4	95.7	1.7pt
Individual customers 25-month persistency ratio (%)[note 2]	92.5	84.0	8.5pt

Notes:

1. 13-month persistency ratio: premiums from in-force policies 13 months after their issuance as a percentage of premiums from policies which entered into force during the same period.

2. 25-month persistency ratio: premiums from in-force policies 25 months after their issuance as a percentage of premiums from policies which entered into force during the same period.

4. Top 10 regions for written premiums

Written premiums of CPIC Life mainly came from economically developed regions or populous areas.

Unit: RMB million

For 12 months ended 31 December	2024	2023	Changes (%)
Written premiums	**261,080**	**252,817**	**3.3**
Jiangsu	30,099	27,372	10.0
Zhejiang	25,353	24,081	5.3
Henan	21,325	21,314	0.1
Shandong	19,903	19,604	1.5
Guangdong	16,041	14,895	7.7
Shanghai	14,907	13,887	7.3
Hebei	13,559	13,583	(0.2)
Shanxi	10,200	10,289	(0.9)
Hubei	10,015	9,571	4.6
Beijing	9,598	9,432	1.8
Subtotal	171,000	164,028	4.3
Others	90,080	88,789	1.5

(II) Profit analysis

Unit: RMB million

For 12 months ended 31 December	2024	2023	Changes (%)
Insurance service performance and others	**28,000**	**25,886**	**8.2**
Insurance revenue	83,519	85,461	(2.3)
Insurance service expenses	(53,499)	(57,178)	(6.4)
Total investment income[note 1]	100,576	36,708	174.0
Finance underwriting gains/(losses)[note 2]	(86,499)	(41,153)	110.2
Investment performance	**14,077**	**(4,445)**	**(416.7)**
Pre-tax profit	**42,077**	**21,441**	**96.2**
Income tax	(6,256)	(1,909)	227.7
Net profit	**35,821**	**19,532**	**83.4**

Notes:

1. Total investment income includes investment income, interest income, gains/(losses) arising from change in fair value, rental income from investment properties, interest expenses on securities sold under agreements to repurchase, impairment losses on financial assets, other asset impairment losses, and taxes and surcharges applicable to investment business, etc.
2. Finance underwriting gains/(losses) includes insurance finance expenses for insurance contracts issued and reinsurance finance income for reinsurance contracts held.

Insurance revenue for the reporting period was RMB83.519 billion, a slight decrease of 2.3% from 2023, mainly because of adjustment of business mix of short-term insurance. We proactively scaled back on loss-making business and enhanced risk selection in a bid to improve business quality and profitability.

Unit: RMB million

For 12 months ended 31 December	2024	2023	Changes (%)
Insurance revenue	**83,519**	**85,461**	**(2.3)**
Long-term insurance	72,831	72,805	0.0
Short-term insurance	10,688	12,656	(15.5)

Insurance service expenses amounted to RMB53.499 billion, down by 6.4% year on year, mainly due to decrease in cost of liabilities and adjustment of business mix of short-term insurance, which, in turn, resulted in lower claims payments.

Unit: RMB million

For 12 months ended 31 December	2024	2023	Changes (%)
Insurance service expenses	**53,499**	**57,178**	**(6.4)**
Long-term insurance	42,629	45,000	(5.3)
Short-term insurance	10,870	12,178	(10.7)

Investment performance for the reporting period amounted to RMB14.077 billion, an increase by RMB18.522 billion, mainly due to growth of gains from fair value change and increase in securities trading gains as a result of capital market fluctuation and optimisation of equity investment strategies.

As a result, CPIC Life recorded a net profit of RMB35.821 billion for 2024, up by 83.4% year on year.

II. CPIC Health

In 2024, CPIC Health accelerated execution of the strategy of "new products, new channels and new technology" and maintained rapid business growth, with new models increasingly mature and quality of development gradually improving.

Under the New Accounting Standards, it delivered RMB2.735 billion in insurance revenue and health management fee income, a growth of 31.6% in comparison with that of 2023; recorded net profit of RMB91 million, up by 193.5%. The company capitalised on its strengths as a specialised health insurer and provided full support for CPIC Life and CPIC

P/C in terms of product development and operations; it enhanced compliance and risk management in an all-around way and obtained outstanding results at various regulatory evaluations and rankings, with corporate governance ratings improving considerably to B and IRR ratings of AAA, the highest in industry, testifying to enhanced capability for sustainable development.

The subsidiary focused on key target customer segments and strived to provide caring and professional health insurance products and related services. In particular, for youth customers on-line, it upgraded Lan Yi Bao again, an internet product brand, which added risk cover of out-patient and emergency both on-line and off-line, realised for the first time direct claims payment under "social medical insurance + private medical insurance" of 12 publicly-funded hospitals, making it the first long-term medical insurance product in industry which allows purchase of drugs or appliances outside hospitals. The product had acquired 2.42 million customers by the end of 2024, a growth of 78%. With regard to mid-market and high-end corporate clients, it upgraded the "Qi An Xin" programme, which covered state of the art pharmaceutical appliances; launched "Yi Pei Tong" service programme, which provided integrated solution of "healthcare + insurance claims" for company employees. In 2024, the growth of high-end group business further picked up and reached 26%. As for the elderly people, it stepped up innovation, upgraded the "Jia An Xin 2.0" product in collaboration with CPIC Life, which relaxed age limit on the insured up to 72 years. The product has covered 83,000 customers since its debut. In terms of substandard risks, the subsidiary continued to explore the coordination of "insurance + healthcare". It joined hands with West China Hospital and launched the Full-Cycle Managed Digital Therapy of Pulmonary Nodules, as part of the effort to expand the risk cover of private health insurance for people with prior medical conditions.

III. CPIC Life (HK)

Given its strategic positioning of driving development via innovation and collaboration in the Greater Bay Area, CPIC Life (HK) considers it as its mission to provide the best health and retirement solutions for customers. It leveraged resources of the entire group, such as CPIC Home retirement communities and CPIC Family Doctor to build an integrated product/service system covering "insurance products in Hong Kong + elderly care in mainland + healthcare in mainland". It pursues prudent business management, with steady growth of business volume and value contribution. In 2024, it realised RMB1.329 billion in written premiums, and of this, new business amounted to RMB1.055 billion, a growth of 470.5% year on year. With optimised business mix and improved cost control, it reported a net profit of RMB5.0102 million for 2024.

Property and casualty insurance

CPIC P/C[note] pursued progress while ensuring stable business fundamentals, implemented the "5 Financial Priorities", supported the real economy, refined CRM and responded to natural disasters in an efficient, timely manner, with steady growth of premiums and further progress in high-quality development. Automobile business continued to enhance precision management and deepened presence in NEV business; while non-auto business optimised business mix, captured market opportunities and improved the risk reduction system in an all-around way.

Note: References to CPIC P/C in this section are limited to the data of the subsidiary alone.

I. CPIC P/C

(I) Business analysis

During the reporting period, CPIC P/C recorded primary premium income of RMB201.243 billion, up by 6.8% from 2023, and an insurance revenue of RMB191.397 billion, a growth of 8.1%, with an underwriting combined ratio of 98.6%, up by 0.9pt year on year. Of this, underwriting loss ratio stood at 70.8%, up by 1.7pt; underwriting expense ratio was 27.8%, down by 0.8pt.

1. Analysis by lines of business

Unit: RMB million

For 12 months ended 31 December	2024	2023	Changes (%)
Primary premium income	**201,243**	**188,342**	**6.8**
Automobile insurance	107,302	103,514	3.7
Compulsory automobile insurance	28,459	27,298	4.3
Commercial automobile insurance	78,843	76,216	3.4
Non-automobile insurance	93,941	84,828	10.7
Liability insurance	22,209	19,657	13.0
Health insurance	20,288	17,361	16.9
Agricultural insurance	19,278	17,721	8.8
Commercial property insurance	7,836	6,813	15.0
Others	24,330	23,276	4.5

(1) Automobile insurance

CPIC P/C strived for "profitability, sustainability and resilience via precise management" for its automobile insurance business. It optimised auto insurance business mix, smoothed out business seasonality, enhanced business fundamentals, optimised resource allocation and improved productivity. In 2024, it reported primary premium income of RMB107.302 billion from automobile business, a growth of 3.7% year on year, with an underwriting combined ratio of 98.2%, up by 0.6pt year on year. Of this, underwriting loss ratio stood at 73.3%, up by 2.7pt and underwriting expense ratio 24.9%, down by 2.1pt. The company explored new business model for NEVs to improve its operational efficiency and deliver exclusive services. In 2024, NEV accounted for 17.0% of total auto insurance premiums and cumulatively provided risk cover to over 4.6 million vehicles owners.

(2) Non-automobile insurance

CPIC P/C optimised business mix of non-auto insurance, seized market opportunities, enhanced technological empowerment and comprehensive CRM capabilities, and strengthened the risk control platform and risk reduction system in an all-around way. During the reporting period, it posted RMB93.941 billion in primary premium income from non-auto insurance, up by 10.7% year on year, with an underwriting combined ratio of 99.1%, up by 1.4pt from the preceding year, due to increased claims ratio as a result of higher frequency of natural disasters.

Liability insurance centred on the New Development Pattern, deepened strategic partnership with local governments and stepped up support for modernisation of state governance, the real economy and society. At the same time, it exercised stringent control of high-risk business, including launching campaigns to eliminate or improve projects/business lines with high claims ratios, so as to boost high-quality development of the business. During the reporting period, the business line delivered RMB22.209 billion in primary premium income, up by 13.0% from 2023.

Health insurance aligned itself with the healthcare strategy of the Group, continued to cement cooperation with governments so as to ensure balanced development of both government-sponsored business and commercial business. It stepped up development of traditional business such as terminal illnesses and accident injury, while accelerating deployment in emerging business areas to boost the development of health insurance. In the meantime, it also paid attention to business quality control and claims cost reduction. During the reporting period, health insurance reported RMB20.288 billion in primary premium income, a growth of 16.9% year on year.

Agricultural insurance, to support China's Rural Invigoration Initiative, rolled out full-cost indemnity insurance of the 3 staple crops to improve the coverage and protection levels of the business line; expanded its insurance coverage to meet needs for risk protection of local specialty agriculture business; promoted innovation in services under "agricultural insurance +" and enhanced integrated supply of models, products, research and technology to meet diverse needs of governments, leading agricultural firms, new types of agribusinesses and farmers. During the reporting period, the business line delivered RMB19.278 billion in primary premium income, up by 8.8% year on year.

Commercial property insurance pro-actively supported the steady development of China's economy, continued to consolidate leadership in business from strategic accounts in power generation and petrochemicals, as well as from blanket insurance policies. On the other hand, CPIC P/C vigorously acquired customers from strategic emerging sectors such as green energy and semi-conductors, while improving business development of high-quality micro- and small-sized businesses via bancassurance and cross-sell. At the same time, it enhanced integrated risk management of risk survey, u/w and claims management to ensure its role as the "cornerstone" of non-auto business. In 2024, the company generated RMB7.836 billion in primary premium income from the business line, up by 15.0% year on year.

(3) Key financials of major business lines

Unit: RMB million

For 12 months ended 31 December 2024

Name of insurance	Primary premium income	Amounts Insured	Underwriting profit	Underwriting combined ratio (%)
Automobile insurance	107,302	110,520,713	1,868	98.2
Liability insurance	22,209	3,911,849,139	(811)	103.7
Health insurance	20,288	510,869,278	(429)	104.3
Agricultural insurance	19,278	614,853	243	98.7
Commercial property insurance	7,836	21,248,318	(310)	103.8

2. Top 10 regions for premium income

CPIC P/C derived RMB132.855 billion in primary premium income from the top 10 regional markets in 2024, up by 7.7% year on year and accounting for 66.0% of total premiums. The company aligned itself with national strategies, particularly regional integrated development initiatives and continued to drive business development of its branch offices.

Unit: RMB million

For 12 months ended 31 December	2024	2023	Changes (%)
Primary premium income	**201,243**	**188,342**	**6.8**
Guangdong	26,073	24,508	6.4
Jiangsu	23,102	21,189	9.0
Zhejiang	20,018	18,585	7.7
Shanghai	15,397	14,122	9.0
Shandong	11,463	10,434	9.9
Sichuan	8,063	7,330	10.0
Henan	7,331	6,814	7.6
Hunan	7,223	6,635	8.9
Hubei	7,108	6,850	3.8
Hebei	7,077	6,884	2.8
Subtotal	132,855	123,351	7.7
Others	68,388	64,991	5.2

3. Premium income by channels

Below sets out the primary premium income by channels during the reporting period.

Unit: RMB million

For 12 months ended 31 December	2024	2023	Changes (%)
Primary premium income	**201,243**	**188,342**	**6.8**
Agency	117,701	110,840	6.2
Direct	54,629	51,892	5.3
Brokerage	28,913	25,610	12.9

(II) Profit analysis

Unit: RMB million

For 12 months ended 31 December	2024	2023	Changes (%)
Insurance revenue	191,397	177,128	8.1
Insurance service expenses	(184,658)	(170,240)	8.5
Net income/(losses) from reinsurance contracts held[note 1]	(843)	(235)	258.7
Underwriting finance losses and others[note 2]	(3,224)	(2,513)	28.3
Underwriting profit	**2,672**	**4,140**	**(35.5)**
Underwriting combined ratio(%)	98.6	97.7	0.9pt
Total investment income[note 3]	**7,554**	**4,780**	**58.0**
Net of other income and expenses	(1,089)	(899)	21.1
Pre-tax profit	**9,137**	**8,021**	**13.9**
Income tax	(1,761)	(1,446)	21.8
Net profit	**7,376**	**6,575**	**12.2**

Notes:

1. Net income/(losses) from reinsurance contracts held include allocation of reinsurance premiums, recoveries of insurance service expenses from reinsurers, reinsurance finance income for reinsurance contracts held, etc.

2. Underwriting finance losses and others include insurance finance income or expenses and changes in insurance premium reserves, etc.

3. Total investment income includes investment income, interest income, gains/(losses) arising from change in fair value, rental income from investment properties, interest expenses on securities sold under agreements to repurchase, interest expense on capital replenishment bonds, taxes and surcharges applicable to investment business and impairment losses on financial assets, etc.

Insurance revenue for the reporting period amounted to RMB191.397 billion, up by 8.1% year on year, mainly as a result of growth of overall business. Of this, insurance revenue of automobile insurance reached RMB106.329 billion, up by 4.3%, and that of non-auto insurance RMB85.068 billion, an increase of 13.1%.

Unit: RMB million

For 12 months ended 31 December	2024	2023	Changes (%)
Insurance revenue	**191,397**	**177,128**	**8.1**
Automobile insurance	106,329	101,929	4.3
Non-automobile insurance	85,068	75,199	13.1

Insurance service expenses for the reporting period amounted to RMB184.658 billion, up by 8.5% from 2023, mainly due to increase in claims and expenses as a result of overall business growth. Of this, insurance service expenses of automobile insurance reached RMB102.169 billion, up by 3.9%, and that of non-auto insurance RMB82.489 billion, an increase of 14.7% year on year.

Unit: RMB million

For 12 months ended 31 December	2024	2023	Changes (%)
Insurance service expenses	**184,658**	**170,240**	**8.5**
Automobile insurance	102,169	98,351	3.9
Non-automobile insurance	82,489	71,889	14.7

Net losses from reinsurance contracts held amounted to RMB843 million, an increase by RMB608 million compared with that of the preceding year, largely due to impact of scale and mix of business ceded, and loss ratios of related business.

Underwriting finance losses and others amounted to RMB3.224 billion, a growth of 28.3%, mainly because of rapid business development, which led to a rise in insurance contract liabilities and subsequently an increase in the time value of liabilities.

Total investment income for the period totalled RMB7.554 billion, up by 58.0% year on year, mainly as a result of increase in gains from fair value change due to capital market movement.

As a result, CPIC P/C reported a net profit of RMB7.376 billion for 2024, an increase of 12.2% from 2023.

II. CPIC Anxin Agricultural

As a specialised agricultural insurance company, CPIC Anxin Agricultural promoted product customisation to meet local agricultural needs; focused on farm produce income insurance, explored on-line scenarios of farm produce tracing driven by block-chain, which improved transparency and traceability of the entire process of agricultural production and helped with the branding of local specialty farm produce, as part of the company's effort to empower agriculture via technology. In 2024, it recorded RMB2.608 billion in insurance revenue, up by 4.9% year on year; realised RMB2.005 billion in primary premium income, up by 1.0%, and of this, agricultural insurance reported primary premium income of RMB1.341 billion, up by 0.9%. Underwriting combined ratio stood at 102.1%, up by 4.2pt, mainly due to the impact of extreme weather events. Net profit amounted to RMB141 million, a decrease of 22.5% from the preceding year.

III. CPIC HK

We conduct overseas P/C business via CPIC HK, a wholly-owned subsidiary. As at 31 December 2024, its total assets stood at RMB1.336 billion, with net assets of RMB374 million. Primary premium income for the reporting period amounted to RMB293 million, with an underwriting combined ratio of 92.3%, and a net profit of RMB55 million.

Asset management

We persisted in long-term, value, prudent and responsible investing, particularly long-term commitment to value investing, global awareness of asset management, "big picture" mindset for insurance asset management, optimal balance between risk and reward, forward-looking approach towards emerging sectors and market-based mechanisms of incentives and constraint, and conducted high-quality asset liability management (ALM). To ensure long-term, sustainable ALM, we further enhanced the ALM system across market cycles, continued to build capabilities in professional investment research, risk control and compliance management. Within the SAA framework, we conducted disciplined and yet flexible Tactical Asset Allocation (TAA), exercised stringent control of credit risk and extended duration of fixed income assets to mitigate the reinvestment risk; fully considered the impact of the New Accounting Standards, adjusted accounting classification of financial assets and enhanced pro-active management of equity assets. In particular, the share-dividend strategy, a long-term core strategy, has delivered positive results. As a result, we achieved solid investment performance, with Group AuM on steady increase.

I. Group AuM

As at the end of December 2024, Group AuM totalled RMB3,542.660 billion, rising 21.2% from the end of 2023. Of this, Group in-house investment assets amounted to RMB2,734.457 billion, a growth of 21.5%, and third-party AuM RMB808.203 billion, an increase of 20.1%, with a management fee income of RMB2.166 billion, up by 7.0% from 2023.

Unit: RMB million

	31 December 2024	31 December 2023	Changes (%)
Group AuM[note]	**3,542,660**	**2,922,792**	**21.2**
Group in-house investment assets	2,734,457	2,250,073	21.5
Third-party AuM[note]	808,203	672,719	20.1
CPIC AMC	294,187	225,154	30.7
Changjiang Pension	406,401	352,032	15.4
CPIC Fund	99,806	94,249	5.9
CPIC Capital	936	800	17.0
CPIC Investment (HK)	6,873	484	1,320.0

Note: Figures for comparative periods were restated.

II. Group in-house investment assets

In 2024, with government policy support and industrial upgrading, China's economy showed momentum of recovery. Sustained growth of the new quality productive forces and optimisation of economic structure enhanced the resilience and sustainability of China’s economic development, with key macroeconomic indicators staying largely stable. In equity assets, despite significant market volatility and polarisation, listed companies achieved record levels of dividend payouts, highlighting the case for value investing. As for fixed income assets, interest rates continued to decline, while credit spreads narrowed before widening.

Based on our outlook for long-term macro-economic trends, we followed and fine-tuned the “dumbbell-shaped” asset allocation strategy, i.e., continuously increasing allocation into long-term T-bonds to extend duration of fixed income assets, while moderately increasing investments in equity assets and alternative assets including private equity to enhance long-term returns. At the same time, to manage credit risk, we continued to control the share of investment in corporate debt securities. We conducted disciplined and yet flexible TAA under the guidance of SAA, pro-actively responded to the dual challenge of equity market volatility and secular decline of interest rates.

Committed to value growth, we continuously strengthened capacity-building in professional investment management, optimised the standardised investment management system and vigorously explored a wide range of innovative investment instruments and strategies; improved asset allocation capabilities, strengthened capital constraints, enhanced the foundation of capital and investment management in an all-around way; further improved credit risk early-warning and mitigation to enhance overall risk management; continued to strengthen the ESG investment management system, performance evaluation system and information systems, disclosed for the first time Principles for Responsible Investment Transparency Report, explored incorporating climate factors into our SAA to promote responsible investing.

In terms of investment concentration, our investments are concentrated in financial services, communications & transport and infrastructure, demonstrating resilience in the face of risks. Our equity investments spread across a wide range of instruments; as for fixed income assets, the debt issuers boast strong overall strength, and apart from government bonds, our counter-parties mainly include China State Railway Group Co., Ltd., and large SOEs such as major state-owned commercial banks.

(I) Group consolidated investment portfolios

Unit: RMB million

	31 December 2024	Share (%)	31 December 2023	Share (%)
Group investment assets (total)	**2,734,457**	**100.0**	**2,250,073**	**100.0**
By investment category				
Cash and cash equivalents	40,262	1.5	34,263	1.5
Term deposits	173,818	6.4	165,501	7.3
Debt category financial assets	2,074,168	75.9	1,676,100	74.5
—Debt securities	1,642,181	60.1	1,163,626	51.7
—Bond funds	9,663	0.4	10,393	0.5
—Preferred shares	49,227	1.8	47,724	2.1
—Debt investment plans[note 1]	265,403	9.7	296,154	13.2
—Wealth management products[note 2]	71,421	2.6	113,195	5.0
—Others	36,273	1.3	45,008	2.0
Equity category financial assets	398,210	14.5	325,234	14.5
—Stocks	255,065	9.3	188,455	8.4
—Equity funds	52,679	1.9	52,004	2.3
—Wealth management products[note 2]	20,795	0.8	19,652	0.9
—Others	69,671	2.5	65,123	2.9
Long-term equity investments	22,520	0.8	23,184	1.0
Investment properties	8,951	0.3	10,667	0.5
Other investments[note 3]	16,528	0.6	15,124	0.7
By accounting measurement				
Financial assets at amortised cost[note 4]	64,844	2.4	82,334	3.7
Financial assets at fair value through other comprehensive income[note 5]	1,749,986	64.0	1,345,400	59.8
Financial assets at fair value through profit or loss[note 6]	667,225	24.4	581,619	25.8
Long-term equity investments	22,520	0.8	23,184	1.0
Others[note 7]	229,882	8.4	217,536	9.7

Notes:

1. Debt investment plans mainly include infrastructure and real estate projects.

2. Wealth management products mainly include wealth management products issued by commercial banks, products by insurance asset management companies, collective trust plans by trust firms, special asset management plans by securities firms and credit assets backed securities by banking institutions, etc.

3. Other investments mainly include restricted statutory deposits and derivative financial assets, etc.

4. Financial assets at amortised cost include financial assets at amortised cost on consolidated financial statements.

5. Financial assets at fair value through other comprehensive income include debt investments at fair value through other comprehensive income and equity investments at fair value through other comprehensive income on consolidated financial statements.

6. Financial assets at fair value through profit or loss include financial assets at fair value through profit or loss and derivative financial assets on consolidated financial statements.

7. Others mainly include cash at bank and on hand, securities purchased under agreements to resell, term deposits, restricted statutory deposits and investment properties, etc.

1. By investment category

As of the end of the reporting period, the share of bond securities investments was 60.1%, an increase of 8.4pt from the end of 2023. Of this, treasury bonds, local government bonds and financial bonds issued by government-sponsored banks made up 44.5% of total investment assets. The duration on fixed income assets reached 11.4 years, extended by 2.0 years versus the end of 2023. Moreover, 98.8% of enterprise bonds and financial bonds issued by non-government-sponsored banks had an issuer/debt rating of AA or above. Of this, the share of AAA reached 96.7%. We are proud of our professional internal credit-rating team and sound credit risk management systems covering the entire bond securities investment process, namely, before, during and after the investment. We continued to improve the Group-wise integrated credit-rating management system, evaluated credit-ratings of both the debt and debt issuers and identified the credit risk based on our internal credit-rating systems, while considering other factors such as macroeconomic conditions, and external credit-ratings in order to make sound, well-informed investment decisions. At the same time, to pro-actively control the credit risk of the stock of bond holdings, we followed a uniform and standardised set of regulations and procedures to review risk status, based on both regular and ad hoc follow-up tracking post the investment. Our corporate/enterprise bond holdings spread over a wide range of sectors resulting in good diversification; we set great store by credit risk management, strictly controlling exposure to the real estate sector, and carefully selecting investment targets to ensure that risks are manageable. Overall, debt issuers of our investments all had good financial strength, with credit risk under control.

The share of equity category financial assets stood at 14.5%. Of this, stocks and equity funds accounted for 11.2% of total investment assets, up by 0.5pt from the end of 2023. On the back of disciplined and yet flexible TAA processes, we continued to promote resource realignment for investment research and the building of investment research platforms, enhanced tracking and analysis of market conditions; fully considered the impact of the New Accounting Standards, made effective use of accounting classification of assets, conducted pro-active management of equity assets, strengthened the core share-dividend strategy while developing clusters of satellite strategies with growth potential, with long-term investment return on core share-dividend strategy significantly outperforming market benchmarks.

As of the end of the reporting period, non-public financing instruments (NPFIs) totalled RMB344.709 billion, accounting for 12.6% of total investment assets. While ensuring full compliance with regulatory requirements and internal risk control policies, we persisted in prudent management as is inherently required of insurance companies, staying highly selective of debt issuers and projects. The underlying projects spread across sectors like infrastructure, communications & transport, non-bank financial institutions and real estate, which were geographically concentrated in China's prosperous areas such as Beijing, Sichuan, Hubei, Shandong, Jiangsu, etc.

Overall, the credit risk of our NPFI holdings is stable. 99.4% of NPFIs had external credit-ratings, and of these, the share of AAA reached 99.0%, and that of AA+ and above 99.4%. 67.9% of NPFIs were exempt from debt issuer external credit-ratings, and the rest was secured with credit-enhancing measures such as guarantee or pledge of collateral, with the overall credit risk under control.

Mix and distribution of yields of non-public financing instruments

Sectors	Share of investments (%)	Nominal yield (%)	Average duration (year)	Average remaining duration (year)
Infrastructure	39.9	4.5	8.4	5.0
Communications & transport	21.8	4.4	8.9	5.3
Non-bank financial institutions	13.5	4.2	5.0	1.8
Real estate	13.1	4.3	8.9	5.9
Energy and manufacturing	3.9	4.4	8.9	5.3
Others	7.8	4.5	8.3	4.7
Total	**100.0**	**4.4**	**8.1**	**4.8**

Note: Non-public financing instruments include wealth management products issued by commercial banks, debt investment plans, collective trust plans by trust firms, special asset management plans by securities firms and credit assets backed securities by banking institutions, etc.

2. By accounting methods

Under the New Accounting Standards, investment assets of the Company are mainly classified into 3 categories: financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss, and others. The share of financial assets at fair value through other comprehensive income increased by 4.2pt from the end of 2023, mainly because of increased share of bond and stock investments in the category; that of financial assets at fair value through profit or loss fell by 1.4pt from end of the year, mainly due to decrease in the share of stocks, debt investment plans and wealth management products in the category; the proportion of financial assets at amortised cost fell by 1.3pt, largely because of reduced share of debt investment plans in the category; the share of long-term equity investments fell by 0.2pt from the end of 2023, mainly due to slightly decreased share of assets under joint venture and structured entities of the Company; that of others dropped by 1.3pt, mainly as a result of decrease in the share of term deposits in the category.

(II) Group consolidated investment income

For the reporting period, net investment income totalled RMB82.799 billion, up by 6.5% from 2023. This stemmed mainly from increased dividend income. Net investment yield reached 3.8%, down by 0.2pt compared with that of 2023.

Total investment income amounted to RMB120.394 billion, up by 130.5% year on year, mainly attributable to a steep rise in gains from fair value change, with total investment yield of 5.6%, up by 3.0pt year on year.

Comprehensive investment yield rose by 3.3pt year on year to 6.0%, largely due to increased impact from equity financial assets at fair value through other comprehensive income.

Unit: RMB million

For 12 months ended 31 December	2024	2023	Changes (%)
Interest income	55,991	58,262	(3.9)
Dividend income[note 1]	26,109	18,750	39.2
Rental income from investment properties	699	727	(3.9)
Net investment income	**82,799**	**77,739**	**6.5**
Gains/(losses) from securities trading	1,338	(11,311)	(111.8)
Gains/(losses) arising from changes in fair value	37,713	(11,712)	(422.0)
Impairment losses of investment assets	(916)	(2,093)	(56.2)
Other income[note 2]	(540)	(386)	39.9
Total investment income	**120,394**	**52,237**	**130.5**
Net investment yield (%)[note 3]	3.8	4.0	(0.2pt)
Total investment yield (%)[note 3]	5.6	2.6	3.0pt
Comprehensive investment yield (%)[notes 3,4]	6.0	2.7	3.3pt

Notes:

1. Dividend income included dividend income and gains from financial instruments held for trading and other financial instruments at fair value through profit or loss during the holding period, etc.

2. Other income included share of profit/(loss) of associates and joint ventures, etc.

3. The impact of securities sold under agreements to repurchase was considered in the calculation of net investment yield. Average investment assets as the denominator in the calculation of net/total investment yield and comprehensive investment yield were computed based on the Modified Dietz method and did not consider the impact of the fair value change of debt investments at fair value through other comprehensive income.

4. The figure as the numerator in the calculation of comprehensive investment yield included total investment income, the change of equity investments at fair value through other comprehensive income at current period and amounts of transferring to retained profits at current period caused by the impact of equity investments at fair value through other comprehensive income, etc.

III. Third-party AuM

Group third-party AuM amounted to RMB808.203 billion, and of this, that of CPIC AMC totalled RMB294.187 billion, with a share of 36.4%; and that of Changjiang Pension RMB406.401 billion, accounting for 50.3%.

(I) CPIC AMC

In 2024, following requirements of the “5 Financial Priorities”, CPIC AMC aligned itself with national strategies and the real economy, strived to meet differentiated risk-return preferences of corporate/institutional clients, steadily optimised the mix of its third-party business and upgraded its business model. As of the end of the reporting period, its third-party AuM amounted to RMB294.187 billion, an increase of 30.7% from the end of 2023.

During the reporting period, in spite of a challenging market environment, the company's alternative investment focused on customers of high credit-ratings and high-quality assets managed by entities of strong financial strength in the infrastructure sector. It completed an annual registration of over RMB40 billion in insurance alternative investment products. The company vigorously conducted exchange-traded ABS and infrastructure REITs business, with the issuance volume of approved ABS products on the shelf surpassing 6 billion yuan. Green insurance is another priority of alternative investments. Notably, the first exchange-traded ABS product managed by the company, Henan Waste Appliance Recycling Investment Project, which is a green financial product, highlighted its effort to assist SOEs in promoting circular economy. Besides, CPIC AMC developed green debt investment plans for rail transit projects in Chengdu, Wuhan and Ningbo. As of the end of the reporting period, assets under outstanding alternative investments by CPIC AMC over RMB140 billion, leading in industry.

In 2024, the subsidiary promoted its portfolio asset management product business through three key avenues, i.e., “development of investment strategies and implementation” “product development and product line-up diversification” and “value-added services”. To meet customer needs in a low interest rate environment, the company gave priority to the marketing of medium-and-long-term pure bond strategy products, short-term bond strategy products and multi-asset “fixed income+” strategy products, with a notable increase in scale of money-market products. Its Equity-Dividend Value Strategy Product achieved an annualised return of approximately 15% since its inception. Both the strategy and performance of the product won extensive recognition from the market and institutional investors, with the scale of the product series consistently above RMB10 billion. As of the end of the reporting period, CPIC AMC reported RMB257.696 billion in third-party portfolio asset management products and AuM under dedicated accounts, a growth of 40.7% from the end of 2023.

(II) Changjiang Pension

During the reporting period, in the context of the “5 Financial Priorities”, Changjiang Pension leveraged its unique strength in pension finance, focused on improvement of investment research capabilities, proceeded with long-term management of “welfare” money and steadfastly promoted high-quality development of third-party business. As at 31 December 2024, its third-party assets under trustee management amounted to RMB481.309 billion, up by 17.1% from the end of 2023; third-party assets under investment management reached RMB406.401 billion, up by 15.4% from the end of 2023.

The subsidiary is committed to serving all the 3 pillars of retirement provision as a third-party manager. In terms of the first pillar, it maintained leading investment performance in corporate debt portfolios under social pension schemes, with efforts to further diversify portfolios. As for the 2nd pillar, data released by the Ministry of Human Resources and Social Security indicated that for the first 3 quarters of 2024, the company ranked among top 3 on investment performance of single equity-inclusive plans, collective equity-inclusive plans and collective fixed income plans of corporate annuity. Changjiang Pension successfully renewed the three qualifications of enterprise annuity fund management and was awarded trusteeship for multiple large-scaled single annuity plans. It has also become the trustee of the Lingang New Area Enterprise Annuity Plan, the first regional talent annuity scheme in Shanghai, which helped to expand the coverage of enterprise annuity in the city. The company continued to roll out its integrated “pension finance + fintech” service model. With regard to the third pillar, the company vigorously explored one-stop pension financial services under the “product + service” mode. It also leveraged other financial products or service programmes of CPIC Group, its parent company, including pension finance, health management and retirement communities to strengthen the third-pillar of China’s pension system.

The company is committed to supporting China’s national strategies. It focused on sectors which have a material impact on people’s welfare, such as transportation, energy, water conservancy and water affairs, and provided funding via debt, equity and asset backed plans. It channelled long-term funds into the real economy, particularly into efforts to nurture the new quality productive forces. It implemented ESG strategies, registered 2 green debt investment plans; issued asset management products with mandates on ESG and elderly care to add an “ESG and retirement” dimension to its portfolios.

Customer resource management

With a customer-centric business philosophy and the vision of “offering integrated service to one customer via one interface”, we continuously enhanced service capabilities, optimised the service ecosystem for the full life cycle of customers, built a differentiated, smart service system based on customer segments, strengthened consumer rights protection, fully leveraged our advantage as a composite insurance group and pushed for steady growth of customer value contribution.

I. Individual customers

We are customer-oriented, committed to providing convenient, efficient products/services to our customers, with improvement in the scope and penetration of customer service in recent years. As of the end of 2024, the number of individual customers of the Group amounted to 181 million, up by 1.7% from the end of 2023; the number of customers with 2 insurance policies and above stood at 41.93 million, up by 6.0% from the end of 2023. We diversified ecosystems for intra-Group collaboration to generate increased value per customer. As of the end of 2024, the number of individual customers holding insurance policies of multiple Group subsidiaries amounted to 11.26 million, the same as that as at the end of 2023; CPIC Life saw a 6.1% growth from the end of 2023 in the number of customers with total payable premiums of RMB100,000 and above on in-force long-term life insurance policies; as for CPIC P/C, the number of customers with SA of RMB3 million and above on TPL of automobile insurance of private vehicles stood at 16.93 million, up by 30.6% from the end of 2023. The renewal rate of individual customers of automobile insurance reached 76.8%, up by 1.4pt from 2023.

	2024	2023	Change (%)
Average number of insurance policies per individual customer	2.34	2.32	0.9
Number of individual customers holding 2 insurance policies and above ('0000)	4,193	3,955	6.0
Number of individual customers holding insurance policies of multiple Group subsidiaries ('0000)	1,126	1,126	–
Number of customers with total payable premiums of RMB100,000 and above on long-term life insurance policies of CPIC Life ('0000)	799	753	6.1
Number of customers with SA of 3 million yuan and above on TPL of automobile insurance of private vehicles of CPIC P/C ('0000)	1,693	1,296	30.6

Note: Number of customers was based on insurance applicants.

We continued to boost product/service innovation to meet customer needs.

First, we continuously improved the ecosystem of health service and elderly care, particularly the service system integrating "preventive care, diagnosis, treatment, rehab and elderly nursing" across the full life cycle of customers. As of the end of 2024, there were 10.91 million customers using various health services across the Group. 15 CPIC Home retirement communities have been up and running in 13 Chinese cities, with a total of 16,500 beds planned, and of this, 8,800 had been delivered by the end of 2024; Juvenile Growth, a health promotion programme for adolescents and children, has become operational initially; construction of hospitals specialising in rehab care has been underway in Xiamen and Jinan under the programme of Yuanshen Rehab; Longevity Retreat, a home-based care brand, explored the use of IoT to provide smart home-based care. The programme was rolled out across the nation on a trial basis, with off-line experience centres up and running in 127 cities.

Second, we pursued innovation, enhanced capabilities to customise products and services based on customer segmentation. We developed auto insurance products for ICV (intelligent connected vehicles) to meet needs for risk protection of intelligent driving; launched the programme of Transparent Claims Management, which offered transparency in service standards, claims process and dispute handling of auto insurance. We launched a long-term care solution covering the entire nursing process; conducted health management activities on thyroid and tailor-made anti-aging service for target customer segments such as substandard risks and women. Continued to diversify the matrix of internet products, with steep rise in private traffic; realised direct pay of social medical insurance and private health insurance, with claims turnaround considerably shortened; innovated “Yi Pei Tong”, which provided intelligent, professional on-line consulting and medical service to employees of our corporate clients.

Third, we deepened data mining to unlock data value and enhanced Group-wide CRM capabilities via digital and AI technology. We coordinated efforts and established over 2,000 tags for Group customers, leveraged big data engines for insights into customer preferences in terms of products and services. Such insights can be applied to scenarios of “dormant policy” reactivation, reinstatement of insurance policies, customer win-backs and service intent identification, with total invocations growing 3 times from that of 2023. We implemented AI-driven precision strategies which enabled collaborative operations and personalisation to boost activities on full-domain customer engagement platforms and cross-platform user migration.

We upheld the philosophy of “financial services for people”, promoted the branding of CPIC Service, consolidated industry leadership in consumer protection, with CPIC P/C and CPIC Life maintaining leading positions at regulatory evaluation of consumer protection. We valued customer feed-backs and appointed about 1,000 Customer Service Officers who are at the same time members of company management at various levels. Such a mechanism enabled them to directly communicate with customers in the field, helping to improve overall customer service and Net Promoter Score (NPS) of key customer journeys.

II. Group customer

Centring on the vision of “One CPIC, One Interface” and leveraging the Group’s strengths as a composite insurer, we focused on building a “friend circle” of strategic clients revolving around key corporate accounts, and established the collaborative mode of value growth from corporate/institutional clients.

We optimised the mix of strategic accounts, strengthened the foundation of strategic partnerships and deepened presence in key regions including the Yangtze River Delta, Greater Bay Area, Beijing-Tianjin-Hebei Region and Chengdu-Chongqing Economic Zone. In 2024, 1,024 strategic accounts were included under the collaborative development mode, with cumulatively 137 strategic agreements currently in effect, covering 94.4% of provincial-level governments (including provinces, autonomous regions, municipalities with province and vice-province status), an increase of 5.5pt from the previous year.

We stayed focused on value growth and enhanced differentiated business management specific to customer segments. For financial institutions, we focused on their C-end customers to meet needs for wealth management; for enterprises, we expanded the scope of cooperation with central state-owned enterprises (SOEs) and industry leaders to increase the share of basic business; for government-sponsored insurance business, we strengthened "risk reduction" services to improve people's well-being. We explored a collaborative model for BBE business that integrates group-level unified planning, professional operation by subsidiaries and on-the-ground implementation by branches, stepped up development of the work-place market, diversified product line-up of employee benefits and launched dedicated brands for work-place service and technology. We achieved breakthroughs in coordination between assets and liabilities, strengthened incentive mechanisms and stepped up collaboration in capability-building, including sharing of customer resources, referrals and cross-sell to meet clients' diverse needs for insurance and financial services, and build all-around capabilities to better serve the real economy.

ESG

I. ESG management

With "building even stronger sustainable development capabilities" as one of our mid/long-term goals, and guided by CPIC ESG Programme (2023-2025), we further integrated sustainable development into our corporate values and business practices, so as to create all-around value for our stakeholders including shareholders, customers, employees, governments, regulatory bodies, partners and so on in a sustainable way.

(I) ESG vision and objectives

Continuously improve ESG governance, promote the integration of ESG philosophies into corporate values and business practice; Put in place an industry leading system of sustainable financial products and services and continuously enhance supply-side capabilities to improve the environment, people's well-being and social governance; Establish a low-carbon, energy-saving operational model, gradually reduce our own energy consumption, effectively control carbon emissions of investment portfolios; Vigorously foster ESG culture, enhance ESG branding, and improve our capability to pursue sustainable development in an all-around manner.

(II) ESG governance

We put in place a complete ESG governance structure incorporating the decision-making body, the management and the execution, with clearly defined roles and responsibilities. Meanwhile, we put in place a comprehensive ESG management system integrating management policies, professional standards and incentive mechanisms, which lays a solid foundation for ESG practices.

Board of Directors	Top decision-making body, overall oversight of ESG planning and execution, ESG strategy decision-making
Strategic and Investment Decision-Making & ESG Committee	Identify and evaluate ESG risks and important ESG issues, research and plan ESG strategy, determine ESG objectives, plans, and performance evaluation, supervise implementation of ESG plans, and promote integration of ESG philosophies into the Company's business operation and management practice
Group ESG Working Committee	Establish and improve the Group ESG management framework, management rules and work mechanisms, formulate ESG annual priorities of the Group and subsidiaries, coordinate resource-allocation, oversee/evaluate execution status of key tasks, organise and advance Group-wide ESG professional capacity-building
Group ESG Office	Coordinate the implementation of ESG-related policies, work mechanisms and professional guidelines across the entire Group and supervise execution of key ESG tasks and projects
Group functional department and subsidiaries	Implementation of ESG tasks, ESG risk mitigation and ensuring effective ESG management

II. ESG practice

Aligned with national strategies and initiatives, we fully leveraged our professional expertise and rolled out ESG actions. We successively signed the UN PRI, UN PSI, UNGC and GIP for the "Belt and Road" Initiative, adopting international standards to jointly build a sustainable ecosystem for the industry. In 2024, CPIC obtained MSCI ESG "AA" rating.

(I) Environmental

Green insurance

The Company deepened innovation in green insurance products and enhanced risk coverage in key areas and industries including new energy, green transportation, green technologies, and carbon finance, with green insurance SA exceeding RMB147 trillion for 2024. We provided catastrophe insurance, acting as the lead insurer for several local projects of SMEs in Huangpu, Shanghai and Ningbo, and proactively responded to major disasters such as the severe rainstorms in southern regions of China, and Typhoons Yagi and Bebinca, thereby contributing to China's disaster prevention; actively explored the models for new energy vehicle insurance and provided insurance coverage for over 4.6 million new energy vehicles in 2024; contributed to the development of the carbon market, and issued Shanghai's first carbon inclusion carbon-asset impairment loss insurance policy, filling the blank in carbon loss protection. We pioneered in shipping decarbonisation insurance which offered strong support to Chinese enterprises affected by the EU Carbon Border Adjustment Mechanism (CBAM). By the end of 2024, CPIC had developed a cumulative total of 34 first-of-its-kind green insurance products.

Green investment

Leveraging the advantages of insurance funds as long-term "patient capital", the Company developed green debt investment schemes, green equity investments schemes, industrial funds and portfolio-based insurance asset management products. As of the end of 2024, cumulative green investments amounted to over RMB260 billion. In 2024, CPIC and CICC Capital jointly set up and launched the Green Carbon Technology Private Equity Fund in the Greater Bay Area, which provided crucial financial support for the green transformation and upgrading of industries in the region. The Company continued to enhance its due diligence management framework, formulated and released the Guidelines for Due Diligence Management of Investment Activities (Provisional), and conducted ESG evaluation for more than 120 external asset managers. The Company also strengthened its carbon management capabilities for the asset portfolio, enhanced the functionalities of its carbon accounting system, and increased the proportion of carbon accounting coverage for assets, thereby laying a solid foundation for the gradual and orderly reduction of carbon emissions across its asset portfolio.

Green operation

We enhanced our carbon emissions data management, launched and continuously improved our independently-developed visualized operation-side carbon footprint management system; formulated the Rules on Operational Carbon Inventory to improve our carbon inventory mechanisms; guided employees toward green behaviours, formulated the Management Guidelines for Workplace Green Operations and the Implementation Measures for Green Travel Rating, conducted Company-wide green travel rating at all levels and developed the "Tan Xian Jia" employee carbon credit platform, with over 40,000 cumulative users; implemented energy-saving initiatives, promoted pilot projects for green and low-carbon demonstration parks, boosted the construction of "lights-out" factories, and introduced an internal carbon tax guidance mechanism to reduce the overall carbon emissions of our operations. We explored the development of a carbon inclusive (Tan Pu Hui) model, launched the first Tan Pu Hui platform in China's insurance industry that measures and incentivizes customer's low-carbon behaviours, which served 530,000+ users cumulatively across 333 cities nationwide.

Conservation of biodiversity

The Company is committed to biodiversity conservation through green insurance and public welfare initiatives. We innovated ecosystem carbon sink insurance, which covers ecosystems such as forests, grasslands, wetlands, etc., developed the first mangrove carbon sink clause in the country and launched China's first mangrove CCER (China

Certified Emissions Reduction) carbon sink loss insurance product; underwrote public liability insurance against damage caused by wild Asian elephants in Yunnan Province for many consecutive years; in collaboration with local forestry departments, rolled out the mechanism of “Forest Chiefs + Ancient & Rare Trees Insurance” to provide risk coverage for ancient trees; underwrote China’s first environmental relief liability insurance in Yunnan to offer dedicated protection for green peacocks’ habitats; and continued to promote the construction of the Sanjiangyuan Ecological Park Project, with over 130 hectares of land afforested and nearly 120,000 trees planted. This initiative helps to establish a “green shield” for the “China’s Water Tower”.

(II) Social

Supporting real economy

The Company strengthened research on risks throughout the entire life cycle of technology enterprises, safeguarding emerging industries such as integrated circuits, bio-pharmaceuticals, artificial intelligence and the low-altitude economy, thereby providing risk protection and financial support for the development of new quality productive forces. In 2024, it provided technology insurance service to 105,000 enterprises, with a cumulative SA exceeding 111 trillion, launched multiple industry-first products across various sectors, and achieved breakthroughs in the pilot testing of new materials and cybersecurity. It also championed the Belt and Road Initiative by actively supporting the overseas expansion of Chinese enterprises. Over the years, it has provided cumulative coverage exceeding RMB3 trillion for overseas operations and has underwritten over 1,000 projects across nearly 120 countries and regions worldwide.

Inclusive insurance

The Company continued its innovation in inclusive insurance products to enhance their coverage and affordability. As of the end of 2024, its on-going affordable critical illness insurance programmes covered 106 cities, providing coverage to over 200 million people, with total payouts exceeding RMB10 billion; its Huiminbao programmes covered 230 cities. Since its establishment in 2021, Huhuibao (the programme in Shanghai, an industry benchmark) served over 26 million policyholders and paid out a total of RMB2.0 billion in claims. We also developed products targeting low-income groups, new citizens, and those engaged in new forms of employment, including Income Loss Insurance, Occupational Injury Insurance, Employment Assistance Liability Insurance and Migrant Workers' Wage Payment Guarantee Insurance. We have been serving the Meituan platform since 2020, cumulatively issuing 490 million policies. Our exclusive Didi protection programme covered a total of 200,000 drivers in 56 cities.

Health and elderly care

The Company continued to enrich the health-related product/service system, with the total number of users of health services surpassing 10 million. We offered tailored coverage for specific demographics including "the elderly and children", individuals with pre-existing conditions and women; we innovated insurance solutions for substandard risks such as people with pulmonary nodules and breast cancer. Lan Yi Bao, our long-term medical insurance, was upgraded to industry's first long-term medical insurance with no disease restrictions and coverage of purchase of medications and medical devices outside publicly-funded hospitals. We continued to upgrade CPIC Blue Passports and Wuyou Guanjia, programmes offering fast-track services to cumulatively nearly 25 million customers who seek medical service at hospitals. We continued to expand youth health services, and the first musculoskeletal health clinic under "Qingqing Chengzhang" (a juvenile health promotion programme) went into operation, which conducted pre-school enrolment physical fitness tests for a total of 300,000 adolescents. We took an active part in pilot programmes of tax-deferred pension schemes, specialised commercial pension insurance and individual retirement account. In 2024 we recorded RMB20.15 billion in new premiums of commercial annuity, of which individual retirement account contributed RMB270 million (serving 38,000 customers). A total of 15 CPIC Home retirement communities were established in 13 cities, equipped with 8,800 beds and our rehabilitation hospitals were under construction in Xiamen, Jinan and Guangzhou. We explored home-based elderly care service under “Longevity Retreat” to meet diversified needs for elderly care.

Consumer rights protection

The Company established and continuously improved its consumer rights protection system, and CPIC P/C and CPIC Life maintained industry leadership in regulatory assessment of consumer rights protection and insurance service quality index. In 2024, it took the lead in signing the Self-Regulatory Pact on Consumer Rights and Interests sponsored by the China Insurance Association, continued to deepen the 4-tiered CPIC Service Officers system and pushed forward the construction of CPIC “Consumer Rights Protection Demonstration Zones”; developed the “CPIC Digital Middle Platform for Consumer Rights Protection” and the “NPS Customer Experience Real-time Monitoring Platform” to enhance the effectiveness of technology-enabled consumer rights protection; set up the 12378 complaint hotline, and formulated the Rules on Complaint Handling Management to standardise customer complaint-handling mechanism; and conducted multi-level financial education campaigns, established online and offline interactive financial education exhibition halls, and organized featured activities such as the “Consumer Protection County Tour” to disseminate financial knowledge among communities.

Employee rights and development

We are committed to harmonious and stable labour relations and continuously improve the remuneration, performance and promotion management system. We have formulated the Employee Code of Conduct, which clearly prohibits any form of discrimination and harassment against employees. We have established medium- and long-term benefit mechanisms such as the enterprise annuity, strictly enforced relevant regulations on leaves and holidays of employees, and strengthened work safety management. We have set up facilities such as employee centres and Mother-and-Baby rooms, and regularly organize activities including staff sports events, health check-ups, work-break exercises and psychological counselling sessions. We continuously enrich our multi-tiered talent development system by partnering with prestigious universities like Fudan University to tailor specialized training programs and courses for senior executives and young talent. As of the end of 2024, our online learning platform "CPIC Learning" offered more than 21,000 courses, organised over 22,000 live streaming sessions and served over 550,000 users. We pay special attention to the development of female employees. In 2024, we introduced the "Fang Hua Hui" brand for female employees, organizing various activities to develop a distinctive CPIC-style system for female employee engagement.

Rural invigoration

The Company continued to improve the quality and profitability of its agricultural insurance business, and developed a cumulative total of nearly 5,000 agricultural insurance products, spanning agriculture, forestry, animal husbandry and fishery. In 2024, CPIC P/C provided various agricultural risk protections worth RMB663.4 billion to 19.36 million rural households. Agricultural insurance claims benefited over 5 million households. The "Huiyan Zhiyuan" service programme of CPIC E-Agricultural Insurance was selected as a 2024 Smart Agriculture Construction Exemplary Case by the Ministry of Agriculture and Rural Affairs. We stepped up assistance to rural areas, stationed 269 employees in villages designated for priority assistance, and committed RMB17.57 million in assistance funds for rural industries, local environment and infrastructure.

Charity

We encourage participation in charitable activities by employees, customers and other stakeholders. In 2024, the Company's charitable donations totalled RMB57 million. CPIC Blue, a charitable foundation, focused on "the elderly and children", particularly those with cognitive disorders and autism. We created an accurate eye-movement early-screening model, the first of its kind in China, and set up neighbourhood brain health service stations, “Lan Zhi Jia”, to offer early testing, diagnostic assessment public education services to the elderly people. We also developed a care and support model for children with autism and their families, and launched the “Aiban Tongxing” charity project, which assisted more than 400 children in need. We further deepened the “Illuminate the Future with Responsibility “Hope Primary School brand campaign, established junior volleyball training bases, and regularly organized volleyball summer camps. In 2024, CPIC donated RMB10 million to initiate the establishment of the “Outstanding Athletes Lifetime Protection Charity Project” and exclusively underwrote the project, pioneering in the use of commercial insurance to provide lifelong pension for athletes.

(III) Governance

Corporate governance

We have put in place a governance system consisting of shareholders’ general meeting (SGM), the board of directors, the board of supervisors and senior management, with cooperation, co-ordination and checks and balances between the top authority, the decision-making body, the body responsible for oversight and that of execution. We continued to optimise our board structure to cater for diversified shareholdings by state-owned shareholders, institutional investors and the public; improved board diversity and professionalism, with the share of external directors reaching 87% and that of female directors 27%, which helped with board decision-making and the protection of minority shareholder interests. We have built an integrated risk management system. The Group’s solvency ratios have consistently stayed above the regulatory minimum levels, and our insurance subsidiaries continued to lead the industry in integrated risk rating. We fully complied with information disclosure rules, and continued to improve the quality of information disclosure, with an A rating in information disclosure evaluation by the SSE for 11 consecutive years.

Anti-corruption

We enforced internal rules such as Interim Provisions on Anti-fraud Work and Measures for Accountability for Employee Misconduct, and further enhanced the procedures for whistle-blowing, investigation, handling, reporting and accountability for malpractice or violations of the law. The Group's internal audit covers all levels, with 100% coverage of senior management every three years. We implemented the 3-year Action Plan (2023-2025) for Clean Culture, and released the Negative List of Employee Conduct. We carried out anti-corruption and integrity advocacy campaigns and training sessions, rolled out the "Qing Feng Tai Bao (CPIC Clean Culture)" learning platform and designated 7 September each year as the CPIC Compliance Day to conduct annual awareness campaign. All our employees signed the Integrity Commitment Statements (2024 edition).

ESG risk management

The Company continued to improve its ESG risk management system, incorporating ESG-related requirements into the Risk Management Policy and the 2024 risk appetite framework; conducted climate scenario analysis and stress testing, integrating international scenario models such as IPCC with local meteorological data, to explore the development of medium- and long-term climate physical risk analysis models, thereby enhancing the capability to quantify and manage climate risks; and actively utilized catastrophe models to assess the impact of natural disasters such as typhoons, heavy rains, and earthquakes on insured subject, strengthening disaster early warning functions and improving disaster prevention and loss mitigation capabilities.

Data security

We take data security very seriously, established the Steering Committee for Cyber-security and IT to coordinate data security management efforts; drafted and revised a series of policies, including the Provisional Regulations on Data Security, Rules on Information Security Management of Application Systems, Data Leakage Prevention Measures and Cyber-security Incident Emergency Response Plan, and specified the security management requirements and emergency response plans for data collection, storage and processing, etc.; actively conducted data security training and cyber-security awareness training for all employees, with attendance by 863,000 people cumulatively in 2024; and organised training on development of security certificates and relevant skills for specialists, and carried out regular drills of emergency response plans. In 2024, we received no administrative penalty due to any breach of rules on customer information security.

Supply chain management

The Company continued to improve its procurement and supplier management mechanism and implemented regulations such as the Provisions on Supplier Management, Provisional Guidelines for Supply Chain ESG Management, etc., regularly conducted supplier audits and due diligence to ensure sound supplier management; strengthened supplier data security management, requiring all suppliers to strictly comply with its information security policies, regulations, and information security management requirements. In 2024, all CPIC partners signed the Anti-Commercial Bribery Agreement and Security and Confidentiality Agreement. We are committed to increasing the share of energy-saving and environment-friendly products in purchase, and put forward clear requirements on supplier ISO 14001 (environmental management system) certification and product energy consumption levels, utilising our digital platform “E-procurement”.

For further details, please refer to the 2024 Sustainable Development Report of China Pacific Insurance (Group) Co., Ltd. to be disclosed on the websites of the SSE (www.sse.com.cn), the SEHK (www.hkexnews.hk), the LSE (www.londonstockexchange.com) and the Company (www.cpic.com.cn).

Analysis of specific items

I. Consolidated income statement

Unit: RMB million

For 12 months ended 31 December	2024	2023	Main reasons for the changes
CPIC Life	35,821	19,532	Increase in investment income and gains arising from changes in fair value
CPIC P/C	7,376	6,575	Increase in investment income and gains arising from changes in fair value
CPIC Group and eliminations, etc.	1,763	1,150	Increase in investment income and gains arising from changes in fair value
Net profit attributable to shareholders of the parent	44,960	27,257	Increase in investment income and gains arising from changes in fair value

II. Liquidity analysis

(I) Cash flow statement

Unit: RMB million

For 12 months ended 31 December	2024	2023	Changes (%)
Net cash flows from operating activities	154,404	137,863	12.0
Net cash flows used in investing activities	(209,900)	(161,357)	30.1
Net cash flows from financing activities	61,336	3,294	1,762.1
Effects of exchange rate changes on cash and cash equivalents	93	131	(29.0)
Net increase/(decrease) in cash and cash equivalents	5,933	(20,069)	(129.6)

Net cash flows from operating activities increased by 12.0% for the year ended 31 December 2024, amounted to RMB154.404 billion, mainly attributable to rise in cash received as premiums under insurance contracts issued.

Net cash flows used in investing activities increased by 30.1% for the year ended 31 December 2024, amounted to RMB209.900 billion, mainly attributable to increase in cash paid to acquire investments.

Net cash flows from financing activities increased by 1,762.1% for the year ended 31 December 2024, amounted to RMB61.336 billion, mainly attributable to securities sold under agreements to repurchase which was net decrease during the year ended 31 December 2023 and net increase during the same period of 2024.

(II) Gearing ratio

	31 December 2024	31 December 2023	Changes
Gearing ratio (%)[note]	89.7	89.4	0.3pt

Note: Gearing ratio = (total liabilities + non-controlling interests)/total assets.

(III) Liquidity analysis

We centralise liquidity management including that of our subsidiaries at the Group level. As the parent company, our cash flows mainly stem from dividends from our subsidiaries and gains from our own investment activities.

Our liquidity mainly comes from premiums, net investment income, sales or maturity of financial assets and cash from financing activities. The demand for liquidity primarily arises from surrenders, reduction in sum assured or other forms of earlier termination of insurance contracts, insurance claims or benefit pay-outs, payment of dividends to shareholders and cash required for daily operation.

We normally record net cash inflows from our operating activities due to growing premium income. Meanwhile, adhering to ALM, and in line with our SAA, we would maintain an appropriate level of allocation in highly liquid assets to meet liquidity requirement.

Financing abilities also form a major part of our liquidity management. We have access to additional liquidity through securities repurchase arrangement and other financing arrangements.

We believe that our current liquidity level is sufficient for our needs in the foreseeable future.

III. Items concerning fair value accounting

The financial instruments measured at fair value are detailed in notes XIV and XV of the financial statements.

IV. Structured entities controlled by the Group

The structured entities controlled by the Group are detailed in note V-2 of the financial statements.

V. Significant changes of key financial indicators and reasons for such changes

Unit: RMB million

	31 December 2024/2024	31 December 2023/2023	Changes (%)	Main reasons
Total assets	2,834,907	2,343,962	20.9	Business expansion
Total liabilities	2,516,426	2,076,258	21.2	Business expansion
Total equity	318,481	267,704	19.0	Profit for the period, change in fair value of financial investments at fair value through other comprehensive income and issuing bonds
Operating profit	55,711	32,060	73.8	Increase in investment income and gains arising from changes in fair value
Net profit attributable to shareholders of the parent	44,960	27,257	64.9	Increase in investment income and gains arising from changes in fair value

VI. Solvency

As per regulatory requirements, we calculate and disclose our core capital, actual capital, minimum required capital and solvency margin ratios. As at 31 December 2024, the solvency margin ratios of the Group, CPIC Life, CPIC P/C, CPIC Health, and CPIC Anxin Agricultural were all above regulatory minimum levels.

Unit: RMB million

	31 December 2024	31 December 2023	Reasons for change
CPIC Group			
Core capital	358,078	303,908	Change in interest rate, capital market fluctuation, profit for the period, and bond issuance by subsidiaries
Actual capital	503,745	456,938	Change in interest rate, capital market fluctuation, profit for the period, and bond issuance by subsidiaries
Minimum required capital	197,079	178,017	Growth of insurance business and changes to asset allocation
Core solvency margin ratio (%)	182	171	
Comprehensive solvency margin ratio (%)	256	257	

Unit: RMB million

	31 December 2024	31 December 2023	Reasons for change
CPIC Life			
Core capital	213,418	173,981	Change in interest rate, capital market fluctuation, profit for the period, and issuance of bond
Actual capital	345,510	312,005	Change in interest rate, capital market fluctuation, profit for the period, and issuance of bond
Minimum required capital	164,313	148,723	Growth of insurance business and changes to asset allocation
Core solvency margin ratio (%)	130	117	
Comprehensive solvency margin ratio (%)	210	210	
CPIC P/C			
Core capital	58,153	47,415	Change in interest rate, capital market fluctuation and profit for the period
Actual capital	70,698	61,775	Change in interest rate, capital market fluctuation and profit for the period
Minimum required capital	31,852	28,898	Growth of insurance business and changes to asset allocation
Core solvency margin ratio (%)	183	164	
Comprehensive solvency margin ratio (%)	222	214	
CPIC Health			
Core capital	3,294	3,134	Change in interest rate, capital market fluctuation and profit for the period
Actual capital	4,040	3,488	Change in interest rate, capital market fluctuation and profit for the period
Minimum required capital	1,716	1,352	Growth of insurance business and changes to asset allocation
Core solvency margin ratio (%)	192	232	
Comprehensive solvency margin ratio (%)	235	258	
CPIC Anxin Agricultural			
Core capital	2,868	2,836	Change in interest rate, capital market fluctuation and profit for the period
Actual capital	3,153	3,128	Change in interest rate, capital market fluctuation and profit for the period
Minimum required capital	940	831	Growth of insurance business and changes to asset allocation
Core solvency margin ratio (%)	305	341	
Comprehensive solvency margin ratio (%)	335	376	

Please refer to the summaries of solvency reports (excerpts) published on the websites of SSE (www.sse.com.cn), SEHK (www.hkexnews.hk), LSE (www.londonstockexchange.com) and the Company (www.cpic.com.cn) for more information about the solvency of CPIC Group and its main insurance subsidiaries.

VII. Insurance contract liabilities

Insurance contract liabilities of the Company consist of liability for remaining coverage (LRC) and liability for incurred claims (LIC). LRC comprises "excluding loss component" and "loss component".

As at 31 December 2024, the remaining balance of LRC amounted to RMB2,124.017 billion, representing an increase of 19.5% from the end of 2023. The remaining balance of LIC amounted to RMB105.497 billion, up by 10.8% from the end of 2023. The rise in insurance contract liabilities was mainly caused by business growth and accumulation of insurance liabilities.

Unit: RMB million

	31 December 2023	Change during the period	31 December 2024
Total insurance contract liabilities	**1,872,620**	**356,894**	**2,229,514**
Liabilities for remaining coverage	1,777,394	346,623	2,124,017
Excluding loss component	1,761,400	348,447	2,109,847
Loss component	15,994	(1,824)	14,170
Liabilities for incurred claims	95,226	10,271	105,497
Total insurance contract liabilities	**1,872,620**	**356,894**	**2,229,514**
Component not measured by PAA	1,747,109	345,440	2,092,549
Component measured by PAA	125,511	11,454	136,965

VIII. Reinsurance business

We determine retained insured amounts and reinsurance ratio according to insurance regulations and our business development and risk management needs. To lower the concentration risk of reinsurance, we also entered into reinsurance agreements with various industry-leading reinsurance companies. The criteria for the selection of reinsurance companies include their financial strength, professional expertise, service level, claims settlement efficiency and price. Generally speaking, we prefer domestic and overseas reinsurance/insurance companies with proven records and in compliance with regulatory regulations, including international reinsurance companies with ratings of A– or above. Our reinsurance partners mainly include China Reinsurance (Group) Corporation and its subsidiaries, i.e., China Property & Casualty Reinsurance Company Ltd. and China Life Reinsurance Company Ltd., Swiss Reinsurance Company Ltd and Munich Reinsurance Company.

IX. Main subsidiaries & associates and equity participation

As of the end of the reporting period, the Company's main subsidiaries, associates and equity participation are set out as below:

Unit: RMB million

Company	Main business scope	Registered capital	Group shareholding[note 2]	Total assets	Net assets	Net profit
China Pacific Property Insurance Co., Ltd.	Property indemnity insurance; liability insurance; credit and guarantee insurance; short-term health and accident insurance; reinsurance of the above said insurance; insurance funds investment as approved by relevant laws and regulations; other business as approved by CBIRC.	19,948	98.5%	231,400	62,941	7,376
China Pacific Life Insurance Co., Ltd.	Personal lines insurance including life insurance, health insurance, accident insurance, etc. denominated in RMB or foreign currencies; reinsurance of the above said insurance; statutory life/health insurance; agency and business relationships with domestic and overseas insurers and organisations, loss adjustment, claims and other business entrusted from overseas insurance organisations; insurance funds investment as prescribed by Insurance Law of the PRC and relevant laws and regulations; international insurance activities as approved; other business as approved by CBIRC.	8,628	98.3%	2,481,877	168,156	35,821
Changjiang Pension Insurance Co., Ltd.	Group pension and annuity business; individual pension and annuity business; short-term health insurance; accident insurance; reinsurance of the aforementioned business; outsourced money management business denominated in RMB or foreign currencies for the purpose of elderly provisions; asset management of capital denominated in RMB or foreign currencies; advisory business pertaining to asset management; other business as approved by NFRA; other business as approved by as allowed by other departments of the State Council.	3,000	61.1%	6,594	4,258	343

Unit: RMB million

Company	Main business scope	Registered capital	Group shareholding[note 2]	Total assets	Net assets	Net profit
Pacific Asset Management Co., Ltd.	Asset management of capital and insurance funds; outsourcing of fund management; advisory services relating to asset management; other asset management business as allowed by the PRC laws and regulations.	2,100	99.7%	5,526	4,771	681
Pacific Health Insurance Co., Ltd.	Health and accident insurance denominated in RMB yuan or foreign currencies; health insurance sponsored by the government or supplementary to state medical insurance policies; reinsurance of the above said insurance; health insurance-related advisory and agency business; insurance funds investment as approved by relevant laws and regulations; other business as approved by CBIRC.	3,600	99.7%	10,010	3,363	91
Pacific Anxin Agricultural Insurance Co., Ltd.	Agricultural insurance; property indemnity insurance; liability insurance; statutory liability insurance; credit and guarantee insurance; short-term health insurance and accident insurance; property insurance relating to rural areas and farmers; reinsurance of the above said insurance; insurance agency business.	1,080	66.8%	6,116	3,099	141
CPIC Fund Management Co., Ltd.	Fund management business; the launch of mutual funds and other business as approved by competent authorities of the PRC.	150	50.8%	1,047	817	115

Notes:

1. Figures for companies in the table are on an unconsolidated basis. For other information pertaining to the Company's main subsidiaries, associates or invested entities, please refer to "Review and analysis of operating results" of this report, and "Scope of consolidation" and "Long-term equity investments" in Notes of the Financial Report.

2. Figures for Group shareholding include direct and indirect shareholdings.

X. Top five customers

During the reporting period, the top 5 customers accounted for approximately 0.52% of the Company's income, and none of them constituted Related Parties of the Company.

Given its business nature, the Company does not have any supplier that is directly related to its business.

XI. Seizure, attachment, and freeze of major assets or their pledge as collateral

The Company's assets are mainly financial assets. The repurchase of bonds forms part of the Company's day-to-day securities investment activities, and as of the end of the reporting period, no abnormality was detected.

Outlook

I. Market environment and business plan

In 2025, the market environment remains complex and challenging, with profound changes reshaping global landscape. China's economic recovery stays on track in spite of multiple challenges, and its long-term prospects remain positive. Last year, the resolution of the Third Plenary Session of the 20th CPC Central Committee mentioned "insurance" 13 times, while the State Council issued Guidelines on Strengthening Supervision, Preventing Risks and Promoting High-Quality Development of the Insurance Industry. In the medium to long term, the foundation of high-quality development of the industry remains intact, with insurance playing an increasingly important part in China's modernisation drive. The industry's pursuit of transformation creates an important window of opportunity of high-quality development. In particular, major national initiatives such as the building of the modern industrial system will sustain long-term growth of the industry; as population aging accelerates, there will be growing demand for a multi-tiered social security system, which creates strategic opportunities for private insurance and pension. The insurance sector will play an even more important role in China's health and elderly care system. The tightening of financial regulation and the priority assigned to risk prevention would pave the way for high-quality development, push for the return to the basics of the industry and rationalise the competitive landscape, which will help with long-term, healthy development of China's insurance market, especially the leading players.

Going forward, the Company will persist in New Development Philosophies, and move firmly toward the vision of "a top-notch insurance financial group with global influence". It will strengthen core functions, enhance core competitiveness, particularly with regard to capabilities in CRM, ALM, collaborative development and risk control; enhance capabilities to serve national strategies, secure market standings, improve risk management and further cement the foundation of high-quality development.

II. Major risks and mitigating measures

In 2025, the international landscape remains complex and challenging. China's economic recovery is on track, but still faces the risk of disruption of the external environment and the downward pressure during the transition of growth drivers. The new "10-Point Guidelines" called for tightening of regulation to forestall major risks and consider it as the precondition of high-quality development. A host of measures have been taken to push for return to the basics of the industry and high-quality development. However, there is mounting pressure on matching assets and liabilities amid the decline of interest rates; extreme weather events and natural disasters will drive up the combined ratio of P/C insurance business; pilot programmes of insurance fund investment and use of new technologies require more effective risk management.

In the face of such risks, we will stay prudent in our risk appetite to pursue high-quality development based on effective risk control. We'll carefully handle risks and uncertainties in our business operation and leverage insurance as a "cushion of economic shocks" and a "social stabiliser". To this end, first, we'll adhere to value growth, enhance the constraint of risk appetite for business development and maintain high ratings at regulatory evaluation; second, focus on key risk areas, adopt a "look-through" approach, improve coordination in control of major risks to solidify the "lines of defence"; third, enhance digitalisation and use of AI technology, roll out on-line systems for risk identification, risk assessment, risk monitoring and risk early warning, so as to improve the effectiveness of forward-looking risk management in an all-around way.

Embedded value

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

The table below shows the Group Embedded Value of CPIC Group as at 31 December 2024, and the value of one year's sales of CPIC Life in the 12 months to 31 December 2024 at a risk discount rate of 8.5%.

Unit: RMB million

Valuation Date	31 December 2024	31 December 2023[note 2]
Group Adjusted Net Worth	**349,175**	**291,519**
Adjusted Net Worth of CPIC Life	**205,247**	**159,919**
Value of In Force Business of CPIC Life Before Cost of Required Capital Held	227,935	247,499
Cost of Required Capital Held for CPIC Life	(11,345)	(5,391)
Value of In Force Business of CPIC Life After Cost of Required Capital Held	216,590	242,108
CPIC Group's Equity Interest in CPIC Life	98.29%	98.29%
Value of In Force Business of CPIC Life After Cost of Required Capital Held attributable to the shareholders of CPIC Group	**212,892**	**237,974**
Group Embedded Value	**562,066**	**529,493**
CPIC Life Embedded Value	421,837	402,027

Valuation Date	31 December 2024	31 December 2024 (Unadjusted[note 3])	31 December 2023[note 2]
Value of One Year's Sales of CPIC Life Before Cost of Required Capital Held	14,824	19,352	12,672
Cost of Required Capital Held	(1,566)	(2,070)	(1,710)
Value of One Year's Sales of CPIC Life After Cost of Required Capital Held	**13,258**	**17,282**	**10,962**

Notes:

1. Figures may not be additive due to rounding.
2. Results in column "31 December 2023" are those reported in the 2023 annual report.
3. "Unadjusted" refers to results before adjusting economic assumptions by the end of 2024, where the investment returns for long term business are assumed to be 4.5% and 4.5% thereafter, and the risk discount rate is 9.0%.

The Group Adjusted Net Worth represents the shareholder net equity of the Company, inclusive of adjustments of the value of certain assets to market value and adjusted for the relevant differences, such as difference between reserves and policy liabilities valued under "Appraisal of Embedded Value" standard published by the CAA. It should be noted that the Group Adjusted Net Worth incorporates the shareholder net equity of the Company as a whole (including CPIC Life and other operations of the Company), and the value of in force business and the value of one year's sales are of CPIC Life only. The Group Embedded Value also does not include the value of in force business that is attributable to minority shareholders of CPIC Life.

New Business Volumes and Value of One Year's Sales

The table below shows the volume of new business sold in terms of first year annual premium and value of one year's sales of CPIC Life after cost of required capital held based on before adjusting economic assumptions by the end of 2024.

Unit: RMB million

	First Year Annual Premium (FYAP)		Value of One Year's Sales After Cost of Required Capital Held	
	2024	2023	2024 (Unadjusted[note])	2023
Total	**78,972**	**82,402**	**17,282**	**10,962**
Of which: Agency channel	35,287	30,750	12,435	9,069
Bancassurance channel	28,104	33,291	4,354	1,854

Note: "Unadjusted" refers to results before adjusting economic assumptions by the end of 2024, where the investment returns for long term business are assumed to be 4.5% and 4.5% thereafter, and the risk discount rate is 9.0%.

Analysis of change in embedded value

The following table shows the change in the Group Embedded Value from 31 December 2023 to 31 December 2024.

Unit: RMB million

No.	Item	Value	Comments
1	**Embedded Value of the life business at 31 December 2023**	**402,027**	
2	Expected Return on Embedded Value	28,777	Expected returns on the 2023 embedded value of CPIC Life and the value of one year's sales of CPIC Life in 2024
3	Value of One Year's Sales	13,258	Value of one year's sales in respect of new business written in the 12 months prior to 31 December 2024
4	Investment Experience Variance	26,713	Reflects the difference between actual and assumed investment return in 2024

Unit: RMB million

No.	Item	Value	Comments
5	Operating Experience Variance	5,411	Reflects the difference between actual and assumed operating experience
6	Change in methodology, assumptions and models	(64,328)	Reflects assumption and methodology changes, together with model enhancements
7	Diversification effects	2,344	Changes in diversification benefits on cost of required capital from new business and different business mix
8	Change in market value adjustment	14,487	Reflects the change in value of certain assets not valued on a market value basis
9	Shareholder Dividends	(6,989)	Shareholder dividends distributed to shareholders of CPIC Life
10	Others	136	
11	**Embedded Value of the life business at 31 December 2024**	**421,837**	
12	**Adjusted net worth of businesses other than CPIC Life as at 31 December 2023**	**138,559**	
13	Change in Adjusted Net Worth before payment of shareholder dividends to shareholders of CPIC Group	22,537	
14	Shareholder dividends	(9,813)	Dividend distributed to shareholders of CPIC Group
15	Change in market value adjustment	857	Reflects the change in value of assets not valued on a market value basis
16	**Adjusted net worth of businesses other than CPIC Life as at 31 December 2024**	**152,140**	
17	Minority interests relating to equity and market value adjustments	(11,911)	Minority interests on Embedded Value as at 31 December 2024
18	**Group Embedded Value as at 31 December 2024**	**562,066**	
19	**Embedded Value as at 31 December 2024 per share (RMB)**	**58.42**	

Note: Figures may not be additive due to rounding.

Compliance of the Corporate Governance Code

During the reporting period, the Company has complied with all the code provisions set out in Part 2 of Corporate Governance Code and substantially all of the recommended best practices in Part 2 of the Corporate Governance Code except for the deviation from code provision C.1.6. Pursuant to code provision C.1.6, generally, independent non-executive directors and other non-executive directors should attend general meetings to gain and develop a balanced understanding of the views of shareholders. Mr. WU Junhao, the non-executive Director, did not attend the first extraordinary general meeting of 2024 of the Company due to other business arrangements. Mr. ZHAO Yonggang, the executive Director, did not attend the second extraordinary general meeting of 2024 of the Company due to other business arrangements. However, there were sufficient Directors, including executive Directors, independent non-executive Directors and non-executive Directors, present to enable the Board to develop a balanced understanding of the views of the shareholders.

Note: In February 2024, Mr. WU Junhao ceased to serve as a non-executive Director of the Company due to expiration of his term of office.

Purchase, redemption or sale of the Company's listed securities

During the reporting period, neither the Company nor its subsidiaries purchased, sold or redeemed any listed securities of the Company (including any treasury shares). As at the end of the reporting period, the Company did not hold any treasury shares.

Proposed final dividend

On 26 March 2025, the Board recommended annual cash dividend of RMB1.08 per share (tax included), amounting to RMB10,389,968,771.40 in aggregate. The proposed profit distribution is subject to the approval of shareholders at the 2024 annual general meeting of the Company ("AGM"). If approved, it is expected that the payment of the final dividend will be made on or about 18 July 2025 to the shareholders.

Withholding of dividend income tax

Pursuant to the applicable provisions of the Enterprise Income Tax Law of the People's Republic of China (PRC) and its implementation rules enacted in 2008, the Company is required to withhold and pay 10% of corporate income tax when it distributes the final dividend to H Share shareholders eligible for the proposed final dividend.

Pursuant to the applicable provisions of the Individual Income Tax Law of the PRC and its implementation rules and confirmed by the relevant tax authorities in the PRC after consulting with them by the Company, the Company will withhold and pay individual income tax at the tax rate of 10% when it distributes the final dividend to H Share shareholders eligible for the proposed final dividend. However, if it is otherwise stated in the tax regulations and relevant tax treaties, the Company will withhold and pay individual income tax in accordance with the required tax rate and procedures set out in the relevant regulations and treaties. If the applicable dividend tax rate is less than 10%, the individual H Share shareholders are entitled to apply for refund of the over-deducted amount on their own or appoint an agent to act on their behalf according to the tax treaty entered into between their countries of domicile and the PRC and the regulations of the relevant PRC tax authorities.

The Company will withhold and pay the enterprise income tax as well as the individual income tax as required by law. The Company assumes no responsibility and disclaims all liabilities whatsoever in relation to the tax status or tax treatment of the individual H Share shareholders and for any claims arising from any delay in or inaccurate determination of the tax status or tax treatment of the individual H Share shareholders or any disputes over the withholding and payment mechanism or arrangements.

Withholding of Income Tax for Holders of H Shares via the Hong Kong Stock Connect

Pursuant to the Notice on Relevant Taxation Policies Concerning the Pilot Inter-connected Mechanism for Trading on the Shanghai Stock Market and the Hong Kong Stock Market (Cai Shui [2014] No. 81) (《財務部、國家稅務總局、證監會關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號)) promulgated on 17 November 2014:

- In respect of the dividends received by mainland individual investors who invest in the H shares of the Company via the Shanghai-Hong Kong Stock Connect Program, the Company will withhold individual income tax at the rate of 20%. Individual investors may, by producing valid tax payment proofs, apply to the competent tax authority of China Securities Depository and Clearing Company Limited for tax credit relating to the withholding tax already paid abroad. In respect of the dividends received by Mainland securities investment funds that invest in the H shares of the Company via the Shanghai-Hong Kong Stock Connect Program, the Company will withhold individual income tax in the same way as the foregoing requirements;
- In respect of the dividends received by mainland corporate investors that invest in the H shares of the Company via the Shanghai-Hong Kong Stock Connect Program, the Company will not withhold any income tax from the dividend and the mainland corporate investors shall file the tax returns on their own.

Pursuant to the Notice on Relevant Taxation Policies Concerning the Pilot Interconnected Mechanism for Trading on the Shenzhen Stock Market and the Hong Kong Stock Market (Cai Shui [2016] No. 127) (《財務部、國家稅務總局、證監會關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)) implemented on 5 December 2016:

- In respect of the dividends received by mainland individual investors who invest in the H shares of the Company via the Shenzhen-Hong Kong Stock Connect Program, the Company will withhold individual income tax at the rate of 20%. Individual investors may, by producing valid tax payment proofs, apply to the competent tax authority of China Securities Depository and Clearing Company Limited for tax credit relating to the withholding tax already paid abroad. In respect of the dividends received by mainland securities investment funds that invest in the H shares of the Company via the Shenzhen-Hong Kong Stock Connect Program, the Company will withhold individual income tax in the same way as the foregoing requirements;
- In respect of the dividends received by mainland corporate investors that invest in the H shares of the Company via the Shenzhen-Hong Kong Stock Connect Program,

the Company will not withhold any income tax from the dividend and the mainland corporate investors shall file the tax returns on their own.

Withholding of Income Tax for Holders of A Shares via the Shanghai Stock Connect

For investors of the Hong Kong Stock Exchange (including enterprises and individuals) investing in the A shares of the Company listed on SSE (the "Shanghai Stock Connect"), the dividends received by them will be distributed in RMB by the Company through the Shanghai Branch of China Securities Depository and Clearing Corporation Limited as the nominee account holding such A shares. Pursuant to the Notice on Relevant Taxation Policies Concerning the Pilot Inter-connected Mechanism for Trading on the Shanghai Stock Market and the Hong Kong Stock Market (Cai Shui [2014] No. 81) (《財務部、國家稅務總局、證監會關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號)), the Company will withhold income tax at the rate of 10% on behalf of those investors and will undertake the reporting procedures on the tax withholding and payment with the tax authorities, and the after-tax cash dividend will be RMB0.972 per share. For investors of Shanghai Stock Connect who are tax residents of other countries and whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of lower than 10%, those enterprises and individuals may apply to the competent tax authorities for the entitlement of the rate under such tax treaty. Upon approval by the tax authorities, the amount paid in excess of the tax payable based on the tax rate according to such tax treaty will be refunded.

All investors should read this announcement carefully. Shareholders are recommended to consult their tax advisors on the PRC, Hong Kong and other tax effects regarding their holding and disposing of H shares of the Company.

The eligibility for attending the AGM and eligibility for proposed final dividend and closure of H share register of members

The Company will announce further details in relation to the eligibility for attending the AGM, the eligibility for the proposed final dividend and the closure of register of member for H Shares after the arrangement of AGM is finalised.

The Company will announce details on A Share shareholders' qualification for attending the annual general meeting and the payment of the final dividend for the year 2024 to A Share shareholders on SSE.

Review of accounts

The audit and related party transactions control committee of the Company has reviewed the principal accounting policies of the Company and the audited financial statements for the year ended 31 December 2024 in the presence of internal and external auditors.

Publication of results on the websites of SEHK and the Company

The annual report of the Company for the year ended 31 December 2024 will be published on the websites of SEHK (www.hkexnews.hk) and the Company (www.cpic.com.cn) in due course.

DEFINITIONS

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

"The Company", "the Group", "CPIC" or "CPIC Group"	China Pacific Insurance (Group) Co., Ltd.
"CPIC Life"	China Pacific Life Insurance Co., Ltd., a subsidiary of China Pacific Insurance (Group) Co., Ltd.
"CPIC P/C"	China Pacific Property Insurance Co., Ltd., a subsidiary of China Pacific Insurance (Group) Co., Ltd.
"CPIC AMC"	Pacific Asset Management Co., Ltd., a subsidiary of China Pacific Insurance (Group) Co., Ltd.
"CPIC HK"	China Pacific Insurance Co., (H.K.) Limited, a wholly-owned subsidiary of China Pacific Insurance (Group) Co., Ltd.
"Changjiang Pension"	Changjiang Pension Insurance Co., Ltd., a subsidiary of China Pacific Insurance (Group) Co., Ltd.
"CPIC Fund"	CPIC Fund Management Co., Ltd., a subsidiary of China Pacific Insurance (Group) Co., Ltd.
"CPIC Anxin Agricultural"	Pacific Anxin Agricultural Insurance Co., Ltd., a subsidiary of China Pacific Insurance (Group) Co., Ltd.
"CPIC Health"	Pacific Health Insurance Co., Ltd., a subsidiary of China Pacific Insurance (Group) Co., Ltd.
"CPIC Capital"	CPIC Capital Company Limited, a subsidiary of China Pacific Insurance (Group) Co., Ltd.
"CPIC Technology"	Pacific Insurance Technology Co., Ltd., a wholly-owned subsidiary of China Pacific Insurance (Group) Co., Ltd.
"CPIC Life (HK)"	China Pacific Life Insurance (H.K.) Company Limited, a subsidiary of China Pacific Insurance (Group) Co., Ltd.
"CPIC Investment (HK)"	CPIC Investment Management (H.K.) Company Limited, a subsidiary of China Pacific Insurance (Group) Co., Ltd.
"C-ROSS II"	China Risk Oriented Solvency System Phase II

"CBIRC"	Former China Banking and Insurance Regulatory Commission
''NFRA"	National Financial Regulatory Administration
"CSRC"	China Securities Regulatory Commission
"SSE"	Shanghai Stock Exchange
"SEHK"	The Stock Exchange of Hong Kong Limited
"LSE"	London Stock Exchange
"PRC GAAP"	China Accounting Standards for Business Enterprises issued by Ministry of Finance of the People's Republic of China, and the application guide, interpretation and other related regulations issued afterwards
"New Accounting Standards"	The Accounting Standard for Business Enterprises Nos. 22, 23, 24, 37 and 25 promulgated and revised by the Ministry of Finance of the People's Republic of China in 2017 and 2020 sequentially
"Articles of Association"	The articles of association of China Pacific Insurance (Group) Co., Ltd.
"Hong Kong Listing Rules"	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Model Code for Securities Transactions"	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
"Corporate Governance Code"	Corporate Governance Code as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"SFO"	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Substantial Shareholder"	Has the meaning given to it under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being a person who has an interest in the relevant share capital of the Company, the nominal value of which is equal to or more than 5% of the nominal value of the relevant share capital of the Company
"GDR"	Global depositary receipts
"ESG"	Environmental, Social and Governance
"RMB"	Renminbi
"pt"	Percentage point

By Order of the Board
China Pacific Insurance (Group) Co., Ltd.
FU Fan
Chairman

Hong Kong, 26 March 2025

As at the date of this announcement, the Executive Directors of the Company are Mr. FU Fan and Mr. ZHAO Yonggang; the Non-executive Directors are Mr. HUANG Dinan, Mr. WANG Tayu, Mr. CHEN Ran, Mr. ZHOU Donghui, Mr. XIE Weiqing, Ms. LU Qiaoling, Mr. CAI Qiang, John and Mr. John Robert DACEY; and the Independent Non-executive Directors are Ms. LIU Xiaodan, Ms. LAM Tyng Yih, Elizabeth, Ms. LO Yuen Man, Elaine, Mr. CHIN Hung I David and Mr. JIANG Xuping.

CHINA PACIFIC INSURANCE (GROUP) CO., LTD.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

Contents

Auditor's Report

Ernst & Young Hua Ming (2025) Shen Zi No. 70015004_B01
China Pacific Insurance (Group) Co., Ltd.

To the shareholders of China Pacific Insurance (Group) Co., Ltd.,

(I) Opinion

We have audited the accompanying financial statements of China Pacific Insurance (Group) Co., Ltd. (hereinafter "CPIC"), which comprise the consolidated and company balance sheets as at 31 December 2024, the consolidated and company income statements, the consolidated and company statements of changes in equity and the consolidated and company cash flow statements for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company's financial position of CPIC as at 31 December 2024, and the consolidated and company's financial performance and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises ("CASs").

(II) Basis for opinion

We conducted our audit in accordance with China Standards on Auditing ("CSAs"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of CPIC in accordance with China Code of Ethics for Certified Public 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.

(III) Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the 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.

(III) Key audit matters (continued)

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the 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 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 financial statements.

Key audit matter	How our audit addressed the key audit matter
Valuation of insurance contract liabilities	
As at 31 December 2024, the carrying amount of CPIC's insurance contract liabilities was RMB 2,229.5 billion, representing 89% of the total liabilities. We identified the valuation of insurance contract liabilities as a key audit matter, as it requires significant estimations and judgements. The valuation of insurance contract liabilities involves significant judgements and estimates over the level of aggregation of insurance contracts, the appropriateness of the measurement approach, the determination of coverage units and the uncertain future cash flows.	With the support of our internal experts, we performed relevant audit procedures, which mainly included the following: • Reviewed CPIC's accounting policies in relation to the valuation of insurance contract liabilities, including tests of significant insurance risk, the level of aggregation, recognition and valuation of insurance contracts, etc. • Understood, evaluated and tested the management's design and operating effectiveness of relevant internal controls over the valuation of insurance contract liabilities, 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 insurance contract liabilities. • Tested the completeness and accuracy of the underlying data used in the valuation of insurance contract liabilities.

(III) Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of insurance contract liabilities (continued)	
The valuation of insurance contract liabilities also involves the application of complex actuarial models, and a high degree of judgement and estimation is used by management in determining assumptions as well. Key assumptions used in measuring insurance contract liabilities include mortality, morbidity, surrender rates, discount rates, expenses assumptions, loss ratios, policy dividends assumptions and risk adjustment for non-financial risk, etc. Relevant disclosures are included in Note III 20, Note III 30, Note VI 24 and Note XII 1 of the financial statements.	• Evaluated key assumptions used in the valuation of insurance contract liabilities by comparison with CPIC's historical data and applicable industry experiences and considering the reasonableness of the relevant management's judgements. • Assessed the appropriateness of the valuation approaches of insurance contract liabilities, reviewed by performing procedures such as independent recalculation of insurance contract liabilities of selected major typical insurance products or groups of insurance contracts. • Evaluated the overall reasonableness of the insurance contract liabilities by analysing the movements of insurance contract liabilities during the reporting period and assessing the impact of key changes.

(III) Key audit matters (continued)

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Valuation of level 3 investments measured at fair value</td></tr>
<tr><td>As at 31 December 2024, the carrying amount of CPIC's level 3 investments measured at fair value was RMB 559.5 billion, representing 20% of the total assets.

We identified the valuation of level 3 investments 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. The valuation involved significant management judgement and the inherent risk in relation to the valuation of level 3 investments measured at fair value was considered significant.

Relevant disclosures are included in Note III 28, Note III 30 and Note XV to the financial statements.</td><td>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.

• The audit procedures related to the measurement of level 3 investments measured at fair value:

− Assessed valuation model methodologies against industry practice and valuation guidelines;
− Compared assumptions used against appropriate public third party pricing sources such as public stocks price and bond yields;
− Performed independent check of the valuation results of selected illiquid investments by using inputs from external sources that were not directly observable.</td></tr>
</table>

(IV) Other information

The management of CPIC is responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor’s report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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.

(V) Responsibilities of the management and those charged with governance for the financial statements

The management of CPIC is responsible for the preparation and fair presentation of the financial statements in accordance with CASs, and for designing, implementing and maintaining such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing CPIC’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 management either intends to liquidate CPIC or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing CPIC’s financial reporting process.

(VI) Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are generally 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 financial statements.

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

(1) Identify and assess the risks of material misstatement of the 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.
(2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
(3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
(4) Conclude on the appropriateness of the management's 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 CPIC'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 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 CPIC to cease to continue as a going concern.
(5) Evaluate the overall presentation (including the disclosures), structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
(6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within CPIC to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

(VI) Auditor's responsibilities for the audit of the financial statements (continued)

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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.

Ernst & Young Hua Ming LLP

Chinese Certified Public Accountant: Guo Hangxiang
(Engagement partner)

Chinese Certified Public Accountant: Wang Ziqing

Beijing,
The People's Republic of China

26 March 2025

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2024
(All amounts expressed in RMB million unless otherwise specified)

ASSETS	Note VI	31 December 2024	31 December 2023
Cash at bank and on hand	1	29,357	31,455
Derivative financial assets	2	26	17
Securities purchased under agreements to resell	3	10,905	2,808
Term deposits	4	173,818	165,501
Financial investments:		2,482,029	2,009,336
Financial assets at fair value through profit or loss	5	667,199	581,602
Financial assets at amortised cost	6	64,844	82,334
Debt investments at fair value through other comprehensive income	7	1,607,972	1,247,435
Equity investments at fair value through other comprehensive income	8	142,014	97,965
Insurance contract assets	24	22	335
Reinsurance contract assets	25	46,081	39,754
Long-term equity investments	9	22,520	23,184
Restricted statutory deposits	10	6,851	7,105
Investment properties	11	8,951	10,667
Fixed assets	12	20,255	18,925
Construction in progress	13	2,489	2,459
Right-of-use assets	14	2,921	3,365
Intangible assets	15	7,347	7,117
Goodwill	16	1,357	1,357
Deferred income tax assets	17	3,464	7,076
Other assets	18	16,514	13,501
TOTAL ASSETS		2,834,907	2,343,962

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET (continued)
AS AT 31 DECEMBER 2024
(All amounts expressed in RMB million unless otherwise specified)

LIABILITIES AND EQUITY	Note VI	31 December 2024	31 December 2023
Derivative financial liabilities	2	96	21
Securities sold under agreements to repurchase	20	181,695	115,819
Premium received in advance		18,044	17,026
Employee benefits payable	21	10,169	9,247
Taxes payable	22	2,480	3,536
Bonds payable	23	10,286	10,285
Insurance contract liabilities	24	2,229,514	1,872,620
Commission and brokerage payable		5,942	5,861
Insurance premium reserves		129	251
Lease liabilities		2,722	3,095
Deferred income tax liabilities	17	7,362	1,119
Other liabilities	26	47,987	37,378
Total liabilities		2,516,426	2,076,258
Issued capital	27	9,620	9,620
Capital reserves	28	79,948	79,950
Other comprehensive income	48	14,917	7,992
Surplus reserves	29	5,114	5,114
General reserves	30	29,928	25,462
Retained profits	31	151,890	121,448
Equity attributable to shareholders of the parent		291,417	249,586
Non-controlling interests	32	27,064	18,118
Total equity		318,481	267,704
TOTAL LIABILITIES AND EQUITY		2,834,907	2,343,962

The financial statements are signed by the persons below:

FU Fan	SU Gang	XU Zhen
Legal representative	Principal in charge of accounting	Head of accounting department

The accompanying notes form an integral part of these financial statements.

CHINA PACIFIC INSURANCE (GROUP) CO., LTD.

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024
(All amounts expressed in RMB million unless otherwise specified)

	Note VI	2024	2023
Operating income		404,089	323,945
Insurance revenue	33	279,473	266,167
Interest income	34	55,991	58,262
Investment income	35	26,907	7,053
Including: Share of losses of associates and joint ventures		(540)	(386)
Gains on derecognition of financial assets measured at amortised cost		27	-
Other income		257	251
Gains/(losses) arising from changes in fair value	36	37,713	(11,712)
Exchange (losses)/gains		(64)	159
Other operating income	37	3,810	3,742
Gains on disposal of assets	38	2	23
Operating expenses		(348,378)	(291,885)
Insurance service expenses		(243,147)	(231,023)
Allocation of reinsurance premiums		(15,891)	(15,838)
Less: Recoveries of insurance service expenses from reinsurers		14,466	14,399
Insurance finance expenses for insurance contracts issued	39	(92,520)	(46,741)
Less: Reinsurance finance income for reinsurance contracts held	39	2,103	1,174
Changes in insurance premium reserves		116	35
Interest expenses	40	(2,728)	(2,628)
Commission and brokerage expenses		(56)	(7)
Taxes and surcharges	41	(439)	(445)
Operating and administrative expenses	42	(8,239)	(7,397)
Impairment losses on financial assets	43	(531)	(2,013)
Impairment losses on other assets		(406)	(253)
Other operating expenses	44	(1,106)	(1,148)
Operating profit		55,711	32,060
Add: Non-operating income	45	86	136
Less: Non-operating expenses	46	(234)	(195)
Profit before tax		55,563	32,001
Less: Income tax	47	(9,122)	(4,090)
Net profit		46,441	27,911
Classified by continuity of operations:			
Net profit from continuing operations		46,441	27,911
Net profit from discontinued operations		-	-
Classified by ownership of the equity:			
Attributable to shareholders of the parent		44,960	27,257
Non-controlling interests		1,481	654

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED INCOME STATEMENT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024
(All amounts expressed in RMB million unless otherwise specified)

	Note VI	2024	2023
Other comprehensive income/(loss)	48		
Other comprehensive income/(loss) that will not be reclassified to profit or loss:		4,775	400
Changes in the fair value of equity investments at fair value through other comprehensive income		6,035	1,089
Insurance finance income/(expenses) for insurance contracts issued that will not be reclassified to profit or loss		(1,260)	(689)
Other comprehensive income/(loss) that will be reclassified to profit or loss:		2,025	1,152
Share of other comprehensive income/(loss) that will be reclassified to profit or loss of investees accounted for using the equity method		3	(54)
Changes in the fair value of debt instruments at fair value through other comprehensive income		105,022	36,592
Changes in provisions for credit risks of debt instruments at fair value through other comprehensive income		220	925
Exchange differences on translation of foreign operations		23	15
Insurance finance income/(expenses) for insurance contracts issued that will be reclassified to profit or loss		(103,211)	(36,321)
Insurance finance income/(expenses) for reinsurance contracts held that will be reclassified to profit or loss		(32)	(5)
Other comprehensive income/(loss)		6,800	1,552
Total comprehensive income		53,241	29,463
Attributable to shareholders of the parent		51,646	28,785
Attributable to non-controlling interests		1,595	678
Earnings per share	49		
Basic earnings per share (RMB per share)		4.67	2.83
Diluted earnings per share (RMB per share)		4.67	2.83

The accompanying notes form an integral part of these financial statements.

CHINA PACIFIC INSURANCE (GROUP) CO., LTD.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024
(All amounts expressed in RMB million unless otherwise specified)

	2024								
	Attributable to shareholders of the parent								
	Issued capital	Capital reserves	Other comprehensive income	Surplus reserves	General reserves	Retained profits	Sub-total	Non-controlling interests	Total equity
Balance at the beginning of year	9,620	79,950	7,992	5,114	25,462	121,448	249,586	18,118	267,704
Movements in the current year	-	(2)	6,925	-	4,466	30,442	41,831	8,946	50,777
Net profit	-	-	-	-	-	44,960	44,960	1,481	46,441
Other comprehensive income/(loss) (Note VI 48)	-	-	6,686	-	-	-	6,686	114	6,800
Total comprehensive income	-	-	6,686	-	-	44,960	51,646	1,595	53,241
Other equity changes caused by equity method accounting	-	1	-	-	-	-	1	-	1
Capital invested and reduced by holders	-	(3)	-	-	-	-	(3)	8,002	7,999
Capital invested by other equity instrument holders	-	(3)	-	-	-	-	(3)	8,002	7,999
Profit distribution	-	-	-	-	4,466	(14,279)	(9,813)	(651)	(10,464)
Appropriations to general reserves	-	-	-	-	4,466	(4,466)	-	-	-
Profit distribution to shareholders	-	-	-	-	-	(9,813)	(9,813)	(231)	(10,044)
Profit distribution to other equity instrument holders	-	-	-	-	-	-	-	(420)	(420)
Transfer of other comprehensive income to retained profits	-	-	239	-	-	(239)	-	-	-
Balance at the end of year	9,620	79,948	14,917	5,114	29,928	151,890	291,417	27,064	318,481

As at 31 December 2024, the balance of retained profits of the Group included RMB 1,816 million of the surplus reserves appropriated by the subsidiaries during the year and attributable to the parent.

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024
(All amounts expressed in RMB million unless otherwise specified)

	2023								
	Attributable to shareholders of the parent								
	Issued capital	Capital reserves	Other comprehensive income	Surplus reserves	General reserves	Retained profits	Sub-total	Non-controlling interests	Total equity
Balance at the beginning of year	9,620	79,665	6,470	5,114	22,692	106,768	230,329	5,710	236,039
Movements in the current year	-	285	1,522	-	2,770	14,680	19,257	12,408	31,665
Net profit	-	-	-	-	-	27,257	27,257	654	27,911
Other comprehensive income/(loss) (Note VI 48)	-	-	1,528	-	-	-	1,528	24	1,552
Total comprehensive income	-	-	1,528	-	-	27,257	28,785	678	29,463
Other equity changes caused by equity method accounting	-	285	-	-	-	-	285	6	291
Capital invested and reduced by holders	-	-	-	-	-	-	-	11,998	11,998
Capital invested by other equity instrument holders	-	-	-	-	-	-	-	11,998	11,998
Profit distribution	-	-	-	-	2,770	(12,583)	(9,813)	(274)	(10,087)
Appropriations to general reserves	-	-	-	-	2,770	(2,770)	-	-	-
Profit distribution to shareholders	-	-	-	-	-	(9,813)	(9,813)	(274)	(10,087)
Transfer of other comprehensive income to retained profits	-	-	(6)	-	-	6	-	-	-
Balance at the end of year	9,620	79,950	7,992	5,114	25,462	121,448	249,586	18,118	267,704

As at 31 December 2023, the balance of retained profits of the Group included RMB 3,055 million of the surplus reserves appropriated by the subsidiaries during the year and attributable to the parent.

The accompanying notes form an integral part of these financial statements.

CHINA PACIFIC INSURANCE (GROUP) CO., LTD.

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024
(All amounts expressed in RMB million unless otherwise specified)

	Note VI	2024	2023
Cash flows from operating activities			
Cash received from premium of insurance contracts issued		482,537	452,282
Net cash received from reinsurance contracts issued		-	485
Net decrease in policy loans		521	1,778
Refund of taxes and surcharges		107	21
Cash received relating to other operating activities		7,799	6,848
Sub-total of cash inflows		490,964	461,414
Cash paid for claims under insurance contracts issued		(189,571)	(180,230)
Net cash paid under reinsurance contracts issued		(1,965)	-
Net cash paid under reinsurance contracts held		(5,353)	(6,542)
Cash paid for commission and brokerage expenses		(34,715)	(33,701)
Cash paid to and on behalf of employees		(26,393)	(26,623)
Payments of taxes and surcharges		(10,226)	(11,756)
Cash paid relating to other operating activities	50	(68,337)	(64,699)
Sub-total of cash outflows		(336,560)	(323,551)
Net cash flows from operating activities	52	154,404	137,863
Cash flows from investing activities			
Cash received from disposal of investments		728,928	557,301
Cash received from returns on investments and interest income		66,702	73,860
Net cash received from disposal of subsidiaries and other business entities		168	2,559
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		36	181
Sub-total of cash inflows		795,834	633,901
Cash paid to acquire investments		(1,001,338)	(788,828)
Net cash paid to acquire subsidiaries and other business entities		(241)	(1,269)
Cash paid to acquire fixed assets, intangible assets and other long-term assets		(3,878)	(3,988)
Cash paid relating to other investing activities		(277)	(1,173)
Sub-total of cash outflows		(1,005,734)	(795,258)
Net cash flows used in investing activities		(209,900)	(161,357)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024
(All amounts expressed in RMB million unless otherwise specified)

	Note VI	2024	2023
Cash flows from financing activities			
Cash received from capital contributions		8,000	11,998
Cash received from bonds issued		-	9,998
Increase in securities sold under agreements to repurchase, net		64,572	-
Cash received relating to other financing activities	50	16,058	10,649
Sub-total of cash inflows		88,630	32,645
Cash repayments of borrowings		(8,260)	(10,782)
Cash payments for distribution of dividends, profits or interest expenses		(13,014)	(12,444)
Decrease in securities sold under agreements to repurchase, net		-	(4,145)
Cash paid relating to other financing activities	50	(6,020)	(1,980)
Sub-total of cash outflows		(27,294)	(29,351)
Net cash flows from financing activities		61,336	3,294
Effects of exchange rate changes on cash and cash equivalents		93	131
Net increase/(decrease) in cash and cash equivalents	52	5,933	(20,069)
Add: Cash and cash equivalents at the beginning of year	51,52	33,740	53,809
Cash and cash equivalents at the end of year	51,52	39,673	33,740

The accompanying notes form an integral part of these financial statements.

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2024
(All amounts expressed in RMB million unless otherwise specified)

ASSETS	**Note VIII**	**31 December 2024**	**31 December 2023**
Cash at bank and on hand	1	5,163	6,286
Term deposits	2	6,997	5,457
Financial investments:		57,394	55,550
Financial assets at fair value through profit or loss	3	22,725	17,255
Financial assets at amortised cost	4	8,301	12,644
Debt investments at fair value through other comprehensive income	5	21,729	23,140
Equity investments at fair value through other comprehensive income	6	4,639	2,511
Long-term equity investments	7	70,213	71,250
Investment properties	8	2,131	3,123
Fixed assets		1,840	1,035
Construction in progress		3	3
Right-of-use assets		288	371
Intangible assets		267	237
Deferred income tax assets		-	64
Other assets	9	561	470
Total assets		144,857	143,846
LIABILITIES AND EQUITY			
Securities sold under agreements to repurchase	10	910	2,026
Employee benefits payable		244	244
Taxes payable		13	103
Lease liabilities		329	416
Deferred income tax liabilities		475	-
Other liabilities	11	780	778
Total liabilities		2,751	3,567
Issued capital		9,620	9,620
Capital reserves	12	79,312	79,312
Other comprehensive income	14	1,260	423
Surplus reserves		4,810	4,810
Retained profits		47,104	46,114
Total equity		142,106	140,279
TOTAL LIABILITIES AND EQUITY		144,857	143,846

The accompanying notes form an integral part of these financial statements.

COMPANY INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024

(All amounts expressed in RMB million unless otherwise specified)

	Note VIII	2024	2023
Operating income		13,087	13,028
Interest income		1,665	2,027
Investment income	13	9,909	10,605
Including: Share of gains/(losses) of associates and joint ventures		5	(26)
Other income		8	4
Gains/(losses) arising from changes in fair value		818	(434)
Exchange gains		28	130
Other operating income		659	696
Operating expenses		(1,905)	(1,856)
Interest expenses		(33)	(27)
Taxes and surcharges		(76)	(80)
Operating and administrative expenses		(1,563)	(1,594)
Impairment losses on financial assets		(25)	60
Other operating expenses		(208)	(215)
Operating profit		11,182	11,172
Add: Non-operating income		17	20
Less: Non-operating expenses		(49)	(51)
Profit before tax		11,150	11,141
Less: Income tax		(333)	(161)
Net profit		10,817	10,980
Classified by continuity of operations:			
Net profit from continuing operations		10,817	10,980
Net profit from discontinued operations		-	-
Other comprehensive income/(loss)	14		
Other comprehensive income/(loss) that will not be reclassified to profit or loss:		223	(54)
Changes in the fair value of equity investments at fair value through other comprehensive income		223	(54)
Other comprehensive income/(loss) that will be reclassified to profit or loss:		600	97
Share of other comprehensive income/(loss) that will be reclassified to profit or loss of investees accounted for using the equity method		2	-
Changes in the fair value of debt instruments at fair value through other comprehensive income		601	145
Changes in provisions for credit risks of debt instruments at fair value through other comprehensive income		(3)	(48)
Other comprehensive income/(loss)		823	43
Total comprehensive income		11,640	11,023

The accompanying notes form an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024

(All amounts expressed in RMB million unless otherwise specified)

	2024					
	Issued capital	**Capital reserves**	**Other comprehensive income**	**Surplus reserves**	**Retained profits**	**Total equity**
Balance at the beginning of year	9,620	79,312	423	4,810	46,114	140,279
Movements in the current year	-	-	837	-	990	1,827
Net profit	-	-	-	-	10,817	10,817
Other comprehensive income/(loss) (Note VIII 14)	-	-	823	-	-	823
Total comprehensive income	-	-	823	-	10,817	11,640
Profit distribution	-	-	-	-	(9,813)	(9,813)
Profit distribution to shareholders	-	-	-	-	(9,813)	(9,813)
Transfer of other comprehensive income to retained profits	-	-	14	-	(14)	-
Balance at the end of year	9,620	79,312	1,260	4,810	47,104	142,106

	2023					
	Issued capital	**Capital reserves**	**Other comprehensive income**	**Surplus reserves**	**Retained profits**	**Total equity**
Balance at the beginning of year	9,620	79,312	389	4,810	44,938	139,069
Movements in the current year	-	-	34	-	1,176	1,210
Net profit	-	-	-	-	10,980	10,980
Other comprehensive income/(loss) (Note VIII 14)	-	-	43	-	-	43
Total comprehensive income	-	-	43	-	10,980	11,023
Profit distribution	-	-	-	-	(9,813)	(9,813)
Profit distribution to shareholders	-	-	-	-	(9,813)	(9,813)
Transfer of other comprehensive income to retained profits	-	-	(9)	-	9	-
Balance at the end of year	9,620	79,312	423	4,810	46,114	140,279

The accompanying notes form an integral part of these financial statements.

CHINA PACIFIC INSURANCE (GROUP) CO., LTD.

COMPANY CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024
(All amounts expressed in RMB million unless otherwise specified)

	Note VIII	2024	2023
Cash flows from operating activities			
Cash received relating to other operating activities		795	1,006
Sub-total of cash inflows		795	1,006
Cash paid to and on behalf of employees		(666)	(703)
Payments of taxes and surcharges		(391)	(319)
Cash paid relating to other operating activities		(821)	(971)
Sub-total of cash outflows		(1,878)	(1,993)
Net cash flows used in operating activities	15	(1,083)	(987)
Cash flows from investing activities			
Cash received from disposal of investments		17,964	28,147
Cash received from returns on investments and interest income		11,490	12,629
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		1	24
Sub-total of cash inflows		29,455	40,800
Cash paid to acquire investments		(18,267)	(26,587)
Net cash paid to acquire subsidiaries and other business entities		-	(1,377)
Cash paid to acquire fixed assets, intangible assets and other long-term assets		(297)	(482)
Sub-total of cash outflows		(18,564)	(28,446)
Net cash flows from investing activities		10,891	12,354
Cash flows from financing activities			
Cash payments for distribution of dividends, profits or interest expenses		(9,834)	(9,826)
Decrease in securities sold under agreements to repurchase, net		(1,115)	(1,894)
Cash paid relating to other financing activities		(48)	(70)
Sub-total of cash outflows		(10,997)	(11,790)
Net cash flows used in financing activities		(10,997)	(11,790)
Effects of exchange rate changes on cash and cash equivalents		66	99
Net decrease in cash and cash equivalents	15	(1,123)	(324)
Add: Cash and cash equivalents at the beginning of year	15	6,286	6,610
Cash and cash equivalents at the end of year	15	5,163	6,286

The accompanying notes form an integral part of these financial statements.

I. GENERAL INFORMATION

China Pacific Insurance (Group) Co., Ltd. (the "Company") was restructured from China Pacific Insurance Co., Ltd. in October 2001 pursuant to the approval of the State Council of the People's Republic of China (the PRC) and Circular [2001] No. 239 issued by the former China Insurance Regulatory Commission (the "CIRC"). After the restructuring, the Company obtained a business licence (No. 1000001001110) on 24 October 2001 newly issued by the former State Administration for Industry and Commerce of the PRC, and had an original issued capital of RMB 2,006.39 million, with its registered address and headquarters in Shanghai. The Company increased its issued capital to RMB 6,700 million through issuance of new shares to its then existing shareholders and new shareholders in 2002 and from February to April 2007.

In December 2007, the Company conducted a public offering of 1,000 million A shares on the Shanghai Stock Exchange to increase its issued capital to RMB 7,700 million. On 25 December 2007, the Company's A shares were listed and traded on the Shanghai Stock Exchange.

In December 2009, the Company conducted a global offering of overseas listed foreign shares ("H shares"). Upon the completion of the H share offering, the issued capital was increased to RMB 8,600 million. On 23 December 2009, the Company's H shares were listed and traded on the Hong Kong Stock Exchange.

In November 2012, the Company conducted a non-public offering of 462 million H shares. Upon completion of the H share offering, the issued capital was increased to RMB 9,062 million, and the Company received the approval from the former CIRC in December 2012 for the change of its registered capital. The Company obtained the business licence (registration No. 100000000011107) on 5 February 2013. The Company renewed its business licence on 15 December 2015, and its unified social credit code is No. 91310000132211707B.

In June 2020, the Company issued 102,873,300 Global Depositary Receipts ("GDRs") on the London Stock Exchange (the "LSE") and became listed on the LSE. In July 2020, the Company further issued 8,794,991 GDRs. Each GDR represents five A shares of the Company. After the GDR issuance, the issued capital of the Company was increased to approximately RMB 9,620 million.

The authorised business scope of the Company includes investing in insurance enterprises; supervising and managing the domestic and overseas reinsurance businesses of subsidiaries and their utilisation of funds; and participating in approved international insurance activities. The principal activities of the Company and its subsidiaries (the "Group" or "CPIC Group") are property and casualty insurance businesses, life and health insurance businesses, pension and annuity insurance businesses, as well as investments with insurance funds, etc.

Major subsidiaries included in the consolidation scope in the current year are detailed in Note V.

II. BASIS OF PREPARATION

The financial statements have been prepared in accordance with the Accounting Standard for Business Enterprises - Basic Standard, and the specific accounting standards and other relevant regulations issued by the Ministry of Finance on 15 February 2006 and in subsequent periods (hereafter collectively referred to as “the Accounting Standards for Business Enterprises” or “CASs”), and in accordance with the disclosure requirements set out in the Preparation Convention of Information Disclosure by Companies Offering Securities to the Public No. 15 - General Rules on Financial Reporting issued by the China Securities Regulatory Commission (the “CSRC”), Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The financial statements have been prepared on a going concern basis.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements are in compliance with the Accounting Standards for Business Enterprises, and truly and completely present the financial position of the Group and the Company as of 31 December 2024, and their financial performance, cash flows and other information for the year then ended.

Financial information in the financial statements of the Company and the Group for the year ended 31 December 2024 are prepared in accordance with the following significant accounting policies and accounting estimates as determined under the Accounting Standards for Business Enterprises.

The Group determines its accounting policies and accounting estimates that best reflect its operating characteristics, mainly in relation to the recognition and measurement of financial instruments (Note III 17), the recognition and measurement of insurance contracts (Note III 20), and recognition of revenue (Note III 23).

Details of the Group's critical judgements used in determining significant accounting policies are set forth in Note III 30.

1. Accounting year

The Group adopts the calendar year as its accounting year, i.e., from 1 January to 31 December.

2. Reporting currency

The Company, its subsidiaries, joint ventures and associates in Mainland China selected RMB as their reporting currency. The subsidiaries of the Company incorporated in other countries or regions outside Mainland China selected their reporting currencies based on the primary economic environment where they operate and convert their presentation currencies into RMB for the preparation of the Group’s financial statements.

The presentation currency of the Group is RMB. All amounts are expressed in RMB million unless otherwise specified.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

3. Basis of accounting and measurement bases

The financial statements have been prepared on an accrual basis using the historical cost as the basis of measurement, except for certain financial instruments, insurance contracts and reinsurance contracts ceded. If assets are impaired, provisions for asset impairments are accrued in accordance with relevant requirements.

When the Company's subsidiaries China Pacific Property Insurance Co., Ltd. ("CPIC Property") and China Pacific Life Insurance Co., Ltd. ("CPIC Life") were established, the assets and liabilities invested into these subsidiaries by the Company and those they acquired from the Company were recorded at amounts determined by the state-owned asset administration authority. For the purpose of the consolidated financial statements, the Group has adjusted with the valuation amounts of these assets to their historical costs.

4. Determination and selection of materiality

The Group determines the materiality of financial information in terms of the nature and amount in accordance with the specific environment in which it operates. When determining the materiality from the nature of the transaction, the Group mainly considers whether the transaction operates daily or significantly affects the Group's financial position, operating results, and cash flows, etc. When determining the materiality of the amount of the transaction, the Group considers the proportion of the amount of the transaction to total assets, total liabilities, total owners' equity, total operating income, total operating expense, net profit, total comprehensive income, or the proportion of the amount of items listed separately in the statement.

5. Business combinations

A business combination is a transaction or event that brings together two or more separate entities into one reporting entity. Business combinations include those involving enterprises under common control and those involving enterprises not under common control.

<u>Business combinations involving enterprises under common control</u>

Business combinations are classified as business combinations involving enterprises under common control when the enterprises involved are ultimately controlled by the same party or parties both prior and subsequent to the combination and the control is not temporary. For a business combination involving entities under common control, the party that, on the combination date, obtains control of another entity participating in the combination is the acquirer, while that other entity participating in the combination is the acquiree. The "combination date" refers to the date on which the acquirer actually obtains control over the acquiree.

Assets and liabilities that are obtained by the acquirer in a business combination are measured at their carrying amounts at the combination date as recorded by the acquiree. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination (or the aggregate face value of shares issued as consideration) is applied to the capital reserves to adjust the share premium or applied to retained earnings if the capital reserves is not sufficient to absorb the difference.

Direct costs incurred by the acquirer for the purpose of the business combination are expensed as incurred in the current period.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

5. Business combinations (continued)

Business combinations involving enterprises not under common control

Business combinations involving enterprises not under common control is a business combination in which all combining enterprises are not ultimately controlled by the same party or the same parties both prior and subsequent to the business combination. In a business combination involving enterprises not under common control, the enterprise which obtains control over the other enterprise on the acquisition date is the acquirer, and the other enterprise is the acquiree. The “acquisition date” refers to the date on which the acquirer obtains effective control over the acquiree.

For a business combination involving enterprises not under common control, the cost of combination refers to the assets paid, liabilities incurred or assumed and the fair value of the equity securities issued by the acquirer to acquire the control over the acquiree at the acquisition date. The expenses of audit, legal services, valuation consulting and other administration fees incurred by acquirer for the purpose of business combination are charged to current profit or loss as incurred. The fee and commission expenses of equity securities or debt securities issued as the consideration for business combination are included in the initial recognition of the equity or debt securities.

Where business combinations are accomplished through multiple transactions in phases, they are accounted for differently in the separate financial statements and the consolidated financial statements:

(1) For the purpose of the separate financial statements, the initial investment cost is the sum of the carrying amount of the equity investment in the acquiree before the acquisition date and the additional investment cost incurred on the acquisition date; where the equity interest in the acquiree before the acquisition date involves other comprehensive income components, the relevant other comprehensive income components shall be transferred to investment income for the current period upon disposal of such investment;

(2) For the purpose of the consolidated financial statements, the equity interest in the acquiree held before the date of acquisition should be remeasured at fair value at the acquisition date, with the difference between the fair value and its carrying amount included in the investment income for the current period. Where the equity interest in the acquiree before the acquisition date involves other comprehensive income components, the relevant other comprehensive income components shall be recycled to current investment income arising on the acquisition date.

The acquirer shall consider the contingent consideration as agreed in the combination agreement as part of the consideration for the business combination and include it at its fair value on the acquisition date in the combination cost of the business combination. If, within 12 months of the acquisition date, there is any new or further evidence in connection with a condition existing on the acquisition date that requires adjustments to the contingent consideration, the adjustments shall be recognised, and the amount included in the consolidated goodwill shall be adjusted accordingly. With respect to changes and adjustments to the contingent consideration under other circumstances, if the contingent consideration is recognised as an asset or a liability, the subsequent changes in fair value are recorded in profit or loss for the current period or other comprehensive income; if the contingent consideration is classified as equity, it is not required to be subsequently measured at fair value, and its subsequent settlement is recorded in equity.

The acquiree’s identifiable assets, liabilities and contingent liabilities acquired in a business combination are measured at their fair values at the acquisition date. Identifiable assets and liabilities acquired by the acquirer on the acquisition date shall be classified and designated in light of the contract terms, business policies, M&A policies and other related factors existing on the acquisition date, mainly including the classification of acquiree’s financial assets and financial liabilities, designation of a hedging relationship, and the separation of embedded derivatives, among others. However, where the combination involves a lease contract or an insurance contract and the contract terms are modified at the acquisition date, the contract shall be reclassified in light of the modified terms and other factors.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

5. Business combinations (continued)

Business combinations involving enterprises not under common control (continued)

The difference by which the combination cost exceeds the fair value of the net identifiable assets acquired from the acquiree is recognised as goodwill. If the combination cost is lower than the fair value of the net identifiable assets acquired from the acquiree, the acquirer shall first review the fair value of the individual identifiable assets, liabilities and contingent liabilities acquired from the acquiree and the measurement of the combination cost, and if the reviewed combination cost is still lower than the fair value of the net identifiable assets acquired from the acquiree, the difference is recorded in profit or loss for the current period.

In a business combination, the deductible temporary differences acquired by the acquirer are not recognised as deferred income tax assets if they do not meet the recognition criteria on the acquisition date. If, within 12 months after the acquisition date, there is new or further information to indicate the existence of relevant circumstances at the acquisition date that the economic benefits is expected to be realised by the deductible temporary differences of the acquiree on the acquisition date, the relevant deferred income tax assets shall be recognised with goodwill being reduced by the same amount; and if goodwill is lower than the recognised amount, the difference shall be recognised in profit or loss in the current period. In all other circumstances, the deferred income tax assets related to business combination are recognised in profit or loss in the current period.

6. Consolidated financial statements

The scope of consolidated financial statements is determined based on control and the consolidated financial statements comprise the financial statements of the Company and its subsidiaries for the year ended 31 December 2024. A subsidiary is an entity (including structured entities) over which the Company has control. Structured entities are entities where voting rights or other similar rights are not used as factors to determine the controlling party, such as when voting rights only relate to administrative tasks while related operation activities are arranged according to contractual agreements.

Structured entities include trust products, debt investment plans, equity investment plans, project asset-backed plans, and wealth management products issued by financial institutions. Trust products, equity investment plans and project asset-backed plans are managed by related or unrelated trust companies or asset managers, and the funds raised are invested in loans to or equity interests in other companies. Wealth management products issued by financial institutions are managed by related or unrelated asset managers, and the funds raised are invested in agreement deposits, funds, stocks, and bonds, among others. Debt investment plans are managed by related or unrelated asset managers and are mainly invested in infrastructure projects and real estate fund backed projects. To finance their operations, the relevant trust products, debt investment plans, equity investment plans, project asset-backed plans, and wealth management products issued by institutions enter into product contracts with and grant product holders the right to receive profits, as agreed, from the trust products, debt investment plans, equity investment plans, project asset-backed plans, and wealth management products issued by financial institutions. The Group has entered into product contracts for all its trust products, debt investment plans, equity investment plans, project asset-backed plans, and wealth management products issued by financial institutions.

All trust products, debt investment plans, equity investment plans, project asset-backed plans, and wealth management products issued by institutions are not consolidated structured entities if they are not under the control of the Group.

For the purpose of preparing consolidated financial statements, the subsidiaries adopt the same accounting period and accounting policies as the Company.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

6. Consolidated financial statements (continued)

All significant intra-group balances, transactions and unrealised profits are eliminated in the consolidated financial statements. The subsidiaries' shareholders' equity, net profit or loss of the period, and the portion in their comprehensive income not attributable to the Company are presented separately as non-controlling interests, net profit attributable to non-controlling interests, and total comprehensive income attributable to non-controlling interests in the consolidated financial statements under equity, net profits and total comprehensive income respectively. However, a liability is recognised to reflect the corresponding shares of net assets in the consolidated entity when non-controlling interests arise from the structured entities they have invested in. Unrealised profits and losses resulting from the sale of assets by the Company to its subsidiaries are fully eliminated against net profit attributable to owners of the parent. Unrealised profits and losses on internal transactions resulting from the sale of assets by a subsidiary to the Company are allocated and offset between net profit attributable to shareholders of the parent and the net profit or loss attributable to non-controlling interests in accordance with the allocation ratio between the parent and the subsidiary. Unrealised profits and losses resulting from the sale of assets by one subsidiary to another are allocated and offset between the net profit attributable to shareholders of the parent and net profit or loss attributable to non-controlling interests in accordance with the allocation ratio between the parent and the selling subsidiary.

If the accounting treatments of a transaction are inconsistent in the financial statements at the Group level and at the Company or its subsidiary level, adjustments regarding the transaction will be made from the perspective of the Group.

For a subsidiary acquired through a business combination involving an enterprise not under common control, the financial performance and cash flows of the acquiree are included in the scope of the consolidated financial statements from the day the Group obtains control over the subsidiary until the Group ceases to control the subsidiary. In preparing the consolidated financial statements, the financial statements of the subsidiaries are adjusted based on the fair value of the identifiable assets, liabilities and contingent liabilities on the acquisition dates.

For a subsidiary acquired through a business combination involving an enterprise under common control, the financial performance and cash flows of the acquiree are included in the scope of the consolidated financial statements from the beginning of the period in which the combination takes place. In preparing the comparative consolidated financial statements, the related items on the financial statements of prior periods are adjusted as if the reporting entity formed after combination had existed since the ultimate controlling party started to exert control.

When changes in relevant facts and circumstances cause changes to one or more of the control elements, the Group reassesses whether it still controls the investee.

In the consolidated financial statements, when the amount of loss in the current period attributable to the non-controlling interests of a subsidiary exceeds their share of equity in the subsidiary at the beginning of the period, the excess shall be still allocated against the non-controlling interests.

Purchases of equity interests by the Group from the non-controlling interests of a subsidiary are accounted for using the following methods:

(1) Long-term equity investments arising from the purchases of non-controlling interests by the parent from the subsidiary are accounted for in accordance with the accounting policies applicable to long-term equity investments.

(2) For the purpose of the consolidated financial statements, the difference between the long-term equity investments newly acquired from the non-controlling interests and the parent's share, as per additional shareholding, of the net assets of the subsidiary calculated on an ongoing basis from the acquisition date (or combination date) is applied to adjust the shareholders' equity (capital reserves), and if the capital reserves is lower than the difference, the remaining balance is applied against retained earnings.

Subsidiaries included in the consolidation scope are detailed in Note V.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

6. Consolidated financial statements (continued)

If control over a subsidiary is lost due to partial disposal of equity investment or other reasons, relevant accounting treatments are applied differently in the separate financial statements and consolidated financial statements:

(1) In the separate financial statements, the remaining equity is recognised as long-term equity investments or other related financial assets at the carrying amount; if, after partial disposal of equity investment, the remaining equity interest enables the Group to exercise joint control or significant influence over the original subsidiary, the equity investment is accounted for using the equity method in accordance with the relevant requirements for change of the accounting method from the cost method;

(2) In the consolidated financial statements, the remaining equity is remeasured at the fair value at the date when the control is lost; the difference between the sum of the consideration obtained from the disposal of equity and the fair value of the remaining equity and the portion of net assets calculated continuously from the acquisition date of the original subsidiaries based on the original shareholding proportion is recognised as investment income for the current period in which the control is lost; and other comprehensive income related to the original subsidiaries' equity investment is transferred into investment income for the period in which the control is lost.

7. Cash equivalents

Cash equivalents comprise short-term, highly liquid investments, which are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and have a short maturity of generally within three months from the date of purchase.

8. Foreign currency transactions

Foreign currency transactions are converted into the reporting currency.

Foreign currency transactions are translated into the reporting currency on initial recognition using the spot exchange rates prevailing at the dates of the transactions. At the balance sheet date, monetary items denominated in foreign currencies are translated into the reporting currency using the spot exchange rates on the balance sheet date, which creates exchange differences. Exchange differences are included in profit or loss for the current period or recorded in other comprehensive income, except for those attributable to foreign currency borrowings that have been taken out specifically for the acquisition or construction of qualifying assets, which are capitalised as part of the cost of those assets. Non-monetary items denominated in foreign currencies that are measured at historical costs are translated using the spot exchange rates prevailing at the dates of the transactions, without changing their amounts in the reporting currency. Non-monetary items denominated in foreign currencies at fair value are translated using the spot exchange rates at the dates on which their fair values are determined, and the exchange differences arising therefrom are included into profit or loss for the current period or other comprehensive income.

For foreign operations, the Group translates its functional currency into RMB for the purpose of the financial statements: assets and liabilities on the balance sheet are translated using the spot exchange rates at the balance sheet date; the equity items, excluding "retained profits", are translated using the spot exchange rates at the dates the transactions take place; and the income and expense items on the income statement are translated using the average exchange rates on the transaction dates. Exchange differences arising from translation of foreign currency financial statements as described above are recognised as other comprehensive income. In accounting for the disposal of a foreign operation, the exchange difference arising from the translation of foreign currency financial statements in connection with the foreign operation is recognised in the profit or loss for the period in which the disposal takes place, and in the case of partial disposals, the exchange difference is calculated proportionately.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

8. Foreign currency transactions (continued)

Foreign currency cash flows and cash flows of overseas operations are translated using the average exchange rates of the period when the cash flows occur. The effect of exchange rate changes on cash is separately presented as a reconciling item on the cash flow statement.

9. Securities purchased under agreements to resell and securities sold under agreements to repurchase

Securities purchased under agreements to resell refer to funds duly lent to finance repurchase transactions, and are recorded at the actual cost of the securities purchased, with income from securities purchased under agreements to resell accrued using the effective interest method over the period from the acquisition date to the maturity date and recognised in profit or loss for the current period. The Group does not take physical possession of securities purchased under agreements to resell. In case of default by the counterparty to repay the loan, the Group has the right to the underlying securities.

Securities sold under agreements to repurchase refer to funds duly borrowed to enter into repurchase transactions, and are recorded at the actual amount received from the sale of the securities, with an expense for securities sold under agreements to repurchase accrued using the effective interest method over the period from the selling date to the maturity date and recognised in profit or loss for the current period. The Group may be required to provide additional collateral based on the fair value of the underlying securities and such collateral assets continue to be presented on the balance sheet.

10. Long-term equity investments

Long-term equity investments include equity investments where an investor has control of, or significant influence over, an investee, as well as equity investments in joint ventures. Long-term equity investments are measured at initial investment cost on acquisition.

Long-term equity investments with which the Company is able to exercise control over the investee shall be accounted using the cost method in the individual financial statement. Control means having power over an investee, enjoying variable returns through involvement in relevant activities of the investee, and being able to impact the amount of such variable returns by using the power over the investee.

When the Company directly or indirectly holds half or less of the voting rights or similar rights of the investee, the Group comprehensively considers all relevant facts and circumstances to judge whether the investor has power over the investee, including:

(1) Contractual arrangements with other holders of voting rights of the investee;
(2) The power of other contractual arrangements; and
(3) Voting rights and potential voting rights of the Group.

For long-term equity investments accounted for using the cost method, long-term equity investments are measured at initial investment cost, and cash dividends or profits distribution declared by the investee are recognised as investment income for the current period. The Group recognises the cash dividends or profits distributed to the investee in accordance with the above provisions and considers whether the long-term equity investments are impaired.

Considering whether the long-term equity investments are impaired, the Group shall pay attention to whether the carrying amount of the long-term equity investment is higher than the share of the carrying amount of the net assets (including relevant goodwill) of the investee and other situations.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Long-term equity investments (continued)

Long-term equity investments are accounted under the equity method as the investee over which the Group has joint control or significant influence. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. 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. In determining whether to exercise joint control or significant influence over the investee, based on the voting shares of the investee hold directly or indirectly by the Group, the Group takes into account of the impact of assuming that conversion of the current executable potential voting rights held by the Group and other parties to equity in the investee.

For long-term equity investments accounted for using the equity method, where the initial investment cost of a long-term equity investment exceeds the Group’s share of the fair value of the investee's identifiable net assets at the acquisition date, the long-term equity investment is measured at the initial investment cost; where the initial investment cost is less than the Group’s share of the fair value of the investee's identifiable net assets at the acquisition date, the difference is included in profit or loss and the cost of the long-term equity investment is adjusted upwards accordingly.

Under the equity method, after the Company has acquired a long-term equity investment, it will recognise its share of the investee’s net profits or losses as investment income or losses and adjust the carrying amount of the long-term investment accordingly. The Group recognises its share of the investee’s net profits or losses after making appropriate adjustments to the investee’s net profits or losses based on the fair value of the investee’s identifiable assets at the acquisition date, using the Group’s accounting policies and periods, and eliminating the portion of the profits or losses arising from internal transactions with its associates and joint ventures, attributable to the investing entity according to its share ratio (but impairment losses for assets arising from internal transactions are recognised in full). The carrying amount of the long-term equity investment is reduced by the Group’s share of the profit distribution or cash dividends declared by the investees. The Group does not recognise further losses when the carrying amounts of the long-term equity investment together with any long-term interests that, in substance, form part of the Group’s net investment in investees are reduced to zero. However, the Group’s obligations for additional losses are not included. The changes of the equity other than those arising from the net profit or loss, other comprehensive income and profit distribution, are recognised in equity with a corresponding adjustment to the carrying amounts of the long-term equity investment and are transferred to profit or loss for the current period on pro rata basis when disposing of this investment.

For disposed long-term equity investment, the difference between its carrying amount and the actual proceeds received is recognised in profit or loss for the current period. For disposal of long-term equity investment accounted for using the equity method, the portion previously included in other comprehensive income is accounted for on pro rata basis using the same basis as that used by the investee for disposal of relevant assets or liabilities.

(All amounts expressed in RMB million unless otherwise specified)

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

11. Investment properties

An investment property is real estate property held with the intention of earning a return on the investment either through rental income or capital appreciation, or both.

Investment properties are initially measured at cost. Subsequent expenditures incurred in relation to an investment property are included in the cost of the investment property when it is probable that the associated economic benefits will flow to the Group and their costs can be reliably measured. Otherwise, the expenditures are recognised in profit or loss for the current period in which they are incurred.

Investment properties are subsequently measured using the cost model. Investment properties are depreciated using the straight-line method. The useful lives, the estimated net residual values and the annual depreciation rates of investment properties are as follows:

Category	Useful lives	Estimated net residual values	Annual depreciation rates
Buildings	30-50 years	3%	1.94% to 3.23%

The useful lives, estimated net residual values and depreciation methods of investment properties are reviewed and adjusted as appropriate at least at each year-end.

The transfer from/to investment properties are recognised only when there is conclusive evidence that the use of the investment properties has changed.

12. Fixed assets

Fixed assets are tangible assets that are held for rendering of services, leasing or operational management, and have useful lives of more than one accounting year.

Fixed assets are recognised when it is probable that the associated economic benefits will flow to the Group and the related cost can be reliably measured. Subsequent expenditures incurred for a fixed asset are included in the cost of the fixed asset when meeting the criteria for recognition; or are included in the profit or loss for the current period.

Fixed assets are initially measured at cost. The cost of purchasing fixed assets comprises the purchase price, related taxes, and any directly attributable expenditure before the assets are ready for their intended use.

Fixed assets are depreciated using the straight-line method. The useful lives, the estimated net residual values and the annual depreciation rates of fixed assets are as follows:

Category	Useful lives	Estimated net residual values	Annual depreciation rates
Buildings	24-70 years	0%-3%	1.39% to 4.04%
Transportation equipment	3-12 years	0%-10%	8.08% to 32.33%
Other equipment	3-12 years	0%-10%	8.33% to 33.33%

The useful lives, estimated net residual values and depreciation methods of fixed assets are reviewed and adjusted as appropriate at least at each year-end.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

13. Construction in progress

The cost of construction in progress is determined based on actual project expenditure, including all necessary construction expenditures incurred during the construction period, borrowing costs to be capitalised before the project becomes ready for its intended use, and other related expenses.

Construction in progress is transferred to fixed assets, etc., when it is ready for its intended use.

14. Intangible assets

Intangible assets of the Group are initially measured at cost.

The useful lives of intangible assets are determined as the period that the assets are expected to generate economic benefits for the Group, and when there is no foreseeable limit on the period of time over which the asset is expected to generate economic benefits for the Group, the intangible assets are regarded as having indefinite useful life. License is regarded as an intangible asset with indefinite useful life as there is no foreseeable limit on the period of time over which it is expected to generate economic benefits for the Group.

The useful lives of major intangible assets are as follows:

Category	Useful lives
Land use rights	30-50 years
Software use rights	1-10 years
License	Uncertain

The land use rights acquired by the Group are generally accounted for as intangible assets. If the costs paid for the land use rights and the buildings located thereon cannot be reasonably allocated between the land use rights and the buildings, all of the costs are recognised as fixed assets.

Intangible assets with finite useful lives are amortised on a straight-line basis over the useful period. The useful lives and amortisation method of the intangible assets with finite useful lives are reviewed by the Group at least at each financial year-end and adjusted as appropriate. Intangible assets with an indefinite useful life are not amortised and need to be tested annually for impairment.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

14. Intangible assets (continued)

The internal research and development expenses are classified as research phase expense and development phase expense. Expenditure on research phase is recognised in profit or loss in the period in which it is incurred. Development phase expense can be capitalised only when an entity can demonstrate all of the following:

(a) The technical feasibility of completing the intangible asset so that it will be available for use or for sale;
(b) Its intention to complete the intangible asset and use or sell it;
(c) How the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or for the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
(d) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
(e) Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

The development phase expenses that do not meet above conditions are recognised in profit or loss when incurred.

15. Long-term deferred expenses

Long-term deferred expenses are amortised by straight lines, with the amortisation period as follows:

Category	Amortisation period
Lease Improvement	Contracted lease term or 5 years (whichever is shorter)

16. Debt assets

Debt assets refer to the physical possession of a borrower, a guarantor or a third party that compensate the Group in the exercise of creditor's rights or security interests.

Debt assets are accounted for at the fair value at the time of acquisition. The difference between the carrying amount of the restructured debts and the fair value of the acquired debt assets is offset against the provision for impairment of the restructured debts with the net change recognised in profit or loss for the current period. The debt assets are not depreciated or amortised. The recoverable amount of debt assets is assessed at the balance sheet date, tested for impairment, and adjusted as appropriate. The recoverable amount of a debt asset is the higher of an asset's fair value less costs of disposal and the present value of the estimated future cash flow expected to be derived from the asset.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

17. Financial instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Recognition and derecognition of financial instruments

The Group recognises a financial asset or a financial liability when it becomes a party to the contractual provisions of the financial instrument.

Financial assets (or, where applicable, a part of a financial asset or part of a group of similar financial assets) are derecognised, when:

(1) the contractual rights to receive the cash flows from the financial assets have expired; or
(2) the financial assets have been transferred and (a) the Group transfers substantially all the risks and rewards of ownership of the financial assets, or (b) the Group neither transfers nor retains substantially all the risks and rewards of the assets, but the Group has not retained control of the financial assets.

A financial liability is derecognised when the contractual obligation under the financial liability is fulfilled, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such a replacement or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference is recognised in profit or loss for the current period.

All purchases or sales of financial assets in regular ways are recognised and derecognised using trade date accounting. Regular way purchases or sales are purchases or sales of financial assets under contracts whose terms require delivery within the time frame generally established by regulation or convention in the marketplace concerned. Trade date is the date that the Group committed to purchasing or selling the financial assets.

Classification and measurement of financial assets

The classification of financial assets at initial recognition depends on the Group’s business model for managing the financial assets and the contractual cash flow characteristics of the financial assets: financial assets at fair value through profit or loss, financial assets at amortised cost, and financial assets at fair value through other comprehensive income. When, and only when the Group changes its business model for managing financial assets, all affected related financial assets could be reclassified.

Financial assets are measured at fair value on initial recognition, but accounts receivable or notes receivable arising from the sale of goods or rendering of services that do not contain significant financing components or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component due within one year, are initially measured at the transaction price.

For financial assets at fair value through profit or loss, relevant transaction costs are directly recognised in profit or loss, and transaction costs relating to other financial assets are included in the initial recognition amounts.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

17. Financial instruments (continued)

Classification and measurement of financial assets (continued)

The subsequent measurement of financial assets depends on their classification as follows:

Debt investments measured at amortised cost
Financial assets are classified as financial assets measured at amortised cost if both of the following conditions are met: the financial assets are held for collection of contractual cash flows; the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and the financial assets are not designated as measured at fair value through profit or loss. Interest income is recognised using the effective interest rate method, and any gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Debt investments at fair value through other comprehensive income
Financial assets are classified as financial assets at fair value through other comprehensive income if both of the following conditions are met: the financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and that such financial assets are not designated as at fair value through profit or loss. Interest income is recognised using the effective interest rate method. The interest income, impairment losses and foreign exchange revaluation are recognised in profit or loss. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition of these financial assets, the accumulated gains or losses previously included in other comprehensive income are transferred and recognised in profit or loss.

Equity investments at fair value through other comprehensive income
The Group can elect to irrevocably designate its equity investments which are not held for trading as equity investments at fair value through other comprehensive income. Only the relevant dividend income (excluding the dividend income explicitly recovered as part of the investment cost) is recognised in profit or loss. Subsequent changes in the fair value are included in other comprehensive income, and no provision for impairment is required. When the financial asset is derecognised, the accumulated gains or losses previously included in other comprehensive income are transferred from other comprehensive income to retained profits.

Financial assets at fair value through profit or loss
Financial assets that do not meet the criteria for amortised cost and financial assets at fair value through other comprehensive income are measured at financial assets at fair value through profit or loss. Such financial assets are subsequently measured at fair value with net changes in fair value recognised in profit or loss.

At initial recognition, the Group designates certain financial assets at fair value through profit or loss in order to eliminate or significantly reduce accounting mismatches. Once made such designation cannot be revoked. Other financial assets also cannot be re-designated as financial assets at fair value through profit or loss after initial recognition.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

17. Financial instruments (continued)

Classification and measurement of financial liabilities

The Group's financial liabilities are, at initial recognition, classified at fair value through profit or loss, or amortised cost. For financial liabilities at fair value through profit or loss, relevant transaction costs are directly recognised in profit or loss, and for financial liabilities measured at amortised cost, transaction costs are included in the initial recognition amounts.

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading (including derivative instruments attributable to financial liabilities) and financial liabilities designated upon initial recognition at fair value through profit or loss. Financial liabilities held for trading (including derivative instruments attributable to financial liabilities) are subsequently measured at fair value, and the changes in fair value of such financial liabilities are recognised in profit or loss. Financial liabilities designated at fair value through profit or loss are subsequently measured at fair value and gains or losses are recognised in profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income. If recognition of gains or losses arising from the Group's own credit risk to other comprehensive income would create or enlarge an accounting mismatch in profit or loss, the Group shall include the entire fair value changes (including the amount arising from the changes in the Group's own credit risk) of such financial liabilities in profit or loss.

Financial liabilities measured at amortised cost
Financial liabilities measured at amortised cost are measured at amortised cost using the effective interest rate method.

Impairment of financial assets

Based on the expected credit losses ("ECLs"), the Group recognises an allowance for ECLs for the financial assets measured at amortised cost, and debt investments at fair value through other comprehensive income.

For accounts receivable and contract assets that do not contain a significant financing component, the Group applies the simplified approach to recognise a loss allowance based on lifetime ECLs.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

17. Financial instruments (continued)

Impairment of financial assets (continued)

Except for financial assets which apply the simplified approach as mentioned above, the Group assesses whether the credit risk on a financial asset has increased significantly since initial recognition at each balance sheet date. If the credit risk has not increased significantly since initial recognition (stage 1), the loss allowance is measured at an amount equal to 12-month ECLs by the Group and the interest income is calculated according to the gross carrying amount and the effective interest rate; if the credit risk has increased significantly since initial recognition but are not credit-impaired (stage 2), the loss allowance is measured at an amount equal to lifetime ECLs by the Group and the interest income is calculated according to the gross carrying amount and the effective interest rate; if such financial assets are credit-impaired after initial recognition (stage 3), the loss allowance is measured at an amount equal to lifetime ECLs by the Group and the interest income is calculated according to the amortised cost and the effective interest rate. If the credit risk of financial assets is low at the balance sheet date, the Group assumes that the credit risk has not increased significantly since initial recognition. A purchased or originated credit-impaired financial asset is an asset that is credit-impaired at initial recognition. For such assets, the Group recognises the cumulative changes in lifetime ECLs since the initial recognition of the asset.

Information regarding the Group's criteria for determining a significant change in credit risk, the definition of credit-impaired assets, and parameters of the measurement of ECLs, is disclosed in Note XII 3.

The Group shall measure ECLs of financial assets in a way that reflects: an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; the time value of money; and reasonable and supportable information that is available without undue cost or effort at the balance sheet date about past events, current conditions and forecasts of future economic conditions.

When the Group has no reasonable expectation of recovering entire or a portion of the contractual cash flows on a financial asset, the Group directly writes down the gross carrying amount of the financial asset.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts; and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date on which the derivative contracts are entered into and are subsequently measured at fair value. All derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The gains or losses arising from changes in fair value of derivatives are recognised directly in profit or loss for the current period.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

17. Financial instruments (continued)

Transfer of financial assets

A financial asset is derecognised when the Group has transferred substantially all the risks and rewards of the asset to the transferee. A financial asset is not derecognised when the Group retains substantially all the risks and rewards of the financial asset.

When the Group has neither transferred nor retained substantially all the risks and rewards of the financial asset, it either (i) derecognises the financial asset and recognises the assets and liabilities created in the transfer when it has not retained control of the asset; or (ii) continues to recognise the transferred asset to the extent of the Group's continuing involvement, in which case, the Group also recognises an associated liability.

Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the amount guaranteed. The amount guaranteed is the maximum amount of consideration that the Group could be required to repay.

18. Asset impairment

The Group determines the impairment of assets (except for deferred income tax assets, financial assets, insurance contract assets, and reinsurance contract assets which have been described in their respective accounting policies) in the following methods:

The Group assesses at each balance sheet date whether there is objective evidence that assets are impaired. Where there is objective evidence, the Group estimates the recoverable amount and tests for impairment. For goodwill acquired from business combination and intangible assets with indefinite useful life not ready for intended use, no matter there is objective evidence of impairment or not, impairment should be tested at each year-end.

The recoverable amount is the higher of an asset's fair value less costs of disposal and the present value of the estimated future cash flow expected to be derived from the asset. The Group estimates the recoverable amount on the basis of individual asset. When it is difficult to estimate the recoverable amount individually, the recoverable value of the cash generating units which the asset belongs to will be estimated. The recognition of an asset group is based on whether the main cash flow generated by the asset group is independent from those generated by other assets or groups of assets.

When recoverable amounts of assets or groups of assets are lower than their carrying amounts, the Group decreases the carrying amount to recoverable amount. The decreased amounts are recognised in profit or loss and corresponding provisions are made.

For impairment test of goodwill, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units when being unable to be allocated to each of the cash-generating units. Cash-generating units or groups of cash-generating units refer to those that can benefit from the synergies of the combination and are not larger than the reportable segment determined by the Group.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

18. Asset impairment (continued)

When performing impairment test for the (groups of) cash-generating unit to which goodwill is allocated, if there is indication of impairment, the Group firstly tests the (groups of) cash-generating unit excluding goodwill, calculates the recoverable amount and recognises relevant impairment losses. The Group then tests the (groups of) cash-generating units including goodwill and compares the carrying amount and recoverable amount. If the carrying amount exceeds the recoverable amount, the amount of impairment loss is firstly deducted from the carrying amount of goodwill allocated to the (groups of) cash-generating unit, and then from the carrying amount of each of other assets (other than goodwill) within the (groups of) cash-generating unit, on pro rata basis.

Once the above asset impairment loss is recognised, it will not be reversed in the subsequent periods.

19. Insurance security fund

The Group draws insurance security funds in accordance with the Administrative Measures for Insurance security funds.

20. Insurance contracts

20.1 Definition of insurance contracts

An insurance contract is a contract under which the issuer of the contract accepts significant insurance risk from the policyholder by agreeing to compensate the policyholder if a specified insured event adversely affects the policyholder. An insured event is an uncertain future event covered by an insurance contract that creates insurance risk. An insurance risk is a risk, other than financial risk, transferred from the policyholder to the issuer of a contract.

The accounting policies of insurance contract apply to the following contracts of the Group:

- Insurance contracts, including reinsurance contracts, the Group issues;
- Reinsurance contracts the Group holds;
- Insurance contracts the Group acquired in a transfer of insurance contracts or in a business combination involving enterprises not under common control;
- Investment contracts with discretionary participation features the Group issues.

A reinsurance contract is an insurance contract under which the reinsurer (the issuer) agrees to compensate the cedant for claims incurred by the cedant arising from underlying insurance contracts.

An investment contract with discretionary participation features is a financial instrument that provides a particular investor with the contractual right to receive guaranteed and additional amounts. The additional amounts are subject to the returns on a specified pool of items at the discretion of the issuer, and are expected to be a significant portion of the total contractual benefits.

The Group accounts for the investment contract with discretionary participation features issued by the Group applying the accounting treatments for insurance contracts, except for the modifications listed in “Recognition and measurement of investment contracts with discretionary participation features”.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

20. Insurance contracts (continued)

20.1 Definition of insurance contracts (continued)

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

- The contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
- An amount equal to a substantial share of the fair value returns on the underlying items is expected to be paid to the policyholder; and
- A substantial proportion of any change in the amounts to be paid to the policyholder is expected to vary with the change in fair value of the underlying items.

20.2 Identification, combination and separation of insurance contracts

Identification of insurance contracts

The Group assesses whether the insurance risk of a contract is significant, i.e., performs a test on significant insurance risk, to determine whether the contract is an insurance contract. A contract is an insurance contract only if it transfers significant insurance risk. A contract that meets the definition of an insurance contract at its inception will not be reassessed subsequently.

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

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

(b) At least in one scenario that has commercial substance, an insured event specified by the contract could cause the issuer to incur a loss on a present value basis. A loss is determined to be incurred due to the insured event if such event causes the future cash outflows to exceed inflows, on a present value basis. However, even if a reinsurance contract does not expose the issuer to the possibility of a significant loss, that contract is deemed to transfer significant insurance risk if it transfers to the reinsurer substantially all the insurance risk relating to the reinsured portions of the underlying insurance contracts.

Combination of insurance contracts

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

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

20. Insurance contracts (continued)

20.2 Identification, combination and separation of insurance contracts (continued)

Separating components from insurance contracts

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

- Embedded derivatives meeting the separation conditions under CAS No. 22 - Recognition and Measurement of Financial Instruments;
- Distinct investment components, but the investment components that meet the definition of investment contracts with discretionary participation features are still accounted for applying the accounting policies for insurance contracts;
- Promises to transfer distinct goods or services other than insurance contract services.

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

An investment component is distinct if both the following conditions are met:

(a) the investment component and the insurance component are not highly interrelated. An investment component and an insurance component are highly interrelated if one of the following conditions are met:

    (i) it is unable to measure a component separately, i.e., it is unable to measure one component without considering the other. If the value of one component varies according to the value of the other, the two components are highly interrelated;
    (ii) the policyholder is unable to benefit from a component separately, and can only benefit when both components are present. Thus, if the lapse or maturity of one component in a contract causes the lapse or maturity of the other, the two components are highly interrelated.

(b) a contract with equivalent terms is sold, or could be sold, separately in the same market or the same jurisdiction, either by entities that issue insurance contracts or by other parties.

Generally, for relevant contracts, the Group determines the non-distinct investment components based on cash surrender values and similar contractual terms.

Insurance contract services are the services provided by an entity comprising the coverage for insured events, the investment-return service to the policyholder of the insurance contracts without direct participation features, and the investment-related service as management of underlying items on behalf of the policyholder of the insurance contracts with direct participation features. When an entity separates distinct goods or services other than insurance contract services, it shall not consider activities that an entity must undertake to fulfil a contract unless the entity transfers a good or service other than insurance contract services to the policyholder as those activities occur. A good or service other than an insurance contract service promised to a policyholder is distinct if the policyholder can benefit from the good or service either on its own or together with other resources readily available to the policyholder. A good or insurance service other than an insurance contract service is not distinct if both the following conditions are met: the cash flows and risks associated with the good or service are highly interrelated with the cash flows and risks associated with the insurance components in the contract and the entity provides a significant service in integrating the good or service with the insurance components.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

20. Insurance contracts (continued)

20.2 Identification, combination and separation of insurance contracts (continued)

Separating components from insurance contracts (continued)

The Group allocates contractual cash flows based on separation of insurance contracts. After separating cash flows related to separated embedded derivatives and distinct investment components, contractual cash flows are allocated between insurance components (including embedded derivatives that are not separated, promises to transfer goods or services other than insurance contract services that are not distinct) and promises to transfer distinct goods or services other than insurance contract services.

20.3 Grouping of insurance contracts

The Group identifies portfolios of insurance contracts as contracts subject to similar risks and are managed together. The Group further divides portfolios of insurance contracts into groups of insurance contracts and uses groups of insurance contracts as units of account. A group of insurance contracts consists of one or more insurance contracts issued within a period of no longer than one year and with similar levels of profitability. The Group determines the group of contracts to which contracts belong by considering each individual contract. However, if reasonable and supportable information clearly indicates that a set of contracts will all be in the same group, the Group assesses the grouping of contracts based on such set of contracts.

The Group divides a portfolio of insurance contracts into a minimum of the following groups, without contracts issued more than one year apart being in the same group:

- of contracts that are onerous at initial recognition;
- of contracts that, at initial recognition, have no significant possibility of becoming onerous subsequently;
- of the remaining contracts in the portfolio.

20.4 Recognition of insurance contracts

The Group recognises an insurance contract it issues from the earliest of the following:

- the beginning of the coverage period;
- the date when the first payment from the policyholder becomes due, or the date when the Group receives the first payment if there is no contractual due date;
- when it becomes onerous.

When the contracts in the portfolio meet one of the above conditions, the Group assesses the group to which the contracts belong and will not reassess subsequently. Coverage period is the period during which an entity provides insurance contract services to the policyholder.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

20. Insurance contracts (continued)

20.4 Recognition of insurance contracts (continued)

The Group recognises an asset for the insurance acquisition cash flows (paid or payable before the recognition of the relevant groups of contracts) that are allocated to the groups in a systematic and rational way. Insurance acquisition cash flows are cash flows arising from the costs of selling, underwriting and starting a group of contracts (issued or expected to be issued) that are directly attributable to a portfolio of contracts. The Group derecognises an asset for insurance acquisition cash flows relating to the contract when the contract in a portfolio is included in the group of contracts to which it belongs. At each balance sheet date, the Group assesses the recoverable amount of the asset for insurance acquisition cash flows if facts and circumstances indicate the asset may be impaired. If the recoverable amount of the asset for insurance acquisition cash flow is lower than its carrying value, the Group recognises an allowance for asset impairment and an impairment loss in the profit or loss of the period. If the impairment conditions in prior periods no longer exist, the allowance for asset impairment will be reversed and the reversal will be recognised in the profit or loss of the period.

20.5 Measurement of insurance contracts

20.5.1 General model

Measurement on initial recognition

The Group uses a group of insurance contracts as the unit of account and measures insurance contract liabilities on the initial recognition of a group of insurance contracts at the total of fulfilment cash flows and contractual service margin. The contractual service margin represents the unearned profit the entity will recognise as it provides insurance contract services in the future. The fulfilment cash flows comprise the following:

- estimates of future cash flows that relate directly to fulfil insurance contracts;
- an adjustment to reflect the time value of money and the financial risks; and
- a risk adjustment for non-financial risk.

Risk adjustment for non-financial risk is the compensation an entity requires for bearing the uncertainty about the amount and timing of the future cash flows that arises from non-financial risk as the entity fulfils insurance contracts. Estimates of fulfilment cash flows does not take into account the non-performance risk of the entity.

The Group may estimate the future cash flows at a higher level of aggregation than groups or portfolios of contracts and then allocate the resulting fulfilment cash flows to individual groups of contracts in a systematic and rational way. The estimates of future cash flows shall be as follows: the estimates of future cash flows should be unbiased probability-weighted mean; the estimates of any relevant market variables should be consistent with observable market prices for those variables; the estimates of future cash flows should be based on currently available information and reflect conditions and assumptions at the measurement date; the estimates of future cash flows should be estimated separately from the adjustment for the time value of money and financial risk, unless the most appropriate measurement technique combines these estimates.

The Group takes into account all the future cash flows within the boundary of each contract in a group of insurance contracts when estimating future cash flows. Cash flows are within the boundary of an insurance contract if they arise from the rights that enable the entity to compel the policyholder to pay the premiums or from the substantive obligations under which the entity is required to provide the policyholder with insurance contract services. The entity has no substantive obligation to provide insurance contract services to the policyholder when:

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

20. Insurance contracts (continued)

20.5 Measurement of insurance contracts (continued)

20.5.1 General model (continued)

Measurement on initial recognition (continued)

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

The Group adjusts the fulfilment cash flows with appropriate discount rates to reflect the time value of money and the financial risks related to those cash flows to the extent that the financial risks are not included in the estimates of cash flows. An appropriate discount rate shall meet all of the following requirements: reflects the time value of money, the characteristics of the cash flows and the liquidity characteristics of the insurance contracts; be consistent with observable current market prices for financial instruments with cash flows whose characteristics are consistent with those of the insurance contracts, and exclude the effect of factors that influence such observable market prices but do not affect the future cash flows of the insurance contracts.

The Group considers and estimates risk adjustments for non-financial risk separately when estimating fulfilment cash flows to reflect the impact of non-financial risks on fulfilment cash flows.

On initial recognition of a group of insurance contracts, the Group measures the total of:

- the fulfilment cash flows;
- the cash flows related to asset for insurance acquisition cash flows, and any other asset or liability derecognised at that date;
- cash flows arising from the contracts in the group at that date.

If the total represents a net cash inflow, the Group recognises that as a contractual service margin; if it represents a net cash outflow, the Group recognises that as a loss in profit or loss of the period.

Subsequent measurement

The insurance contract liability is subsequently measured by the Group at each balance sheet date at the total of the liability for remaining coverage and the liability for incurred claims. The liability for remaining coverage includes the fulfilment cash flows related to unexpired coverage period allocated to the group at the balance sheet date and the contractual service margin of the group at that date. The liability for incurred claims includes the fulfilment cash flows related to claims and other related expenses incurred allocated to the group at the balance sheet date.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

20. Insurance contracts (continued)

20.5 Measurement of insurance contracts (continued)

20.5.1 General model (continued)

Subsequent measurement (continued)

For insurance contracts without direct participation features, the carrying amount of the contractual service margin of a group of contracts at the balance sheet date is determined as the carrying amount at the start of the period as adjusted for the following:

(a) the effect of contracts added to the group of contracts in the period on the contractual service margin;
(b) interest accreted in the period on the carrying amount of contractual service margin, using the weighted average interest rate (applicable to cash flows that do not vary based on the returns on any underlying items) determined when contracts are recognised in that group of contracts;
(c) the changes in fulfilment cash flows relating to future service, except to the extent that the increases in the fulfilment cash flows exceed the carrying amount of the contractual service margin, giving rise to a loss or the decreases in the fulfilment cash flows are allocated to the loss component of the liability for remaining coverage;
(d) the effect of currency exchange differences in the period on the contractual service margin; and
(e) the amortisation of the contractual service margin in the period. The Group rationally determines the coverage units of the group of contracts in each period of the coverage period based on the pattern of provision of insurance contract services, and recognises insurance revenue accordingly over the current and future periods by amortising the carrying amount of the contractual service margin as adjusted for (a) to (d) above.

The Group specifies, at inception of the relevant contracts, the basis on which it determines cash flow commitments, e.g. based on a fixed interest rate or on returns that vary based on specified asset returns, in order to disaggregate the changes in discretionary cash flows between those arising from changes in assumptions that relate to financial risk and those arising from discretion. Those arising from discretion are treated as changes in fulfilment cash flows relating to future services which adjust the contractual service margin, while contractual service margin will not be adjusted for those arising from changes in assumptions that relate to financial risk.

The Group recognises the reduction in the liability for remaining coverage because of services provided in the period as insurance revenue; The Group recognises the increase in the liability for incurred claims because of claims and other related expenses incurred in the period and related subsequent changes in fulfilment cash flows as insurance service expense. Any investment components in the insurance contracts are excluded when recognising insurance revenue and insurance service expense.

The Group amortises the insurance acquisition cash flows related to groups of contracts in a systematic way on the basis of the passage of time, and recognises the amount as insurance service expense in each period during the coverage period and as insurance revenue at the same time to reflect the recovery of portions of the premiums that relate to such cash flows.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

20. Insurance contracts (continued)

20.5 Measurement of insurance contracts (continued)

20.5.1 General model (continued)

Subsequent measurement (continued)

The Group accounts for the changes in the liability for remaining coverage and the liability for incurred claims arising from the effect of the time value of money and the effect of financial risk as insurance finance income or expenses.

Considering the related assets it holds and how it accounts for those assets, the Group makes the following accounting policy choices to portfolios of insurance contracts between:

- including insurance finance income or expenses for the period in profit or loss; or
- disaggregating insurance finance income or expenses for the period between those included in profit or loss and those included in other comprehensive income. Over the remaining duration of the group of contracts, the amount included in the profit or loss of each period is determined using a systematic and rational allocation method, and the difference between this amount and the total insurance finance income or expenses for the period is included in other comprehensive income.

Insurance finance income or expenses included in the profit or loss, is the insurance finance income or expenses that is included in the profit or loss of the current and subsequent periods. Insurance finance income or expenses included in the profit or loss comprises insurance finance expenses included in the profit or loss from the insurance contracts issued by the Group and reinsurance finance income included in the profit or loss from the reinsurance contracts held. The Group determines the amount of insurance finance income or expenses included in the profit or loss as follows:

- for groups of insurance contracts for which changes in assumptions that relate to financial risk do not have a substantial effect on the amounts paid to the policyholders, the Group applies the discount rates determined at the date of initial recognition of a group of contracts, applicable to cash flows that do not vary based on the returns on any underlying items, to determine the amount of the insurance finance income or expenses included in profit or loss;
- for groups of insurance contracts for which changes in assumptions that relate to financial risk have a substantial effect on the amounts paid to policyholders, the Group applies the effective yield approach or projected crediting rate approach based on the characteristics of the contracts, to determine the amount of the insurance finance income or expenses included in profit or loss.

The Group changes the treatment results of accounting estimates made in interim financial statements in its subsequent interim and annual financial statements within the same annual period.

When measuring a group of contracts that generate cash flows in a foreign currency, the Group treats the insurance contract liability as a monetary item, and applies CAS No. 19 - Foreign currency translation. At each balance sheet date, exchange differences on a group of contracts that generate cash flows in a foreign currency shall be included in profit or loss. For portfolios of insurance contracts that disaggregate insurance finance income or expenses between profit or loss and other comprehensive income, the exchange differences related to the amounts recognised in other comprehensive income are included in other comprehensive income.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

20. Insurance contracts (continued)

20.5 Measurement of insurance contracts (continued)

20.5.2 Special measurement approach (“variable fee approach”) for groups of insurance contracts with direct participation features

The Group assesses whether an insurance contract is an insurance contract with direct participation features at inception of the contract and does not reassess afterwards. The special measurement approach for insurance contracts with direct participation features is not applicable to reinsurance contracts issued and reinsurance contracts held.

The Group estimates the fulfilment cash flows of the groups of insurance contracts with direct participation features at the difference between the fair value of the underlying items and the variable fee. The variable fee reflects the consideration received by the Group for providing investment-related services by managing the underlying items on behalf of the policyholder, and is equal to the Group's share of the fair value of the underlying items less the fulfilment cash flows that do not vary based on the return on the underlying items.

For insurance contracts with direct participation features, the carrying amount of the contractual service margin of a group of contracts at each balance sheet date equals the carrying amount at the start of the reporting period adjusted for:

(a) the effect of contracts added to the group in the period on the contractual service margin；
(b) the change in the amount of the Group’s share of the fair value of the underlying items, except to the extent that:

- if the Group mitigates the effect of financial risk using derivatives or reinsurance contracts held, when specified conditions are met, the Group may choose to recognise the related changes in the effect of the time value of money and financial risk on the amount of the Group's share of the underlying items as insurance finance income or expenses included in profit or loss. However, if the Group chooses to disaggregate insurance finance income or expenses of such reinsurance contracts held between profit or loss and other comprehensive income, the insurance finance income or expenses mentioned above should also be disaggregated accordingly;
- the decrease in the amount of the Group’s share of the fair value of the underlying items exceeds the carrying amount of the contractual service margin, giving rise to a loss;
- the increase in the amount of the Group's share of the fair value of the underlying items reverses the loss component of the liability for remaining coverage.

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

- if the Group mitigates the effect of financial risk using derivatives, reinsurance contracts held or non-derivative financial instruments measured at fair value through profit or loss, when specified conditions are met, the Group may choose to recognise the related changes in the effect of the time value of money and financial risk on the fulfilment cash flows as insurance finance income or expenses included in profit or loss. However, if the Group chooses to disaggregate insurance finance income or expenses of such reinsurance contracts held between profit or loss and other comprehensive income, the insurance finance income or expenses mentioned above should also be disaggregated accordingly;
- such increases in the fulfilment cash flows exceed the carrying amount of the contractual service margin, giving rise to a loss;
- such decreases in the fulfilment cash flows are allocated to the loss component of the liability for remaining coverage.

(d) the currency exchange differences in the period arising on the contractual service margin;

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

20. Insurance contracts (continued)

20.5 Measurement of insurance contracts (continued)

20.5.2 Special measurement approach ("variable fee approach") for groups of insurance contracts with direct participation features (continued)

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

For insurance contracts with direct participation features for which the Group holds the underlying items, when the Group makes the accounting policy choice of disaggregating insurance finance income or expenses for the period between profit or loss and other comprehensive income, the Group recognises insurance finance income or expenses included in profit or loss at an amount that exactly match the income or expenses included in profit or loss for the underlying items, except for the accounting treatment of the insurance finance income or expenses mentioned in (b) and (c) above.

20.5.3 Special measurement approach for onerous groups of contracts

If a group of insurance contracts is onerous at initial recognition, or if onerous contracts in a portfolio of contracts are added to a group of onerous contracts, the Group recognises a loss as part of insurance service expenses in the period and increases the carrying amount of the liability for remaining coverage by the amount of such loss component. At initial recognition, the carrying amount of the insurance contract liability for the onerous group of contracts is equal to its fulfilment cash flows.

When one of the following conditions causes a group of insurance contracts to become onerous on subsequent measurement, the Group recognises a loss as part of insurance service expenses in the period and increases the liability for remaining coverage by the amount of such loss component:

- changes relating to future service in the fulfilment cash flows arising from changes in estimates of future cash flows or the risk adjustment for non-financial risk exceed the carrying amount of the contractual service margin; or
- for a group of insurance contracts with direct participation features, the decreases in the amount of the Group's share of the fair value of the underlying items exceed the carrying amount of the contractual service margin.

After the Group has recognised a loss on an onerous group of contracts, the Group allocates the following changes in the carrying amount of liability for remaining coverage on a systematic and rational basis between the loss component of the liability for remaining coverage and the liability for remaining coverage excluding the loss component:

(a) the present value of future cash flows released because of incurred insurance service expenses;
(b) changes in the risk adjustment for non-financial risk recognised in profit or loss because of the release from risk;
(c) insurance finance income or expenses.

Any amounts allocated to the loss component shall not be recognised as insurance revenue.

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

- for increases relating to future service in fulfilment cash flows arising from changes in estimates of future cash flows or the risk adjustment for non-financial risk, and decreases in the amount of the Group's share of the fair value of the underlying items for a group of insurance contracts with direct participation features, recognises a loss as part of insurance service expenses in the period and increases the liability for remaining coverage by the amount of such loss component;

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

20. Insurance contracts (continued)

20.5 Measurement of insurance contracts (continued)

20.5.3 Special measurement approach for onerous groups of contracts (continued)

- for decreases relating to future service in fulfilment cash flows arising from changes in estimates of future cash flows or the risk adjustment for non-financial risk, and increases in the amount of the Group's share of the fair value of the underlying items for a group of insurance contracts with direct participation features, decreases the loss component of the liability for remaining coverage and reduces the insurance service expenses in the period; the Group adjusts the contractual service margin for any excess of the decrease over the amount of the loss component.

20.5.4 Simplified approach (“premium allocation approach”) for measurement of groups of insurance contracts

The Group may simplify the measurement of a group of insurance contracts using the premium allocation approach (“PAA”) if one of the following conditions is met:

- the Group reasonably expects that such simplification would produce a measurement of the liability for remaining coverage for the group that would not differ materially from the one that would be produced applying general model as mentioned above. This condition is not met if the fulfilment cash flows are expected to vary significantly during the period before a claim is incurred;
- the coverage period of each contract in the group is one year or less.

For contracts issued to which the Group applies the premium allocation approach, the Group assumes no contracts in the portfolio are onerous at initial recognition, unless facts and circumstances indicate otherwise.

If insurance contracts in the group have a significant financing component, the Group shall adjust the carrying amount of the liability for remaining coverage to reflect the time value of money and the effect of financial risk using the discount rates as determined on initial recognition.

Using the premium allocation approach, on initial recognition, the carrying amount of the liability for remaining coverage is the premiums received, minus any insurance acquisition cash flows at that date, and minus (or plus) any amount arising from the derecognition at that date of any asset for insurance acquisition cash flows and any other related asset or liability. At each balance sheet date, the carrying amount of the liability for remaining coverage is the carrying amount at the start of the reporting period plus the premiums received in the period, minus insurance acquisition cash flows in the period, plus any amounts relating to the amortisation of insurance acquisition cash flows recognised as insurance service expenses and any adjustment to a financing component in the period, minus the amount recognised as insurance revenue for services provided in that period, and minus any investment component paid or transferred to the liability for incurred claims in the period. If at any time during the coverage period, facts and circumstances indicate that a group of contracts are onerous, to the extent that the fulfilment cash flows exceed the carrying amount of the liability for remaining coverage determined in the way as mentioned above, the Group recognises a loss as insurance service expenses in the period and increases the carrying amount of the liability for remaining coverage.

The Group measures the liability for incurred claims at the fulfilment cash flows relating to incurred claims and other related expenses. The Group takes into account the time value of money and the effect of financial risk when measuring the related fulfilment cash flows.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

20. Insurance contracts (continued)

20.5 Measurement of insurance contracts (continued)

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

The Group recognises the insurance revenue in the period at the amount of premiums received and expected to be received (with any investment component excluded and any significant financing component adjusted) allocated to the period. the Group allocates such adjusted premium received and expected to be received on the basis of the passage of time during the coverage period; if the expected pattern of release of risk of the insurance contracts during the coverage period differs significantly from the passage of time, then the allocation will be on the basis of the expected timing of incurred insurance service expenses.

20.6 Recognition and measurement of investment contracts with discretionary participation features

The Group accounts for the investment contract with discretionary participation features issued by the Group applying the accounting treatments for insurance contracts, except for the special modifications listed below:

- the date of initial recognition is the date the Group becomes a party to the contract;
- cash flows are within the contract boundary if they result from a substantive obligation of the Group to deliver cash. The Group has no substantive obligation to deliver cash if the Group has the practical ability to set a price for the promise to deliver the cash that fully reflects the amount of cash promised and related risks;
- the Group recognises the contractual service margin in profit or loss of the current and future periods over the duration of the group of contracts in a systematic and rational way that reflects the transfer of investment services.

20.7 Recognition and measurement of groups of reinsurance contracts held

20.7.1 Recognition of groups of reinsurance contracts held

The above accounting treatment for insurance contracts applies to the recognition and measurement of groups of reinsurance contracts held, except as the modifications as specifically set out in this section (i.e., "Recognition and measurement of groups of reinsurance contracts held"), however, the approaches for measuring groups of onerous contracts do not apply to groups of reinsurance contracts held.

The Group recognises a group of reinsurance contracts held from the earlier of the beginning of the coverage period of the group of reinsurance contracts held or the date the Group recognises an onerous group of underlying insurance contracts. However, the Group recognises a group of reinsurance contracts held that provide proportionate coverage from the earlier of the following: the later of the beginning of the coverage period of the group of reinsurance contracts held or the date that any underlying insurance contract is initially recognised; or the date the Group recognises an onerous group of underlying insurance contracts.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

20. Insurance contracts (continued)

20.7 Recognition and measurement of groups of reinsurance contracts held (continued)

20.7.2 Measurement of groups of reinsurance contracts held

On initial recognition of a group of reinsurance contracts held, the Group measures the asset for reinsurance contracts held at the total of the fulfilment cash flows and the contractual service margin. The contractual service margin for a group of reinsurance contracts held represents the net cost or net gain from the insurance contract services to be provided to the Group by the reinsurer.

When the Group measures the estimates of the present value of the future cash flows for the group of reinsurance contracts held, it uses the assumptions that are consistent with those used in the estimates of the present value of the future cash flows for the group of underlying insurance contracts, and takes into account the effect of any risk of non-performance by the issuer of the reinsurance contract.

The Group determines the risk adjustment for non-financial risk based on the amount of risk being transferred by the holder of the group of reinsurance contracts to the issuer of those contracts.

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

- the fulfilment cash flows;
- the cash flows related to asset or liability derecognised at that date;
- any cash flows arising at that date;
- the loss-recovery component of the asset for remaining coverage of reinsurance contracts held.

The Group recognises the net cost or net gain represented by the above total as a contractual service margin. If the net cost relates to events that occurred before the purchase of the reinsurance contracts, the Group recognises such a cost immediately in profit or loss as an expense.

The assets for reinsurance contracts held is subsequently measured by the Group at each balance sheet date at the total of the asset for remaining coverage and the asset for incurred claims. The asset for remaining coverage includes the fulfilment cash flows related to unexpired coverage period allocated to the group of reinsurance contracts held at the balance sheet date and the contractual service margin of the group at that date. The asset for incurred claims includes the fulfilment cash flows related to recovery of claims and other related expenses incurred allocated to the group of reinsurance contracts held at the balance sheet date.

If the reinsurance contract held is entered into before or at the same time as the onerous underlying insurance contracts are recognised, when the Group recognises a loss on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to a group, the Group recognises a loss-recovery component of the asset for remaining coverage for such groups of reinsurance contracts held by multiplying (a) the loss recognised on the underlying insurance contracts; and (b) the percentage of claims on the underlying insurance contracts the Group expects to recover from the group of reinsurance contracts held. The Group recognises the amount calculated above as an adjustment to contractual service margin and simultaneously as recoveries of insurance service expenses from reinsurers in profit or loss of the period.

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

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

20. Insurance contracts (continued)

20.7 Recognition and measurement of groups of reinsurance contracts held (continued)

20.7.2 Measurement of groups of reinsurance contracts held (continued)

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

(a) the effect of contracts added to the group of contracts in the period on the contractual service margin;
(b) interest accreted in the period on the contractual service margin, using the weighted average interest rates (applicable to cash flows that do not vary based on returns on any underlying items) determined when the contracts in the group of contracts are recognised;
(c) the loss-recovery component of the asset for remaining coverage recognised on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to a group, and reversals of a loss-recovery component of the asset for remaining coverage to the extent those reversals are not changes in the fulfilment cash flows of the group of reinsurance contracts held;
(d) the changes in the fulfilment cash flows relating to future service, other than the change resulting from a change in fulfilment cash flows allocated to a group of underlying insurance contracts that does not adjust the contractual service margin for the group of underlying insurance contracts, or the change resulting from recognition or reversal of losses from onerous groups of underlying contracts measured applying the premium allocation approach;
(e) the effect of any currency exchange differences in the period arising on the contractual service margin;
(f) the amortisation of the contractual service margin in the period. The Group rationally determines the coverage units of the group of reinsurance contracts held in each period of the coverage period based on the pattern of receipt of insurance contract services, and recognises profit or loss accordingly over the current and future periods by amortising the carrying amount of the contractual service margin as adjusted for (a) to (e) above.

Changes in the fulfilment cash flows that result from changes in the risk of non-performance by the issuer of a reinsurance contract held do not relate to future service and shall not adjust the contractual service margin.

The Group recognises the reduction in the asset for remaining coverage because of insurance contract services received from the reinsurer in the period as allocation of reinsurance premiums paid. The Group recognises the increase in the asset for incurred claims because of claims and other related expenses incurred in the period that are expected to be reimbursed and any subsequent related changes in fulfilment cash flows as recoveries of insurance service expenses from reinsurers.

The Group treats amounts from the reinsurer that it expects to receive that are not contingent on claims of the underlying contracts as the reduction to the allocation of reinsurance premiums paid. Allocation of reinsurance premiums paid and recoveries of insurance service expenses from reinsurer recognised in profit or loss excludes any investment components of the reinsurance contracts held.

The Group may use the premium allocation approach to simplify the measurement of a group of reinsurance contracts held, if one of the following conditions is met:

- the Group reasonably expects the measurement result of the group of reinsurance contracts held applying premium allocation approach would not differ materially from the measurement result without applying the premium allocation approach. This condition is not met if significant variability in the fulfilment cash flows is expected during the period before a claim is incurred;
- the coverage period of each contract in the group of reinsurance contracts held is one year or less.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

20. Insurance contracts (continued)

20.8 Modification and derecognition

If the modification of terms of an insurance contract meets one of the following conditions, the Group derecognises the original contract and recognises the modified contract as a new contract.

- if the modified terms had been included at contract inception, one of the following situations occurs:
  - (i) the modified contract would have been excluded from the scope of Accounting Standard for Business Enterprises on insurance contracts;
  - (ii) the Group would have separated different components from the host insurance contract, resulting in a different insurance contract to which the Accounting Standard for Business Enterprises on insurance contracts would have applied;
  - (iii) the modified contract would have had a substantially different contract boundary;
  - (iv) the modified contract would have been included in a different group of contracts.
- the original contract met the definition of an insurance contract with direct participation features, but the modified contract no longer meets that definition, or vice versa;
- the Group applied the premium allocation approach to the original contract, but the modified contract no longer meets the eligibility criteria for the premium allocation approach.

If a contract modification meets none of the conditions above, the Group treats changes in cash flows caused by the modification as changes in estimates of fulfilment cash flows.

The Group derecognises an insurance contract when the obligation specified in the insurance contract is discharged or cancelled or expires. The Group derecognises an insurance contract by applying the following:

- the fulfilment cash flows of the group to which the insurance contract belongs are adjusted to eliminate the present value of the future cash flows and risk adjustment for non-financial risk relating to the rights and obligations that have been derecognised;
- the contractual service margin of the group of contracts is adjusted;
- the number of coverage units for current and future periods of the group of contracts is adjusted.

When the Group modifies the original contract and recognises the new contract, the Group adjusts the contractual service margin of the group from which the original contract has been derecognised for the difference between the change in the fulfilment cash flows of the group of insurance contracts resulting from the derecognition of the original contract, and the premium charged had it entered into a contract with equivalent terms as the new contract at the date of modification, less any additional premium charged for the modification of the contract. The Group measures the group to which the new contract belongs assuming that the Group receives the net premium mentioned above at the date of the modification.

When the Group derecognises an insurance contract because it transfers the contract, the Group adjusts the contractual service margin of the group from which the contract has been derecognised for the difference between the change in the fulfilment cash flows of the group of insurance contracts resulting from the derecognition of the contract and the premium charged by the transferee.

When the Group derecognises an insurance contract (other than insurance contracts with direct participation features for which the Group holds the underlying items) because of modification or transfer, it reclassifies the balance of the other comprehensive income recognised for the contract in prior periods to profit or loss in that period.

20.9 Presentation

If the carrying amount of a portfolio of insurance contracts issued by the Group is a credit (debit) balance, it is presented as an insurance contract liability (asset); If the carrying amount of a portfolio of reinsurance contracts held is a debit (credit) balance, it is presented as a reinsurance contract asset (liability). The carrying amount of the assets for insurance acquisition cash flows at each balance sheet date is included in the carrying amount of the related portfolios of insurance contracts.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

21. Provisions

The obligations pertinent to contingencies are recognised as provisions when the following conditions are satisfied concurrently:

(1) it is a present obligation of the Group;
(2) it is probable that an outflow of economic benefits will be required to settle the obligation;
(3) the amount of the obligation can be measured reliably.

When the discounting effect is material, the amount of a provision is the present value at the balance sheet date of the future cash flow expected to be required to settle the obligation. The increase in the discounted present value arising from the passage of time is included in interest expenses.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Factors surrounding a contingency, such as the risks, uncertainties and the time value of money, are taken into account as a whole in reaching the best estimate of a provision. The Group reviews the carrying amount of the provisions at the end of the reporting period. If there is substantial evidence that the carrying amount cannot actually reflect the current best estimate, the Group will adjust the carrying amount in accordance with the current best estimate.

22. Dividend distribution

The loss compensation and dividend distribution approved by the shareholders' meeting are recognised in the current period of approval.

23. Revenue

Insurance revenue

For insurance contracts issued by the Group, the Group uses the groups of contracts as measurement units and recognises insurance revenue in the periods when insurance contract services are provided.

Interest income

Interest income is determined by using the effective interest method, based on the length of time for which the Group's cash is used by others. Effective interest rate is applied to discounts the estimated future cash flows through the expected life of the financial asset to the net carrying amount of the financial assets.

Management fee income

Management fee income is calculated in accordance with the calculation method specified in the contracts on an accrual basis. Management fees are recognised at agreed contractual basis rates if revenue recognition principles and fee accrual criteria are met.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

24. Leases

A contract is, or contains, a lease if it conveys the right to control the use of an asset for a period of time in exchange for consideration.

As the lessee, the Group shall recognise right-of-use assets and lease liabilities at the commencement date. The only exceptions are short-term leases and leases of low-value assets. Right-of-use assets are the assets that represent the Group's rights to use an underlying asset for the lease term. The commencement date is the date on which a lessor makes an underlying asset available for use by the Group.

The right-of-use assets of the Group are initially measured at cost. The cost of right-of-use asset shall comprise:

(1) the amount of the initial measurement of the lease liability;
(2) any lease payments made at or before the commencement date, less any lease incentives received;
(3) any initial direct costs incurred by the lessee; and
(4) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, 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.

The Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset and the end of the lease term.

The Group measures the lease liabilities at the present value of the lease payments that are not paid at the commencement date. Lease payments includes fixed payments and the payments for terminating the lease with an option to terminate the lease, etc. Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Group use the incremental borrowing rate. Interest on the lease liability in each period during the lease term shall be the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability and is recognised in profit or loss.

Payments related to short-term leases and low-value asset leases are recognised in related asset costs or profit or loss on a straight-line basis over each lease term. Short-term lease is the lease that, at the commencement date, has a lease term of 12 months or less. Lease of low-value asset is the lease for which the individual underlying asset is of low value when it is new.

As the lessor, the income from operating lease is recognised as rental income on a straight-line basis over each lease period.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

25. Government grants

Government grants are recognised when the grants can be received, and the Group can comply with all attached conditions. If a government grant is a monetary asset, it will be measured at the amount received or receivable. If a government grant is a non-monetary asset, it will be measured at its fair value. If it is unable to obtain its fair value reliably, it will be measured at its nominal amount.

Government grants for purchasing, building or forming long-term assets in other methods regulated in government documents are recognised as government grants related to assets. Judgements should be made based on the necessary basic conditions for obtaining the government grants when government documents are unclearly stated. Government grants with purchasing, building or forming long-term assets in other methods as basic condition, are recognised, as government grants related to assets, whereas the rest as government grants related to income.

Government grants related to income that compensate the future costs, expenses or losses are recorded as deferred income and recognised in profit or loss, or deducted costs against related costs, expenses or losses in the period of recognising the related expenses or costs; government grants related to income that compensate the incurred costs, expenses or losses are recognised in profit or loss, or deducted against related costs directly in the current period. Government grants related to assets are either deducted against the carrying amount of the assets or recorded as deferred income. Government grants related to assets and recorded as deferred income are recognised in profit or loss on a systemic basis over the useful lives of the assets. Government grants measured at their nominal amounts are directly recognised in profit or loss for the current period. Where the related assets are sold, transferred, scraped or destroyed before the end of their useful lives, the undistributed deferred revenue shall be transferred to profit or loss for the period in which the assets are disposed of. Government grants comprising of both assets-related portion and income-related portion are accounted separately, and those difficult to distinguish are classified as income-related as a whole.

Government grants related to daily activities of the Group are included in other income or deducted against related costs or expenses in accordance with business nature. Government grants not related to daily activities of the Group are included in non-operating income or expenses.

26. Income tax

Income tax comprises current and deferred income tax. Except to the extent that the tax arises from a transaction or event which is recognised directly in equity, all the income tax should be expensed or credited to profit or loss as appropriate.

The Group measures the current income tax liabilities or assets formed in the current period and previous periods according to the income tax amount which is required to pay or return expectedly under the regulations of tax law. It is based on tax rates applicable in the countries or regions where the Group operates at the balance sheet date, taking into consideration interpretations and practices prevailing in the countries or regions in which the Group operates.

The Group measures deferred income tax using the statement of balance sheet liability method according to the temporary difference between the carrying amount of an asset or liability at the end of the reporting period and its tax base, and the temporary difference between the carrying amount of an item not recognised as an asset or liability at the end of the reporting period and its tax base.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

26. Income tax (continued)

Deferred income tax liabilities are recognised for all taxable temporary differences, except:

(1) When the taxable temporary difference arises from the initial recognition of goodwill, or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or deductible loss and the initial recognition of assets and liabilities does not give rise to equal taxable and deductible temporary differences.

(2) In respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, and the carry-forward of unused tax credits and any deductible losses. Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and deductible losses can be utilised, except:

(1) When the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affect neither the accounting profit nor taxable profit or deductible loss and the initial recognition of assets and liabilities does not give rise to equal taxable and deductible temporary differences.

(2) In respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred income tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the deductible temporary differences can be utilised.

At the balance sheet date, the Group measures the deferred income tax assets and deferred income tax liabilities according to tax laws and regulations and based on applicable tax rate occurred in the period when the assets are repossessed or the liabilities are liquidated expectedly, which reflects the influence of the income tax on expectedly repossessed assets or liquidated liabilities at the balance sheet date.

At the balance sheet date, the Group reviews the carrying amount of the deferred income tax assets. The carrying amount of deferred income tax assets is reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilised. At the balance sheet date, the Group reassesses the unrecognised deferred income tax assets and recognises deferred income tax assets within the limit that the amount of income tax payable is sufficient to reverse all of or part of deferred income tax assets.

If the Group has the legal right to settle current income tax assets and current income tax liabilities through net amount, and the deferred income tax is relevant to the same taxpayer and the same tax collection and administration department, the net amount, obtained after the deferred income tax assets and the deferred income tax liabilities are offset, is presented.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

27. Employee benefits

Employee benefits refer to all forms of consideration or compensation given by the Group in exchange for service rendered by employees or for termination of employment relationship. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits.

According to relevant Chinese laws and regulations, all employees of the Group within the territory of China must participate in employee social security plans, including pension schemes, medical insurance, housing fund and other welfare benefits, organised and administered by the governmental authorities. For Hong Kong employees of the Group, the Group participates in the Mandatory Provident Fund Scheme in accordance with the contribution ratio required by corresponding regulations.

The Group's obligation to the above social securities is to pay social pooling insurance fees to social insurance authorities in accordance with the prescribed percentage of total wages. The contribution shall be managed and paid to retired employees through labour and social welfare authorities in accordance with the provisions. There are no forfeited contributions in the social security plans. Forfeited contributions by those employees are not used to reduce the existing level of contributions.

The Group’s employees in some regions of China have also participated in the employer-sponsored enterprise annuity plan (the “Annuity Plan”). The Group shall contribute to the Annuity Fund in accordance with agreed base and percentage. Forfeited contributions by those employees who quit the Annuity Plan prior to the full vesting of their contributions are not used to reduce the existing level of contributions but are transferred to the public account of the Annuity Plan to be allocated to the members of the Annuity Plan after fulfilling the approval procedures by the Group.

In addition, the Group is not liable for any significant legal obligation or constructive obligation to further pay employee retirement benefits. Above expenses are recognised in profit or loss as incurred. The above retirement benefit plan falls into the defined contribution plan.

The Group pays various benefit expenses for employees who accept voluntary retirement before the normal retirement date stipulated by the state as approved by the Group from the month after the early retirement through the normal retirement date stipulated by the state, including the retirement pensions, and various insurance coordination fees to local social insurance authorities, etc. For early retirement benefits qualified for recognition, the salaries and social security contributions to be paid to and for the early retired employees from the off-duty date to the normal retirement date are recognised by the Group as liabilities and charged to profit or loss for the current period.

The Group also operates deferred bonus plans for senior management and some of the key employees, which are accrued during the periods when employees provide services and are recognised as liabilities. The bonus is awarded based on the Group's annual performance appraisal indicators for the employees and the enterprises, and the payment is deferred.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

28. Fair value measurement

Fair value is the price obtained from selling an asset or paid for transferring a liability in an orderly transaction among market participants on the measurement date. The Group measures relevant assets or liabilities at fair value. It is assumed that the sale of the assets or the transfer of liabilities is carried out in the principal market for the assets or liabilities. In case of no principal market, the Group assumes that the transaction is carried out in the most advantageous market for the assets or liabilities. The principal market (or the most advantageous market) is the trade market that the Group can enter on the measurement date. The Group adopts the assumptions that market participants use to maximise their economic benefits when pricing the assets or liabilities.

To measure non-financial assets at fair value, consider the ability of market participants to generate economic benefits by using the asset for optimal purpose, or to sell the asset to other market participants who are able to use it for optimal purpose.

The Group adopts the valuation technique that is applicable in the current circumstances and contains sufficient available data and other information supports, chooses inputs with features of assets or liabilities that are consistent with those market participants consider in related transactions of assets or liabilities, and should give priority to relevant observable inputs. Unobservable inputs are adopted only when relevant observable inputs are not available or feasible.

29. Contingent liabilities

Contingent liabilities are obligations arising from past events that may require the Group to assume. The Group does not recognise such obligations as they arise from events that cannot be fully controlled by the Group, or the outflow of economic benefits resulted from such obligations cannot be reliably measured. They are recognised as contingent liabilities when the above events that cannot be fully controlled by the Group occur or the outflow of economic benefits of such obligations can be reliably measured.

30. Summary of significant accounting judgements and accounting estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the balance sheet date. However, the uncertainty of these assumptions and estimates may result in outcomes that may require a material adjustment to the carrying amounts of the assets or liabilities affected in the future. Estimates and judgements are continually evaluated by the Group based on historical experience and other factors, including expectations of future events that are deemed to be reasonable under the circumstances.

Significant judgements

In the process of applying the Group’s accounting policies, the management has made the following judgements, which have significant effect on the amounts recognised in the financial statements:

(1) Business models

The classification of financial assets at initial recognition should be based on the Group’s business model for managing the financial assets. When determining the business model, what the Group considers include how the performance of financial assets are evaluated and reported to the key management, the risks affecting the performance of financial assets and the way in which those risks are managed and how the relevant managers of the business are compensated, etc.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

30. Summary of significant accounting judgements and accounting estimates (continued)

Significant judgements (continued)

(2) Contractual cash flow characteristics

The classification of financial assets at initial recognition should be based on the financial asset's contractual cash flow characteristics, and the judgements on whether the contractual cash flows are consistent with a basic lending arrangement, which are solely payments of principal and interest on the outstanding principal. For example, when assessing the modification of the time value of money in the contractual cash flows, the judgement is needed to determine whether there is any significant difference from the benchmark cash flows, etc.

(3) Determination of control over structured entities

When determining whether the Group controls the structured entities in which it acts as an asset manager, the Group considers all relevant facts and circumstances in assessing whether it is acting as an agent or as a principal to make decisions. If the Group is acting as a principal, it controls the structured entities. In assessing whether the Group is acting as a principal, the Group considers factors such as scope of the asset manager's decision-making authority in structured entities; substantial rights held by other parties, remuneration to which it is entitled and exposure to variability of returns by holding interest in the structured entities. Once the factors change because of the changes of relevant facts and circumstances, the Group will reassess.

(4) Level of aggregation and recognition of insurance contracts

For insurance contracts issued to which the premium allocation approach is not applied, judgement is needed in assessing whether contracts that are onerous at initial recognition or have no significant possibility of becoming onerous subsequently, including the consideration of:

- the likelihood of changes in assumptions which, if they occurred, would result in the contracts becoming onerous; and
- information used to make estimates of the profitability of the products.

(5) Appropriateness of measurement methods for insurance contracts

The Group assesses at inception of the insurance contracts whether they meet the conditions for applying premium allocation approach or variable fee approach. When making such assessments, management's judgement is needed based on a combined consideration of the contractual characteristics and relevant facts and circumstances.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

30. Summary of significant accounting judgements and accounting estimates (continued)

Significant judgements (continued)

(6) Determination of the coverage units

The Group allocates the contractual service margin to each coverage unit provided in the current period and expected to be provided in the future and recognises the allocated amounts to profit or loss in the current or future periods. The Group determines the number of coverage units in a group of contracts in each period during the coverage period based on the pattern of the provision of insurance contract services properly, i.e., considering the amount or quantity of the benefits provided under each contract and expected coverage period.

The Group estimates the amount or quantity of benefits provided by insurance contracts based on the pattern of the provision of insurance coverage service, investment-return service and investment-related service (if applicable) and the consideration of characteristics of the terms and claims of insurance contracts. For contracts providing multiple services, the Group estimates the relative weighting of the services based on the factors related to each service (including the maximum claim amount, investment components, etc).

The Group estimates the expected coverage period based on the terms of insurance contracts and the mortality and morbidity, surrender rates etc. as mentioned in the section ‘Measurement of fulfilment cash flows of insurance contracts’.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial years, are detailed below:

(1) Measurement of fulfilment cash flows of insurance contracts

As at the balance sheet date, when measuring the insurance contract liabilities, the Group needs to make a reasonable estimate of the fulfilment cash flows within the boundary of each insurance contract. The estimates of the fulfilment cash flows are determined by the possible outcomes and associated possibilities calculated under all circumstances, considering all reasonable and supportable information available at the balance sheet date without undue cost or effort, with consideration of certain non-financial risk.

The main assumptions used in measuring fulfilment cash flows include discount rates, insurance incident occurrence rates (mainly including mortality and morbidity), loss ratios, surrender rates, expenses, policy dividend assumptions and risk adjustment for non-financial risk etc.

(a) Discount rates

For cash flows of insurance contracts that do not vary based on the returns on underlying items, the discount rates are determined by a bottom-up approach, on the basis of considering the impact of the time value of money, the discounted rates assumption is determined by adding comprehensive premiums to the underlying interest rate curve. The comprehensive premiums include taxation impacts, the liquidity, and other relevant factors. The discounted rates assumption adopted as at 31 December 2024 was 1.73% to 4.80% (31 December 2023: 2.67% to 4.80%).

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

30. Summary of significant accounting judgements and accounting estimates (continued)

Estimation uncertainty (continued)

(1) Measurement of fulfilment cash flows of insurance contracts(continued)

(a) Discount rates (continued)

For cash flows of insurance contracts that vary based on the returns on underlying items, the discount rates are determined based on expected rate of returns of the corresponding investment portfolio.

The assumption of discount rates is affected by uncertain factors, such as future macro-economy, capital market, availability of investment channel of insurance funds, investment strategy and other factors. The Group determines discount rate assumption based on the information available at the balance sheet date.

(b) Mortality and morbidity

Mortality assumption is determined based on the Group's historical mortality experiences as well as current and expected future development trends, etc. The Group presents its mortality assumptions using appropriate percentages of China Life Insurance Mortality Table (2010-2013).

Morbidity assumption is determined based on the industry's morbidity or the Group's products pricing assumption, analysis of historical morbidity experiences and expectations of current and future developments.

The uncertainty of mortality and morbidity are affected by factors, such as national lifestyle changes in the future, future development of medical technologies, continuing advancements in social conditions and other factors. The Group determines mortality and morbidity assumption based on all reasonable and supportable information available at the balance sheet date.

(c) Loss ratios

The Group determines reasonable estimates as loss ratio assumptions based on analysis of its historical claim experience and future development trends.

(d) Surrender rates

Surrender rate assumption is determined based on the Group's product types, the historical experiences, and estimates on current and future expectations. The surrender rate assumption varies by interest rates, product types and sale channels. The uncertainty of surrender rate is affected by factors, such as future macro-economy and market competition. The Group determines surrender rate assumption based on all reasonable and supportable information available at the balance sheet date.

(e) Expenses

Expense assumption is determined based on the analysis of expense and future expectation, including insurance acquisition cash flows, policy administration and maintenance costs, claim expenses, etc.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

30. Summary of significant accounting judgements and accounting estimates (continued)

Estimation uncertainty (continued)

(1) Measurement of fulfilment cash flows of insurance contracts(continued)

(e) Expenses (continued)

The uncertainty of expenses is affected by factors, such as inflation, and market competition. The Group determines expense assumption based on all reasonable and supportable information available at the balance sheet date.

(f) Policy dividend

Policy dividend assumption is determined based on expected rate of returns of participating accounts, the Group’s dividend policy, reasonable expectations of policyholders, etc.

The uncertainty of policy dividend is affected by the above factors. The Group determines policy dividend assumption based on all reasonable and supportable information available at the balance sheet date.

(g) Risk adjustment for non-financial risk

The Group applies techniques such as confidence level technique to determine the risk adjustment for non-financial risk. As at 31 December 2024, the confidence level for insurance contracts and reinsurance contracts that the Group issued and measured is 75% (the confidence level as at 31 December 2023: 75%).

(2) Fair values of financial assets determined using valuation techniques

Fair value, in the absence of an active market, is estimated by using valuation techniques, 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, a discounted cash flow analysis and option pricing models. For reference to other financial instruments, the instruments must have similar credit ratings.

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.

(3) Impairment of financial instruments

The Group uses the expected credit loss model to assess the impairment of financial instruments. The Group is required to perform significant judgement and estimation and take into account all reasonable and supportable information, including forward-looking information. When making such judgements and estimates, the Group infers the expected changes in the debtor's credit risk based on historical repayment data combined with economic policies, macroeconomic indicators, industry risks and other factors.

IV. TAXES

The main types of taxes and tax rates applicable to the Group in China are set out below:

Corporate income tax	-	25% on its taxable income under current tax laws and relevant regulations
Value-added tax ("VAT")	-	The taxable value-added amount (Tax payable is calculated using the taxable sales amount multiplied by the applicable tax rate less deductible VAT input of the current period) determined under current tax laws and relevant regulations, applicable tax rates: 3%, 5%, 6%, 9% or 13%
City maintenance and construction tax	-	1%, 5% or 7% of the VAT actually paid
Educational supplementary tax	-	3% of the VAT actually paid
Local educational supplementary tax	-	2% of the VAT actually paid

The main types of taxes and tax rates of payable by the Group with regard to its overseas businesses are paid in accordance with relevant regulations of local tax laws.

The taxes to be paid by the Group will be verified by relevant tax authorities.

V. SCOPE OF CONSOLIDATION

1. Particulars of the Company's incorporated subsidiaries as of 31 December 2024 are as follows:

Name	Type of legal entity	Business scope and principal activities	Place of incorporation/ registration	Place of operations	Registered capital (RMB thousand, unless otherwise specified)	Issued capital /Paid-up capital (RMB thousand, unless otherwise specified)	Percentage of equity attributable to the Company (%)		Percentage of voting rights attributable to the Company (%)	Note
							Direct	Indirect		
China Pacific Property Insurance Co., Ltd. ("CPIC Property")	Joint stock limited company	Property and casualty insurance	Shanghai	The PRC	19,948,088	19,948,088	98.50	-	98.50	
China Pacific Life Insurance Co., Ltd. ("CPIC Life")	Joint stock limited company	Life and health insurance	Shanghai	The PRC	8,628,200	8,628,200	98.29	-	98.29	
Pacific Asset Management Co., Ltd. ("CPIC Asset Management")	Limited liability company	Investment management	Shanghai	Shanghai	2,100,000	2,100,000	80.00	19.67	100.00	
China Pacific Insurance Co., (H.K.) Ltd. ("CPIC H.K.")	Limited liability company	Property and casualty insurance	Hong Kong	Hong Kong	HKD 250,000 thousand	HKD 250,000 thousand	100.00	-	100.00	
Shanghai Pacific Insurance Real Estate Management Co., Ltd. ("CPIC Real Estate")	Limited liability company	Real estate management	Shanghai	Shanghai	115,000	115,000	100.00	-	100.00	
Changjiang Pension Insurance Co., Ltd. ("Changjiang Pension")	Joint stock limited company	Pension fund and insurance asset management	Shanghai	Shanghai	3,000,000	3,000,000	-	61.10	62.16	
CPIC Investment Management (H.K.) Company Limited ("CPIC Investment (H.K.)")	Limited liability company	Investment management	Hong Kong	Hong Kong	HKD 200,000 thousand	HKD 200,000 thousand	12.25	87.46	100.00	
City Island Developments Limited ("City Island")	Limited liability company	Investment holding	The British Virgin Islands	The British Virgin Islands	USD 50,000	USD 1,000	-	98.29	100.00	
Great Winwick Limited*	Limited liability company	Investment holding	The British Virgin Islands	The British Virgin Islands	USD 50,000	USD 100	-	98.29	100.00	
Great Winwick (Hong Kong) Limited *	Limited liability company	Investment holding	Hong Kong	Hong Kong	HKD 10,000	HKD 1	-	98.29	100.00	
Newscott Investments Limited *	Limited liability company	Investment holding	The British Virgin Islands	The British Virgin Islands	USD 50,000	USD 100	-	98.29	100.00	
Newscott (Hong Kong) Investments Limited *	Limited liability company	Investment holding	Hong Kong	Hong Kong	HKD 10,000	HKD 1	-	98.29	100.00	

V. SCOPE OF CONSOLIDATION (continued)

1. Particulars of the Company's incorporated subsidiaries as of 31 December 2024 are as follows: (continued)

Name	Type of legal entity	Business scope and principal activities	Place of incorporation/ registration	Place of operations	Registered capital (RMB thousand, unless otherwise specified)	Issued capital /Paid-up capital (RMB thousand, unless otherwise specified)	Percentage of equity attributable to the Company (%)		Percentage of voting rights attributable to the Company (%)	Note
							Direct	Indirect		
Shanghai Xin Hui Property Development Co., Ltd. * ("Xin Hui Property")	Limited liability company	Real estate	Shanghai	Shanghai	USD 15,600 thousand	USD 15,600 thousand	-	98.29	100.00	
Shanghai He Hui Property Development Co., Ltd. * ("He Hui Property")	Limited liability company	Real estate	Shanghai	Shanghai	USD 46,330 thousand	USD 46,330 thousand	-	98.29	100.00	
Pacific Insurance Online Services Technology Co., Ltd. ("CPIC Online Services")	Limited liability company	Consulting services, etc.	Shandong	The PRC	200,000	200,000	100.00	-	100.00	
Tianjin Trophy Real Estate Co., Ltd. ("Tianjin Trophy")	Limited liability company	Real estate	Tianjin	Tianjin	353,690	353,690	-	98.29	100.00	
Pacific Insurance Senior Living Investment Management Co., Ltd. ("CPIC Senior Living Investment")	Limited liability company	Senior living property investment and management, etc.	Shanghai	Shanghai	5,000,000	5,000,000	-	98.29	100.00	
Pacific Health Insurance Co., Ltd. ("CPIC Health")	Joint stock limited company	Health insurance	Shanghai	The PRC	3,600,000	3,600,000	85.05	14.69	100.00	
Pacific Anxin Agricultural Insurance Co., Ltd. ("PAAIC")	Joint stock limited company	Property and casualty insurance	Shanghai	The PRC	1,080,000	1,080,000	-	66.76	67.78	
Pacific Medical & Healthcare Management Co., Ltd. ("Pacific Medical & Healthcare")	Limited liability company	Medical consulting services, etc.	Shanghai	Shanghai	1,000,000	1,000,000	-	98.29	100.00	
Pacific Insurance Agency Co., Ltd. ("Pacific Insurance Agency")	Limited liability company	Insurance agency	Shanghai	Shanghai	50,000	50,000	-	100.00	100.00	
CPIC Fund Management Co., Ltd. ("CPIC Funds")	Limited liability company	Fund management	Shanghai	Shanghai	150,000	150,000	-	50.83	51.00	
CPIC Senior Living Development (Chengdu) Co., Ltd. ("Chengdu Project Company")	Limited liability company	Senior living property investment and construction, etc.	Chengdu	Chengdu	1,000,000	1,000,000	-	98.29	100.00	(1)
CPIC Senior Living Development (Hangzhou) Co., Ltd. ("Hangzhou Project Company")	Limited liability company	Senior living property investment and construction, etc.	Hangzhou	Hangzhou	1,200,000	1,006,000	-	98.29	100.00	

V. SCOPE OF CONSOLIDATION (continued)

1. Particulars of the Company's incorporated subsidiaries as of 31 December 2024 are as follows: (continued)

Name	Type of legal entity	Business scope and principal activities	Place of incorporation/ registration	Place of operations	Registered capital (RMB thousand, unless otherwise specified)	Issued capital /Paid-up capital (RMB thousand, unless otherwise specified)	Percentage of equity attributable to the Company (%)		Percentage of voting rights attributable to the Company (%)	Note
							Direct	Indirect		
CPIC Senior Living Development (Xiamen) Co., Ltd. ("Xiamen Project Company")	Limited liability company	Senior living property investment and construction, etc.	Xiamen	Xiamen	900,000	900,000	-	98.29	100.00	
Pacific Care Home (Chengdu) Senior Living Service Co., Ltd. ("Pacific Care Home at Chengdu")	Limited liability company	Seniors care and health consultation, etc.	Chengdu	Chengdu	60,000	43,000	-	98.29	100.00	
CPIC Senior Living Development (Nanjing) Co., Ltd. ("Nanjing Project Company")	Limited liability company	Senior living property investment and construction, etc.	Nanjing	Nanjing	702,000	483,556	-	98.29	100.00	(2)
Pacific Care Home (Dali) Co., Ltd. ("Pacific Care Home at Dali")	Limited liability company	"Migrant-style" senior living, etc.	Dali	Dali	608,000	608,000	-	74.70	76.00	
CPIC (Shanghai) Senior Care Development Co., Ltd. ("Shanghai (Putuo) Project Company")	Limited liability company	Senior living property investment and construction, etc.	Shanghai	Shanghai	250,000	250,000	-	98.29	100.00	
Pacific Care Home (Hangzhou) Senior Living Service Co., Ltd. ("Pacific Care Home at Hangzhou")	Limited liability company	Seniors care and health consultation, etc.	Hangzhou	Hangzhou	60,000	42,200	-	98.29	100.00	(3)
CPIC Senior Living Development (Wuhan) Co., Ltd. ("Wuhan Project Company")	Limited liability company	Elderly service, real estate development and operation, etc.	Wuhan	Wuhan	980,000	980,000	-	98.29	100.00	
CPIC Capital Company Limited. ("CPIC Capital")	Limited liability company	Private equity investment fund management services	Shanghai	Shanghai	100,000	100,000	-	99.67	100.00	
Shanghai Chongming Pacific Care Home Senior Living Service Co., Ltd. ("Pacific Care Home at Shanghai (Chongming)")	Limited liability company	"Migrant-style" senior living, etc.	Shanghai	Shanghai	1,253,000	1,070,000	-	98.29	100.00	

V. SCOPE OF CONSOLIDATION (continued)

1. Particulars of the Company's incorporated subsidiaries as of 31 December 2024 are as follows: (continued)

Name	Type of legal entity	Business scope and principal activities	Place of incorporation/ registration	Place of operations	Registered capital (RMB thousand, unless otherwise specified)	Issued capital /Paid-up capital (RMB thousand, unless otherwise specified)	Percentage of equity attributable to the Company (%)		Percentage of voting rights attributable to the Company (%)	Note
							Direct	Indirect		
Shanghai (Putuo) Pacific Care Home Senior Living Service Co., Ltd. ("Pacific Care Home at Shanghai (Putuo)")	Limited liability company	Seniors care, nursing service and health consultation, etc.	Shanghai	Shanghai	30,000	23,000	-	98.29	100.00	(4)
Beijing Borui Heming Insurance Agency Co., Ltd. ("Borui Heming")	Limited liability company	Insurance agency	Beijing	The PRC	52,000	52,000	-	98.29	100.00	
China Pacific Life Insurance (H.K.) Company Limited ("CPIC Life (H.K.)")	Limited liability company	Life and health insurance	Hong Kong	Hong Kong	HKD 1,000,000 thousand	HKD 1,000,000 thousand	-	98.29	100.00	
CPIC Senior Living Development (Qingdao) Co., Ltd. ("Qingdao Project Company")	Limited liability company	Elderly service, real estate development and operation, etc.	Qingdao	Qingdao	227,000	193,000	-	98.29	100.00	
Pacific Care Home (Xiamen) Senior Living Service Co., Ltd ("Pacific Care Home at Xiamen")	Limited liability company	Seniors care and health consultation, etc.	Xiamen	Xiamen	40,000	30,000	-	98.29	100.00	(5)
CPIC Senior Living Development (Zhengzhou) Co., Ltd. ("Zhengzhou Project Company")	Limited liability company	Elderly service, real estate development and operation, etc.	Zhengzhou	Zhengzhou	650,000	650,000	-	98.29	100.00	(6)
CPIC Senior Living Development (Beijing) Co., Ltd. ("Beijing Project Company")	Limited liability company	Elderly service, real estate development and operation, etc.	Beijing	Beijing	800,000	800,000	-	98.29	100.00	(7)
Pacific Insurance Technology Co., Ltd. ("CPIC Technology")	Limited liability company	Technical services, cloud computing services, big data services	Shanghai	Shanghai	700,000	700,000	100.00	-	100.00	
Xinbaoyu (Guangzhou) Co., Ltd ("Xinbaoyu")	Limited liability company	Business service, property management, and lease of non-residential real estate	Guangzhou	Guangzhou	3,650,000	3,649,990	-	98.46	100.00	
Pacific Insurance Technology Services (Wuhan) Co., Ltd. ("CPIC Technology Wuhan")	Limited liability company	Technical services, technical consulting services	Wuhan	Wuhan	100,000	100,000	-	100.00	100.00	

V. SCOPE OF CONSOLIDATION (continued)

1. Particulars of the Company's incorporated subsidiaries as of 31 December 2024 are as follows: (continued)

Name	Type of legal entity	Business scope and principal activities	Place of incorporation/ registration	Place of operations	Registered capital (RMB thousand, unless otherwise specified)	Issued capital /Paid-up capital (RMB thousand, unless otherwise specified)	Percentage of equity attributable to the Company (%)		Percentage of voting rights attributable to the Company (%)	Note
							Direct	Indirect		
Pacific Health Management (Sanya) Co., Ltd ("Sanya Project Company")	Limited liability company	Elderly service, real estate development and operation, etc.	Sanya	Sanya	490,000	490,000	-	98.29	100.00	(8)
Pacific Care Home (Nanjing) Senior Living Service Co., Ltd ("Pacific Care Home at Nanjing")	Limited liability company	Seniors care and health consultation, etc.	Nanjing	Nanjing	30,000	7,000	-	98.29	100.00	
Shanghai (Jing'an) Pacific Care Home Senior Living Service Co., Ltd. ("Pacific Care Home at Shanghai (Jing'an)")	Limited liability company	"Migrant-style" senior living, etc.	Shanghai	Shanghai	426,367	426,367	-	98.29	100.00	
Pacific Care Home (Wuhan) Senior Living Service Co., Ltd ("Pacific Care Home at Wuhan")	Limited liability company	Seniors care, nursing service and health consultation, etc.	Wuhan	Wuhan	30,000	11,500	-	98.29	100.00	(9)
Xiamen Yuanshen Rehabilitation Hospital Co., Ltd. ("Xiamen Rehabilitation Hospital")	Limited liability company	Medical service, hospital management, etc.	Xiamen	Xiamen	160,000	160,000	-	98.29	100.00	(10)
Pacific Care Home (Suzhou) Senior Living Service Co., Ltd ("Pacific Care Home at Suzhou")	Limited liability company	Seniors care and health consultation, etc.	Suzhou	Suzhou	30,000	6,000	-	98.29	100.00	(11)
Pacific Care Home (Beijing) Senior Living Service Co., Ltd ("Pacific Care Home at Beijing")	Limited liability company	Seniors and disability care	Beijing	Beijing	30,000	-	-	98.29	100.00	(12)
Pacific Care Home (Zhengzhou) Senior Living Service Co., Ltd ("Pacific Care Home at Zhengzhou")	Limited liability company	Seniors and disability care	Zhengzhou	Zhengzhou	45,000	-	-	98.29	100.00	(13)
CPIC Senior Living Development (Guangzhou) Co., Ltd. ("Guangzhou Project Company")	Limited liability company	Senior living property investment and construction, etc.	Guangzhou	Guangzhou	830,000	365,000	-	98.29	100.00	(14)
CPIC Senior Living Development (Suzhou) Co., Ltd. ("Suzhou Project Company")	Limited liability company	Elderly services, lease of real estate, etc.	Suzhou	Suzhou	300,000	230,000	-	98.29	100.00	(15)

V. SCOPE OF CONSOLIDATION (continued)

1. Particulars of the Company's incorporated subsidiaries as of 31 December 2024 are as follows: (continued)

Name	Type of legal entity	Business scope and principal activities	Place of incorporation/ registration	Place of operations	Registered capital (RMB thousand, unless otherwise specified)	Issued capital /Paid-up capital (RMB thousand, unless otherwise specified)	Percentage of equity attributable to the Company (%)		Percentage of voting rights attributable to the Company (%)	Note
							Direct	Indirect		
Jinan Yuanshen Rehabilitation Hospital Co., Ltd. ("Jinan Rehabilitation Hospital")	Limited liability company	Medical service, hospital management, etc.	Jinan	Jinan	260,000	30,000	-	98.29	100.00	(16)

*Subsidiaries of City Island

V. SCOPE OF CONSOLIDATION (continued)

1. Particulars of the Company's incorporated subsidiaries as of 31 December 2024 are as follows: (continued)

(1) Chengdu Project Company

Chengdu Project Company, a wholly-owned subsidiary funded by CPIC Life, with registered capital of RMB 1,000 million. As of 31 December 2024, CPIC Life has paid up all the investment.

(2) Nanjing Project Company

Nanjing Project Company, a wholly-owned subsidiary funded by CPIC Life, with registered capital of RMB 702 million. As of 31 December 2024, the paid-up investment amount of CPIC Life had increased to approximately RMB 484 million.

(3) Pacific Care Home at Hangzhou

Pacific Care Home at Hangzhou, a wholly-owned subsidiary funded by CPIC Senior Living Investment, with registered capital of RMB 60 million. As of 31 December 2024, the paid-up investment amount of CPIC Senior Living Investment had increased to approximately RMB 42 million.

(4) Pacific Care Home at Shanghai (Putuo)

Pacific Care Home at Shanghai (Putuo), a wholly-owned subsidiary funded by CPIC Senior Living Investment, with registered capital of RMB 30 million. As of 31 December 2024, the paid-up investment amount of CPIC Senior Living Investment had increased to RMB 23 million.

(5) Pacific Care Home at Xiamen

Pacific Care Home at Xiamen, a wholly-owned subsidiary funded by CPIC Senior Living Investment, with registered capital of RMB 40 million. As of 31 December 2024, the paid-up investment amount of CPIC Senior Living Investment had increased to RMB 30 million.

(6) Zhengzhou Project Company

Zhengzhou Project Company, a wholly-owned subsidiary funded by CPIC Life, with registered capital of RMB 650 million. As of 31 December 2024, CPIC Life has paid up all the investment.

(7) Beijing Project Company

Beijing Project Company, a wholly-owned subsidiary funded by CPIC Life, with registered capital of RMB 800 million. As of 31 December 2024, CPIC Life has paid up all the investment.

(8) Sanya Project Company

Sanya Project Company, a wholly-owned subsidiary funded by CPIC Life, with registered capital of RMB 490 million. As of 31 December 2024, CPIC Life has paid up all the investment.

V. SCOPE OF CONSOLIDATION (continued)

1. Particulars of the Company's incorporated subsidiaries as of 31 December 2024 are as follows: (continued)

(9) Pacific Care Home at Wuhan

Pacific Care Home at Wuhan, a wholly-owned subsidiary funded by CPIC Senior Living Investment, with registered capital of RMB 30 million. As of 31 December 2024, the paid-up investment amount of CPIC Senior Living Investment had increased to approximately RMB 12 million.

(10) Xiamen Rehabilitation Hospital

CPIC Yuanshen Rehabilitation Equity Investment Fund (Wuhan) Partnership (Limited Partnership) ("Yuanshen Fund") and Shanghai Yanfu Enterprise Management Consulting Partnership (Limited Partnership) ("Shanghai Yanfu"), which are the two consolidated structured entities of the Group, found the Xiamen Rehabilitation Hospital in together, holding the percentage of equity with 99.94% and 0.06% respectively, with registered capital of RMB 160 million. In December 2024, Pacific Medical & Healthcare has obtained 100% ownership of Xiamen Rehabilitation Hospital through the transfer of equity. As of 31 December 2024, Pacific Medical & Healthcare has paid up all the investment.

(11) Pacific Care Home at Suzhou

Pacific Care Home at Suzhou, a wholly-owned subsidiary funded by CPIC Senior Living Investment, obtained the business license for the legal entity with unified social credit code 91320506MAE1D00UX7 in September 2024, with registered capital of RMB 30 million. As of 31 December 2024, CPIC Senior Living Investment has paid up the investment amount of RMB 6 million.

(12) Pacific Care Home at Beijing

Pacific Care Home at Beijing, a wholly-owned subsidiary funded by CPIC Senior Living Investment, obtained the business license for the legal entity with unified social credit code 91110400MAE7740X8Q in December 2024, with registered capital of RMB 30 million. As of 31 December 2024, CPIC Senior Living Investment has not paid up the investment.

(13) Pacific Care Home at Zhengzhou

Pacific Care Home at Zhengzhou, a wholly-owned subsidiary funded by CPIC Senior Living Investment, obtained the business license for the legal entity with unified social credit code 91410100MAE7N7L4X0 in December 2024, with registered capital of RMB 45 million. As of 31 December 2024, CPIC Senior Living Investment has not paid up the investment.

(14) Guangzhou Project Company

Guangzhou Project Company, a wholly-owned subsidiary funded by CPIC Life, obtained the business license for the legal entity with unified social credit code 91440106MAD94URB4D in January 2024, with registered capital of RMB 830 million. As of 31 December 2024, CPIC Life has paid up the investment amount of RMB 365 million.

V. SCOPE OF CONSOLIDATION (continued)

1. Particulars of the Company's incorporated subsidiaries as of 31 December 2024 are as follows: (continued)

(15) Suzhou Project Company

Suzhou Project Company, a wholly-owned subsidiary funded by CPIC Life, obtained the business license for the legal entity with unified social credit code 91320506MADR9ND93M in July 2024, with registered capital of RMB 300 million. As of 31 December 2024, CPIC Life has paid up the investment amount of RMB 230 million.

(16) Jinan Rehabilitation Hospital

Yuanshen Fund and Shanghai Yanfu, which are the two consolidated structured entities of the Group, found the Jinan Rehabilitation Hospital in together, holding the percentage of equity with 99.96% and 0.04% respectively. Jinan Rehabilitation Hospital obtained the business license for the legal entity with unified social credit code 91370102MADJCX1F2J in May 2024, with the registered capital of RMB 260 million. In October 2024, the shareholder of Jinan Rehabilitation Hospital was changed to Pacific Medical & Healthcare. After the equity change, Pacific Medical & Healthcare holds 100.00% of the shares. As of 31 December 2024, Pacific Medical & Healthcare has paid up the investment amount of RMB 30 million.

V. SCOPE OF CONSOLIDATION (continued)

2. As of 31 December 2024, consolidated structured entities material to the Group are as follows:

Name	Collective holding by the Group (%)	Product scale (units in RMB thousand)	Nature of business
China Pacific Changhang Equity Investment Fund (Wuhan) Partnership (Limited Partnership) ("China Pacific Changhang")	99.98	10,437,259	Investing in equity investments, investment management and asset management activities with private funds (yet subject to related regulations of the Asset Management Association of China ("AMAC")) (except for projects subject to approval according to law, independently carry out business activities that are not prohibited or restricted by laws and regulations with business license).
CPIC Zengyu Annually Open Pure Debt Type Launching Securities Investment Fund	79.26	8,426,809	Investing in financial instruments with high liquidity including national bonds, government bonds, local treasury bonds, financial bonds, enterprise bonds, corporate bonds, Central Bank bills, medium term notes, short-term commercial paper, super short-term commercial paper, SME private debt, asset-backed security, subordinated debt, the debt part of the convertible bonds, bonds repo, bank deposits (including agreement deposits, notice deposits and term deposits), NCDs, money market instrument, treasury bond futures and other financial instruments that laws and regulations or the CSRC allow funds to invest (yet subject to related regulations of the CSRC).
CPIC Zengfu Annually Open Pure Debt Type Launching Securities Investment Fund	100.00	7,978,099	Investing in financial instruments with high liquidity including national bonds, government bonds, local treasury bonds, financial bonds, enterprise bonds, corporate bonds, Central Bank bills, medium term notes, short-term commercial paper, super short-term commercial paper, SME private debt, asset-backed security, subordinated debt, the debt part of the convertible bonds, bonds repo, bank deposits (including agreement deposits, notice deposits and term deposits), NCDs, money market instrument, treasury bond futures and other financial instruments that laws and regulations or the CSRC allow funds to invest (yet subject to related regulations of the CSRC).
CPIC Health Industry Private Investment Fund (Shanghai) Partnership (Limited Partnership) ("CPIC Health Fund")	90.90	6,652,264	Investing in equity investments, investment management and asset management activities with private funds (yet subject to related regulations of the AMAC) (except for projects subject to approval according to law, independently carry out business activities that are not prohibited or restricted by laws and regulations with business license).

V. SCOPE OF CONSOLIDATION (continued)

2. As of 31 December 2024, consolidated structured entities material to the Group are as follows: (continued)

Name	Collective holding by the Group (%)	Product scale (units in RMB thousand)	Nature of business
CPIC: SSE STAR Market 50 Constituents ETF	56.78	5,470,354	Investing in constituent stocks and alternative constituent stocks of the target index. It may also invest in non-constituent stocks (including those listed on the SME Board, ChiNext, and other stocks permitted by the China Securities Regulatory Commission), bonds (including government bonds, financial bonds, corporate bonds, publicly issued subordinated bonds, convertible bonds (including separable transaction convertible bonds), exchangeable bonds, central bank bills, short-term financing bills, ultra-short-term financing bills, medium-term notes), asset-backed securities, bond repurchases, interbank certificates of deposit, bank deposits, money market instruments, stock index futures, stock options, and other financial instruments permitted by laws and regulations or the China Securities Regulatory Commission for fund investment (subject to compliance with relevant regulations of the China Securities Regulatory Commission). This fund may participate in margin trading and securities lending business. If laws and regulations or regulatory authorities permit funds to invest in other varieties in the future, the fund manager may include them in the investment scope after fulfilling appropriate procedures.

CPIC Funds, CPIC Capital etc. are the asset managers of these consolidated structured entities included in the scope of group.

(All amounts expressed in RMB million unless otherwise specified)

VI. NOTES TO THE FINANCIAL STATEMENTS

1. Cash at bank and on hand

		31 December 2024		
	Currency	Original currency	Exchange rate	RMB
Bank deposits	RMB	22,045	1.00000	22,045
	USD	810	7.18840	5,820
	HKD	295	0.92604	274
	Others			2
	Sub-total			28,141
Other cash balances	RMB	1,214	1.00000	1,214
	USD	-	7.18840	2
	Sub-total			1,216
Total				29,357

		31 December 2023		
	Currency	Original currency	Exchange rate	RMB
Cash	RMB	2	1.00000	2
	Sub-total			2
Bank deposits	RMB	24,825	1.00000	24,825
	USD	754	7.08270	5,340
	HKD	208	0.90622	188
	Others			2
	Sub-total			30,355
Other cash balances	RMB	1,098	1.00000	1,098
	Sub-total			1,098
Total				31,455

As of 31 December 2024, the Group’s cash at bank and on hand deposited overseas amounted equivalent to RMB 1,357 million (31 December 2023: amounted equivalent to RMB 884 million). Under PRC’s foreign exchange regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business after obtaining approval from foreign exchange regulatory authorities.

As of 31 December 2024, the Group’s term deposits with original maturity of no more than three months amounted to RMB 221 million (31 December 2023: RMB 549 million).

(All amounts expressed in RMB million unless otherwise specified)

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

1. Cash at bank and on hand (continued)

As of 31 December 2024, RMB 579 million in the Group's cash at bank and on hand balance are restricted for special-purpose use (31 December 2023: RMB 520 million).

Bank deposits comprise current deposits and short-term time deposits. Current deposits earn interest at rates based on daily bank deposit rates. Short-term time deposits are made for varying periods between one day and three months depending on the immediate cash requirements of the Group, and earn interest at respective short-term time deposit rates. The bank balances and deposits are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash at bank and on hand approximate their fair values.

2. Derivative financial instruments

The contract notional amount and fair value of derivative financial instruments held by the Group are as follows. The contract notional amount of derivative financial instruments is only the basis for comparing the fair value of assets or liabilities recognised in the balance sheet. It does not reflect the future cash flow nor present fair value, therefore cannot reflect the risk faced by the Group.

	31 December 2024		
	Nominal amount	Assets	Liabilities
Stock index futures	8	-	-
Foreign exchange forward contracts	4,713	26	96
Total	4,721	26	96

	31 December 2023		
	Nominal amount	Assets	Liabilities
Treasury bond futures	41	-	-
Stock index futures	7	-	-
Foreign exchange forward contracts	4,475	17	21
Total	4,523	17	21

3. Securities purchased under agreements to resell

	31 December 2024	31 December 2023
Securities - bonds		
Inter-bank market	10,380	2,019
Stock exchange	525	789
Sub-total	10,905	2,808
Less: Impairment provisions	-	-
Total	10,905	2,808

The Group does not sell or re-pledge the collateral underlying the securities purchased under agreements to resell.

(All amounts expressed in RMB million unless otherwise specified)

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

4. Term deposits

Term to maturity	31 December 2024	31December 2023
At amortised cost		
Within 3 months (inclusive)	3,452	4,664
3 months to 1 year (inclusive)	5,386	2,703
1 to 2 years (inclusive)	7,934	7,759
2 to 3 years (inclusive)	9,744	7,856
3 to 4 years (inclusive)	2,523	8,509
4 to 5 years (inclusive)	11,910	2,723
Less: Impairment provisions	(24)	(20)
Fair value through other comprehensive income		
Within 3 months (inclusive)	8,852	38,205
3 months to 1 year (inclusive)	7,716	5,845
1 to 2 years (inclusive)	29,026	16,585
2 to 3 years (inclusive)	27,980	28,607
3 to 4 years (inclusive)	20,781	21,464
4 to 5 years (inclusive)	38,538	20,101
Over 5 years	-	500
Including:		
- Amortised cost	129,338	130,521
- Accumulated changes in fair value	3,555	786
Total	173,818	165,501

As at 31 December 2024, the impairment provision recognised for term deposits at fair value through other comprehensive income was RMB 58 million (31 December 2023: RMB 56 million).

(All amounts expressed in RMB million unless otherwise specified)

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

5. Financial assets at fair value through profit or loss

	31 December 2024	31 December 2023
Listed	216,255	198,622
Unlisted	450,944	382,980
Total	667,199	581,602
Bonds	274,335	199,951
Government bonds	6,907	2,889
Finance bonds	241,069	169,449
Enterprise bonds	26,359	27,613
Stocks	179,013	161,345
Funds	70,472	65,817
Unlisted equity shares investments	66,707	62,919
Debt investment plans	42,150	44,676
Investment in asset management products	28,238	38,720
Others	6,284	8,174
Total	667,199	581,602

As at 31 December 2024 and 31 December 2023, there was no financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets at fair value through profit or loss had no material limitation in realisation.

6. Financial assets at amortised cost

	31 December 2024	31 December 2023
Listed	3,236	3,902
Unlisted	63,205	79,809
Sub-total	66,441	83,711
Less: Impairment provisions	(1,597)	(1,377)
Net value	64,844	82,334
Bonds	21,852	25,688
Government bonds	16,435	15,944
Enterprise bonds	5,417	9,744
Debt investment plans	35,482	42,846
Investment trust	5,065	11,000
Others	4,042	4,177
Sub-total	66,441	83,711
Less: Impairment provisions	(1,597)	(1,377)
Net value	64,844	82,334

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(All amounts expressed in RMB million unless otherwise specified)

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

7. Debt investments at fair value through other comprehensive income

	31 December 2024	31 December 2023
Listed	67,909	60,381
Unlisted	1,540,063	1,187,054
Total	1,607,972	1,247,435
Bonds	1,345,995	937,989
Government bonds	1,139,037	741,151
Finance bonds	68,666	64,922
Enterprise bonds	138,292	131,916
Debt investment plans	163,085	186,881
Investment trust	50,715	80,073
Preferred shares	34,478	33,020
Others	13,699	9,472
Total	1,607,972	1,247,435
Including:		
Amortised cost	1,366,390	1,143,108
Accumulated changes in fair value	241,582	104,327

As at 31 December 2024, the impairment provision for the Group's debt investment at fair value through other comprehensive income was RMB 4.220 billion (31 December 2023: RMB 3.929 billion).

8. Equity investments at fair value through other comprehensive income

	31 December 2024	31 December 2023
Stocks	76,052	27,110
Preferred shares	12,642	12,597
Perpetual bonds	18,878	28,477
Others	34,442	29,781
Total	142,014	97,965
Including:		
Cost	131,934	95,710
Accumulated changes in fair value	10,080	2,255

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 a long time or obtaining dividends during the holding period.

For the year ended 31 December 2024, the Group disposed equity investments at fair value through other comprehensive income of RMB 14,991 million (31 December 2023: RMB 9,563 million) because of the optimisation of asset allocation and asset and liability management. The amount transferred from other comprehensive income to retained profits was RMB 124 million (31 December 2023:RMB 5million) due to the disposals, etc.

For the year ended 31 December 2024, the Group has recognised dividend income of RMB 5.778 billion (31 December 2023: 4.769 billion) from the above equity investments. Relevant disclosures are included in Note VI 35.

(All amounts expressed in RMB million unless otherwise specified)

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

9. Long-term equity investments

	31 December 2024								
	Investment cost	Opening balance	Increase/ (Decrease) in current year	Share of net profit/(loss) under equity method	Adjustment of other comprehensive income/(loss)	Share of other changes in equity	Dividend distribution	Ending balance	Impairment provision ending balance
Equity method:									
Joint venture									
Shanghai Ruiyongjing Real Estate Development Co., Ltd. (“Ruiyongjing Real Estate”)	9,835	9,785	-	(242)	-	-	-	9,543	-
Others	52	47	-	(1)	-	-	-	46	-
Sub-total	9,887	9,832	-	(243)	-	-	-	9,589	-
Associate									
Taijiashan Health Industry Equity Investment Fund (Shanghai) LLP. (“Taijiashan”) (Note 1)	2,762	3,018	100	(99)	-	-	(3)	3,016	-
Yangtze River Delta Synergy Industry Investment Fund (“Yangtze River Delta Fund”) (Note 2)	1,726	2,684	(156)	(97)	-	-	(78)	2,353	-
Shanghai Hi-Tech Park United Development Co., Ltd. (“Hi-Tech”)	1,856	1,873	-	1	-	-	(56)	1,818	-
Shanghai Sci-Tech Innovation Centre Capital II LLP (“Sci-Tech Innovation II”) (Note 3)	1,340	1,311	143	33	-	-	(33)	1,454	-
Shanghai Lingang GLP International Logistics Development Co., Ltd. (“Lingang GLP”)	1,057	1,053	-	(50)	-	-	(16)	987	-
Shanghai Biomedical Industry Equity Investment Fund LLP. (Shanghai Biomedical)	936	965	(4)	10	-	-	(19)	952	-

(All amounts expressed in RMB million unless otherwise specified)

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

9. Long-term equity investments (continued)

	31 December 2024								
	Investment cost	Opening balance	Increase/ (Decrease) in current year	Share of net profit/(loss) under equity method	Adjustment of other comprehensive income/(loss)	Share of other changes in equity	Dividend distribution	Ending balance	Impairment provision ending balance
Equity method (continued):									
Associate (continued)									
Jiaxing Yishang Equity Investment LLP (“Jiaxing Yishang ”)	901	939	-	(233)	-	-	-	706	-
Others	3,290	2,008	11	138	5	2	(4)	2,160	(515)
Sub-total	13,868	13,851	94	(297)	5	2	(209)	13,446	(515)
Total	23,755	23,683	94	(540)	5	2	(209)	23,035	(515)

Note 1: In 2024, CPIC Life made an additional capital contribution of approximately RMB 100 million to Taijiashan, and its ownership interest remained as 99.01%.

Note 2: In 2024, CPIC Life obtained the project cost of an RMB 156 million returned from Yangtze River Delta fund, and its ownership interest changed to 27.75%.

Note 3: In 2024, CPIC Life made an additional capital contribution of approximately RMB 143 million to Sci-Tech Innovation II, and its ownership interest remained as 25.00%.

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

9. Long-term equity investments (continued)

As at 31 December 2024, details of major joint ventures of the Group are as follows:

Name	Type of enterprise	Place of registration/ Major business location	Legal represent-ative	Nature of business	Registered capital (RMB thousand unless otherwise)	Paid-up capital (RMB thousand unless otherwise)	Unified social credit code	Percentage of equity attributable to the Company (%)		Percentage of voting rights attributable to the Company (%)
								Direct	Indirect	
Ruiyongjing Real Estate (Note 1)	Limited liability company	Shanghai	Ge Qing	Real estate	14,050,000	14,050,000	91310000MA1FL5MU6G	-	68.80	57.14

As at 31 December 2024, details of major associates of the Group are as follows:

Name	Type of enterprise	Place of registration/ Major business location	Legal represent-ative	Nature of business	Registered capital (RMB thousand unless otherwise)	Paid-up capital (RMB thousand unless otherwise)	Unified social credit code	Percentage of equity attributable to the Company (%)		Percentage of voting rights attributable to the Company (%)
								Direct	Indirect	
Taijiashan (Note 2)	Limited liability partnership	Shanghai	Not applicable	Equity investment	Not applicable	2,789,887	91310000MA1FL7MH5H	-	97.32	Not applicable
Yangtze River Delta Fund	Limited liability partnership	Shanghai	Not applicable	Equity investment	Not applicable	5,413,905	91310000MA1FL62E0U	-	27.28	Not applicable
Hi-Tech	Limited liability company	Shanghai	Xue Han	Business services	453,250	453,250	913100006072011086	-	19.65	9.09
Sci-Tech Innovation II	Limited liability partnership	Shanghai	Not applicable	Equity investment	Not applicable	5,400,900	91310000MA1FL7X9X1	-	24.57	Not applicable
Lingang GLP.	Limited liability company	Shanghai	Zhao Mingqi	Real estate	USD 119,990 thousand	USD 119,990 thousand	913100007709009105	-	19.65	12.50
Shanghai Biomedical	Limited liability partnership	Shanghai	Not applicable	Equity investment	Not applicable	7,730,036	91310000MA1FL7HY2Y	-	12.00	Not applicable
Jiaxing Yishang (Note 3)	Limited liability partnership	Jiaxing	Not applicable	Equity investment	Not applicable	950,501	91330402MA2BCWUX4C	-	93.18	Not applicable

Note 1: CPIC Life holds over 50% of the ownership interest of Ruiyongjing Real Estate. Since CPIC Group cannot unilaterally dominate the relevant activities of Ruiyongjing Real Estate according to the Articles of Association of Ruiyongjing Real Estate, Ruiyongjing Real Estate is accounted under equity method as a joint venture.

Note 2: CPIC Life holds over 50% shares of Taijiashan. Since CPIC Group cannot unilaterally dominate the relevant activities of Taijiashan according to the partnership agreement of Taijiashan, Taijiashan is accounted under equity method as an associate.

Note 3: CPIC Life holds over 50% shares of Jiaxing Yishang. Since CPIC Group cannot unilaterally dominate the relevant activities of Jiaxing Yishang according to the partnership agreement of Jiaxing Yishang, Jiaxing Yishang is accounted under equity method as an associate.

(All amounts expressed in RMB million unless otherwise specified)

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

9. Long-term equity investments (continued)

Summarised financial information for major joint ventures:

	31 December 2024			31 December 2023		
	Total assets	Total liabilities	Net assets	Total assets	Total liabilities	Net assets
Ruiyongjing Real Estate	20,075	6,400	13,675	19,698	5,727	13,971

Summarised financial information for other joint ventures:

	31 December 2024			31 December 2023		
	Total assets	Total liabilities	Net assets	Total assets	Total liabilities	Net assets
Others	2,239	1,892	347	2,224	1,895	329

Net loss of joint ventures:

	2024	2023
Net loss of joint ventures	(286)	(18)

For unrecognised commitments in relation to the investments in joint ventures, please refer to Note XI.

Summarised financial information for major associates:

	31 December 2024 / 2024			
	Total assets as at 31 December	Total liabilities as at 31 December	Total revenue for the current year	Net loss for the current year
Taijiashan	3,047	1	16	(52)
Yangtze River Delta Fund	8,580	102	(302)	(278)

(All amounts expressed in RMB million unless otherwise specified)

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

9. Long-term equity investments (continued)

Summarised financial information for other associates:

	2024	2023
Net profit/(loss)	2,662	(2,474)
Other comprehensive income/(loss)	28	(718)
Total comprehensive income/(loss)	2,690	(3,192)
Total comprehensive loss attributable to the Group	(94)	(682)
Total carrying amount of the Group's investment as at the year end	7,562	7,650

As at 31 December 2024, the Group's long-term equity investments had impairment of RMB 515 million. (As at 31 December 2023: RMB 499 million).

The Group performs impairment tests on long-term equity investments that has objective evidence of impairment. When evaluating impairment of long-term equity investments, the recoverable amount is determined mainly at fair value less estimated costs of disposal and the present value of the estimated future cash flow expected to be derived from the asset.

Fair value is primarily based on the fair value of shares issued in the public market and is determined using appropriate valuation techniques. The present value of future cash flow is based on business budget approved by management and adjusted discount rates using the discounted cash flow method. Cash flows beyond the business budget period have been extrapolated using a stable growth rate and terminal value.

10. Restricted statutory deposits

	31 December 2024	31 December 2023
CPIC Property	3,989	3,989
CPIC Life	1,726	1,726
CPIC Health	720	720
PAAIC	260	320
Sub-total	6,695	6,755
Add: Interest receivables	158	352
Less: Impairment provisions	(2)	(2)
Total	6,851	7,105

In accordance with relevant provision of Insurance Law of the PRC, CPIC Property, CPIC Life, CPIC Health and PAAIC should place 20% of its issued capital as restricted statutory deposits, respectively.

(All amounts expressed in RMB million unless otherwise specified)

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

11. Investment properties

	Buildings
Cost	
1 January 2023	14,746
Transfer to fixed assets, net	(79)
Transfer from intangible assets, net	34
Disposal	(14)
31 December 2023	14,687
Procurement	59
Transfer to fixed assets, net	(1,316)
Transfer to intangible assets, net	(25)
Disposal	(3)
31 December 2024	13,402
Accumulated depreciation	
1 January 2023	(3,544)
Charge for the year	(476)
Transfer to fixed assets, net	2
Transfer from intangible assets, net	(7)
Disposal	5
31 December 2023	(4,020)
Charge for the year	(400)
Transfer to fixed assets, net	336
Transfer to intangible assets, net	6
Disposal	1
31 December 2024	(4,077)
Provision for impairment loss	
31 December 2023	-
Charge for the year	(374)
31 December 2024	(374)
Carrying amount	
31 December 2024	8,951
31 December 2023	10,667

The fair values of investment properties of the Group as at 31 December 2024 amounted to RMB 14,169 million (31 December 2023: RMB 15,783 million), which were estimated by the Group based on the independent appraisers' valuations.

(All amounts expressed in RMB million unless otherwise specified)

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

11. Investment properties (continued)

The Group conducts impairment tests on investment properties that show indicators of impairment. When assessing the impairment of investment properties, the determination of the recoverable amount primarily includes two methods: the fair value minus estimated disposal costs and the present value of expected future cash flows.

The fair value is mainly based on the transaction prices of similar properties, using appropriate valuation techniques. The present value of cash flows is calculated using cash flow forecasting methods, based on the management's business budget for property rental income and an adjusted discount rate.

12. Fixed assets

	Buildings	Motor vehicles	Other equipment	Total
Cost				
1 January 2023	21,754	1,118	5,982	28,854
Procurement	25	68	510	603
Transfer from construction in progress	2,150	-	3	2,153
Transfer from investment properties, net	79	-	-	79
Acquisition of subsidiaries	22	-	-	22
Decrease	(15)	(83)	(332)	(430)
31 December 2023	24,015	1,103	6,163	31,281
Procurement	41	97	504	642
Transfer from construction in progress	1,134	-	-	1,134
Transfer from investment properties, net	1,316	-	-	1,316
Decrease	(1)	(88)	(235)	(324)
31 December 2024	26,505	1,112	6,432	34,049
Accumulated depreciation				
1 January 2023	(6,005)	(911)	(4,464)	(11,380)
Depreciation charge	(706)	(66)	(609)	(1,381)
Transfer from investment properties, net	(2)	-	-	(2)
Decrease	9	81	326	416
31 December 2023	(6,704)	(896)	(4,747)	(12,347)
Depreciation charge	(812)	(66)	(523)	(1,401)
Transfer from investment properties, net	(336)	-	-	(336)
Decrease	-	85	230	315
31 December 2024	(7,852)	(877)	(5,040)	(13,769)
Provision for impairment loss				
1 January 2023 and 31 December 2023	(9)	-	-	(9)
Charge for the year	(16)	-	-	(16)
31 December 2024	(25)	-	-	(25)
Carrying amount				
31 December 2024	18,628	235	1,392	20,255
31 December 2023	17,302	207	1,416	18,925

As at 31 December 2024, the Group’s motor vehicles and other equipment with a cost of approximately RMB 4,662 million (31 December 2023: RMB 4,174 million) are fully depreciated but still in use.

(All amounts expressed in RMB million unless otherwise specified)

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

13. Construction in progress

The Group's construction in progress mainly comprises office building construction projects, and the movements are detailed as follows:

	31 December 2024								
Item	Budget	Opening balance	Increase in current year	Transfer to fixed assets in current year	Transfer to intangible assets in current year	Transfer to long-term prepaid expenses in current year	Disposal	Ending balance	% of project investment in budget
Shanghai	1,404	965	100	(4)	-	-	-	1,061	76%
Henan	1,060	223	319	-	-	-	-	542	51%
Beijing	1,330	89	200	-	-	-	-	289	22%
Hainan	888	87	176	-	-	-	-	263	30%
Yunnan	831	108	135	-	-	-	-	243	29%
Guizhou	35	13	15	-	-	-	-	28	80%
Jiangsu	1,137	-	24	(3)	-	-	-	21	2%
Guangdong	1,370	-	5	-	-	-	-	5	0%
Hubei	1,620	783	123	(906)	-	-	-	-	56%
Liaoning	173	163	3	(166)	-	-	-	-	96%
Others	3,377	28	109	(55)	(43)	(2)	-	37	4%
		2,459	1,209	(1,134)	(43)	(2)	-	2,489	

	31 December 2023								
Item	Budget	Opening balance	Increase in current year	Transfer to fixed assets in current year	Transfer to intangible assets in current year	Transfer to long-term prepaid expenses in current year	Disposal	Ending balance	% of project investment in budget
Shanghai	2,889	762	1,089	(885)	-	(1)	-	965	64%
Fujian	1,639	717	240	(957)	-	-	-	-	58%
Hubei	1,620	272	511	-	-	-	-	783	48%
Jiangsu	394	234	20	(254)	-	-	-	-	64%
Liaoning	175	158	6	(1)	-	-	-	163	94%
Yunnan	831	59	49	-	-	-	-	108	13%
Henan	1,060	17	206	-	-	-	-	223	21%
Guizhou	35	13	-	-	-	-	-	13	37%
Hainan	888	-	87	-	-	-	-	87	10%
Beijing	1,330	4	85	-	-	-	-	89	7%
Others	2,108	55	117	(56)	(88)	-	-	28	8%
		2,291	2,410	(2,153)	(88)	(1)	-	2,459	

The capital sources of the Group's construction in progress are all self-owned funds, and there are no capitalised interest expenses in the balance of construction in progress.

There was no such case as the recoverable amount was lower than the carrying amount of the construction in progress at the end of the year, thus no provision for impairment of construction in progress was required.

(All amounts expressed in RMB million unless otherwise specified)

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

14. Right-of-use assets

	Buildings	Motor vehicles	Other equipment	Total
Cost				
1 January 2023	6,300	5	18	6,323
Increase	2,540	5	10	2,555
Decrease	(1,329)	(4)	(1)	(1,334)
31 December 2023	7,511	6	27	7,544
Increase	1,460	4	1	1,465
Decrease	(1,873)	(6)	(14)	(1,893)
31 December 2024	7,098	4	14	7,116
Accumulated depreciation				
1 January 2023	(3,282)	(4)	(7)	(3,293)
Depreciation charge	(1,322)	(3)	(3)	(1,328)
Decrease	439	2	1	442
31 December 2023	(4,165)	(5)	(9)	(4,179)
Depreciation charge	(1,171)	(2)	(1)	(1,174)
Decrease	1,151	3	4	1,158
31 December 2024	(4,185)	(4)	(6)	(4,195)
Carrying amount				
31 December 2024	2,913	-	8	2,921
31 December 2023	3,346	1	18	3,365

There was no such case as the recoverable amount was lower than the carrying amount of the right-of-use assets at the end of the year, thus no provision for impairment of right-of-use assets was required.

(All amounts expressed in RMB million unless otherwise specified)

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

15. Intangible assets

	Land use rights	Software use rights	License	Others	Total
Cost					
1 January 2023	3,095	9,467	646	-	13,208
Increase	133	1,182	-	-	1,315
Acquisition of subsidiaries	286	-	-	-	286
Transfer from construction in progress	-	88	-	-	88
Transfer to investment properties, net	(34)	-	-	-	(34)
Disposal	-	(5)	-	-	(5)
31 December 2023	3,480	10,732	646	-	14,858
Increase	343	1,028	-	2	1,373
Transfer from construction in progress	-	43	-	-	43
Transfer from investment properties, net	25	-	-	-	25
Disposal	-	(6)	-		(6)
31 December 2024	3,848	11,797	646	2	16,293
Accumulated amortisation					
1 January 2023	(167)	(6,375)	-	-	(6,542)
Amortisation	(83)	(1,113)	-	-	(1,196)
Transfer to investment properties, net	7	-	-	-	7
Disposal	-	5	-	-	5
31 December 2023	(243)	(7,483)	-	-	(7,726)
Amortisation	(89)	(1,116)	-	-	(1,205)
Transfer from investment properties, net	(6)	-	-	-	(6)
Disposal	-	6	-	-	6
31 December 2024	(338)	(8,593)	-	-	(8,931)

(All amounts expressed in RMB million unless otherwise specified)

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

15. Intangible assets (continued)

	Land use rights	Software use rights	License	Others	Total
Provision for impairment loss					
1 January 2023	-	-	-	-	-
Provision for impairment	-	(15)	-	-	(15)
31 December 2023	-	(15)	-	-	(15)
Provision for impairment	-	-	-	-	-
31 December 2024	-	(15)	-	-	(15)
Carrying amount					
31 December 2024	3,510	3,189	646	2	7,347
31 December 2023	3,237	3,234	646	-	7,117

(All amounts expressed in RMB million unless otherwise specified)

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

16. Goodwill

	31 December 2024			
	Opening balance	Increase	Decrease	Ending balance
Changjiang Pension	149	-	-	149
City Island	813	-	-	813
CPIC Funds	395	-	-	395
Borui Heming	15	-	-	15
Sub-total	1,372	-	-	1,372
Less: Provision for impairment	(15)	-	-	(15)
Net value	1,357	-	-	1,357

	31 December 2023			
	Opening balance	Increase	Decrease	Ending balance
Changjiang Pension	149	-	-	149
City Island	813	-	-	813
CPIC Funds	395	-	-	395
Borui Heming	15	-	-	15
Sub-total	1,372	-	-	1,372
Less: Provision for impairment	-	(15)	-	(15)
Net value	1,372	(15)	-	1,357

Provision for impairment of goodwill

	Opening balance	Increase	Decrease	Ending balance
		Provision	Disposal	
Borui Heming	(15)	-	-	(15)

The Group performs impairment test to goodwill annually. The recoverable amounts for asset groups and combinations of asset groups containing goodwill are determined by means of fair value net of expected disposal costs and present value of projected future cash flows.

Fair value refers to the trading prices of similar assets in the market and is determined using appropriate valuation techniques. The present value of future cash flows is based on business plans approved by management and adjusted discount rates using the discounted cash flow method. Cash flows beyond the business plan period have been extrapolated using a stable growth rate and terminal value. As at 31 December 2024, discount rates used by the Group range from 12% to 20% and the growth rate is about 2%.

As at 31 December 2024, apart from Borui Heming, there was no indication that the recoverable amount of asset groups and combinations of asset groups is less than its carrying amount, thus no impairment loss is recognised.

(All amounts expressed in RMB million unless otherwise specified)

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

17. Deferred income tax assets and liabilities

	31 December 2024		31 December 2023	
Deferred income tax assets	Deferred income tax	Temporary differences	Deferred income tax	Temporary differences
Insurance contract liabilities /assets	50,712	202,848	22,300	89,200
Changes in fair value of financial instruments	169	676	184	736
Commission and brokerage expenses	853	3,412	790	3,160
Provision for asset impairment	624	2,496	611	2,444
Deductible losses	10,469	41,876	3,198	12,792
Lease liabilities	681	2,722	774	3,095
Others	2,578	10,312	2,215	8,860
Total	66,086	264,342	30,072	120,287
Deferred income tax liabilities	Deferred income tax	Temporary differences	Deferred income tax	Temporary differences
Changes in fair value of financial instruments	(68,364)	(273,456)	(22,126)	(88,504)
Adjustment in fair value arising from acquisition of subsidiaries	(737)	(2,948)	(797)	(3,188)
Right-of-use assets	(730)	(2,921)	(841)	(3,365)
Others	(153)	(612)	(351)	(1,404)
Total	(69,984)	(279,937)	(24,115)	(96,461)

Deferred income tax assets and liabilities of the Group set out as the net amount after offsetting:

	31 December 2024		31 December 2023	
	Offsetting amount	Balance after offsetting	Offsetting amount	Balance after offsetting
Deferred income tax assets	(62,622)	3,464	(22,996)	7,076
Deferred income tax liabilities	62,622	(7,362)	22,996	(1,119)

(All amounts expressed in RMB million unless otherwise specified)

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

17. Deferred income tax assets and liabilities (continued)

Details of movements in deferred income tax assets and liabilities are as follows:

	Insurance contract liabilities /assets	Changes in fair value of financial instruments	Commission and brokerage expenses	Provision for asset impairment	Deductible losses	Adjustment in fair value arising from acquisition of subsidiaries	Others	Total
Balance of 1 January 2023	17,507	(12,584)	522	350	1,383	(828)	1,508	7,858
Recognised in profit or loss	(7,543)	3,255	268	569	1,815	31	271	(1,334)
Recognised in equity	12,336	(12,613)	-	(308)	-	-	18	(567)
Balance of 31 December 2023	22,300	(21,942)	790	611	3,198	(797)	1,797	5,957
Recognised in profit or loss	(6,183)	(9,275)	63	86	7,271	60	580	(7,398)
Recognised in equity	34,716	(37,019)	-	(73)	-	-	(1)	(2,377)
Other changes of the year	(121)	41	-	-	-	-	-	(80)
Balance of 31 December 2024	50,712	(68,195)	853	624	10,469	(737)	2,376	(3,898)

As at 31 December 2024, the deductible temporary differences and deductible losses not recognised as deferred income tax assets by the Group amounted to RMB 31.1 billion (31 December 2023: RMB 13.2 billion).

(All amounts expressed in RMB million unless otherwise specified)

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

18. Other assets

		31 December 2024	31 December 2023
Other receivables	(1)	12,694	9,990
Improvements of right-of-use assets	(2)	1,017	1,052
Others		2,803	2,459
Total		16,514	13,501

(1) Other receivables

	31 December 2024	31 December 2023
Receivable from securities sold but not settled	4,323	1,801
Due from external undertakings	3,344	2,630
Due from related parties*	1,772	1,772
Due from agents	314	175
Deposits	267	289
Co-insurance premium receivables	63	60
Prepaid tax	155	20
Others	2,787	3,562
Sub-total	13,025	10,309
Less: Provision for bad debts	(331)	(319)
Net value	12,694	9,990

* As at 31 December 2024, the payments made by the Group on behalf of Shanghai Binjiang-Xiangrui Investment and Construction Co., Ltd. ("Binjiang-Xiangrui") for the purchase of land and related taxes and expenses amounted to approximately RMB 1,772 million (31 December 2023: RMB 1,772 million), which accounting for 14% (31 December 2023: 17%) of the total other receivables.

(All amounts expressed in RMB million unless otherwise specified)

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

18. Other assets (continued)

(1) Other receivables (continued)

The category of other receivables is analysed below:

	31 December 2024			
	Ending balance	% of total balance	Provision for bad debts	Provision Percentage
Provisions for impairment considered on the grouping basis	13,025	100%	(331)	3%

	31 December 2023			
	Ending balance	% of total balance	Provision for bad debts	Provision Percentage
Provisions for impairment considered on the grouping basis	10,309	100%	(319)	3%

The aging of other receivables and related provisions for bad debts are analysed as follows:

Aging	31 December 2024			
	Ending balance	% of total balance	Provision for bad debts	Net value
Within 3 months (inclusive)	8,381	64%	(17)	8,364
3 months to 1 year (inclusive)	1,828	14%	(22)	1,806
1 to 3 years (inclusive)	649	5%	(91)	558
Over 3 years	2,167	17%	(201)	1,966
Total	13,025	100%	(331)	12,694

Aging	31 December 2023			
	Ending balance	% of total balance	Provision for bad debts	Net value
Within 3 months (inclusive)	5,700	55%	(54)	5,646
3 months to 1 year (inclusive)	1,854	18%	(15)	1,839
1 to 3 years (inclusive)	887	9%	(117)	770
Over 3 years	1,868	18%	(133)	1,735
Total	10,309	100%	(319)	9,990

The top five other receivables of the Group are as follows:

	31 December 2024	31 December 2023
Total amount of the top five other receivables	2,499	2,572
Total provision for bad debts	(13)	(2)
% of total other receivables	19%	25%

The account balance does not include any amount attributable to shareholders holding 5% or more of the voting rights of the Company.

(All amounts expressed in RMB million unless otherwise specified)

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

18. Other assets (continued)

(2) Improvement of right-of-use assets

	Improvement of right-of-use assets
Cost	
At 1 January 2023	4,614
Additions	479
Transfer from construction in progress	1
At 31 December 2023	5,094
Additions	384
Transfer from construction in progress	2
Disposal	(2)
At 31 December 2024	5,478
Accumulated amortisation	
At 1 January 2023	(3,632)
Amortisation charge	(410)
At 31 December 2023	(4,042)
Amortisation charge	(421)
Disposal	2
At 31 December 2024	(4,461)
Carrying amount	
At 31 December 2024	1,017
At 31 December 2023	1,052

(All amounts expressed in RMB million unless otherwise specified)

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

19. Provision for impairment of assets

	31 December 2024				
	Opening balance	Charge for the year	Reversal	Derecognition	Ending balance
Impairment provision of term deposits	76	16	(10)	-	82
Impairment provision of restricted statutory deposits	2	1	(1)	-	2
Impairment provision of debt investments at fair value through other comprehensive income	3,929	626	(325)	(10)	4,220
Impairment provision of financial assets at amortised cost	1,377	368	(148)	-	1,597
Impairment provision of long-term equity investments	499	16	-	-	515
Impairment provision of other assets					
- Other receivables	319	61	(1)	(48)	331
- Debt assets	20	-	-	-	20
- Others	135	16	(72)	-	79
Provision for impairment of fixed assets	9	16	-	-	25
Provision for impairment of intangible assets	15	-	-	-	15
Provision for impairment of investment properties	-	374	-	-	374
Provision for impairment of other long-term assets	25	-	-	-	25
Provision for impairment of goodwill	15	-	-	-	15
Total	6,421	1,494	(557)	(58)	7,300

(All amounts expressed in RMB million unless otherwise specified)

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

19. Provision for impairment of assets (continued)

	31 December 2023				
	Opening balance	Charge for the year	Reversal	Derecognition	Ending balance
Impairment provision of term deposits	92	8	(24)	-	76
Impairment provision of restricted statutory deposits	2	-	-	-	2
Impairment provision of debt investments at fair value through other comprehensive income	2,684	1,773	(449)	(79)	3,929
Impairment provision of financial assets at amortised cost	818	618	(55)	(4)	1,377
Impairment provision of long-term equity investments	274	225	-	-	499
Impairment provision of other assets					
- Other receivables	287	74	(7)	(35)	319
- Debt assets	20	-	-	-	20
- Others	62	77	(4)	-	135
Provision for impairment of fixed assets	9	-	-	-	9
Provision for impairment of intangible assets	-	15	-	-	15
Provision for impairment of other long-term assets	25	-	-	-	25
Provision for impairment of goodwill	-	15	-	-	15
Total	4,273	2,805	(539)	(118)	6,421

20. Securities sold under agreements to repurchase

	31 December 2024	31 December 2023
Securities - bonds		
Inter-bank market	158,860	91,646
Stock exchange	22,835	24,173
Total	181,695	115,819

As at 31 December 2024, the Group’s bonds with par value of approximately RMB 169,426 million (31 December 2023: approximately RMB 97,966 million) were pledged for the inter-bank securities sold under agreements to repurchase.

As at 31 December 2024, the Group’s bonds with par value of approximately RMB 22,826 million (31 December 2023: approximately RMB 24,080 million) were pledged for the stock exchange securities sold under agreements to repurchase.

Securities sold under agreements to repurchase are generally repurchased within 12 months from the date the securities are sold.

(All amounts expressed in RMB million unless otherwise specified)

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

21. Employee benefits payable

	1 January 2024	Increase	Decrease	31 December 2024
Wages and salaries, bonus, allowances and subsidies	6,789	18,339	(17,787)	7,341
Staff welfare	12	921	(923)	10
Social security contributions	107	4,090	(4,105)	92
Housing funds	14	1,416	(1,420)	10
Labour union funds	55	369	(367)	57
Employee education funds	965	204	(80)	1,089
Deferred bonus to management	173	235	(256)	152
Early retirement benefits	1,132	1,241	(955)	1,418
Total	9,247	26,815	(25,893)	10,169

	1 January 2023	Increase	Decrease	31 December 2023
Wages and salaries, bonus, allowances and subsidies	6,850	18,715	(18,776)	6,789
Staff welfare	12	930	(930)	12
Social security contributions	124	4,001	(4,018)	107
Housing funds	11	1,375	(1,372)	14
Labour union funds	54	367	(366)	55
Employee education funds	872	193	(100)	965
Deferred bonus to management	53	163	(43)	173
Early retirement benefits	659	923	(450)	1,132
Total	8,635	26,667	(26,055)	9,247

The Group had no significant non-monetary benefits and compensation for termination of employment.

22. Taxes payable

	31 December 2024	31 December 2023
Corporate income tax	663	1,792
Unpaid VAT	562	533
Withholding individual income tax	155	163
Others	1,100	1,048
Total	2,480	3,536

(All amounts expressed in RMB million unless otherwise specified)

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

23. Bonds payable

On 9 March 2023, CPIC Property issued a 10-year capital replenishment bond with a total face value of RMB 7 billion in the interbank market. CPIC Property has a conditional option to redeem the bond at the end of the fifth interest-bearing year. The capital replenishment bond pays interests at an initial coupon rate of 3.72% per annum. If CPIC Property does not exercise the early redemption option, the annual coupon rate for the next five years would increase to 4.72%.

On 3 April 2023, CPIC Property issued a 10-year capital replenishment bond with a total face value of RMB 3 billion in the interbank market. CPIC Property has a conditional option to redeem the bond at the end of the fifth interest-bearing year. The capital replenishment bond pays interests at an initial coupon rate of 3.55% per annum. If CPIC Property does not exercise the early redemption option, the annual coupon rate for the next five years would increase to 4.55%.

Issuer	31 December 2023	Issuance	Amortisation of bond premium or discount	Interest accrued in the year	Interest payment/ reimbursement in the year	31 December 2024
CPIC Property	10,285	-	-	367	(366)	10,286

24. Insurance contract liabilities/assets

	31 December 2024					
	Insurance contract assets (excluding assets for insurance acquisition cash flows)	Assets for insurance acquisition cash flows	Insurance contract assets	Insurance contract liabilities (excluding assets for insurance acquisition cash flows)	Assets for insurance acquisition cash flows	Insurance contract liabilities
Insurance contracts issued (including reinsurance contracts held)	22	-	22	2,229,514	-	2,229,514

	31 December 2023					
	Insurance contract assets (excluding assets for insurance acquisition cash flows)	Assets for insurance acquisition cash flows	Insurance contract assets	Insurance contract liabilities (excluding assets for insurance acquisition cash flows)	Assets for insurance acquisition cash flows	Insurance contract liabilities
Insurance contracts issued (including reinsurance contracts held)	335	-	335	1,872,620	-	1,872,620

(All amounts expressed in RMB million unless otherwise specified)

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

24. Insurance contract liabilities/assets (continued)

The analysis of liabilities for remaining coverage and liabilities for incurred claims is as follows:

	2024								
	Contracts not measured under the premium allocation approach				Contracts measured under the premium allocation approach				
	Liabilities for remaining coverage				Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component	Loss component	Liabilities for incurred claims	Total	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	Total
Insurance contract liabilities as at 1 January	1,709,879	8,279	28,951	1,747,109	51,521	7,715	64,420	1,855	125,511
Insurance contract assets as at 1 January	-	-	-	-	(3,480)	411	2,677	57	(335)
Net liabilities of insurance contracts as at 1 January	1,709,879	8,279	28,951	1,747,109	48,041	8,126	67,097	1,912	125,176
Contracts under the fair value approach	(4,848)	-	-	(4,848)	-	-	-	-	-
Contracts under the modified retrospective approach	(59,615)	-	-	(59,615)	-	-	-	-	-
Other contracts	(18,695)	-	-	(18,695)	(196,315)	-	-	-	(196,315)
Insurance revenue	(83,158)	-	-	(83,158)	(196,315)	-	-	-	(196,315)
Incurred claims and other expenses	-	(1,678)	34,110	32,432	-	-	151,668	1,176	152,844
Amortisation of insurance acquisition cash flows	21,926	-	-	21,926	48,365	-	-	-	48,365
Losses on onerous contracts and reversals of those losses	-	664	-	664	-	(1,459)	-	-	(1,459)
Changes in liabilities for incurred claims	-	-	(2,689)	(2,689)	-	-	(7,890)	(1,046)	(8,936)
Insurance service expenses	21,926	(1,014)	31,421	52,333	48,365	(1,459)	143,778	130	190,814

(All amounts expressed in RMB million unless otherwise specified)

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

24. Insurance contract liabilities/assets (continued)

The analysis of liabilities for remaining coverage and liabilities for incurred claims is as follows: (continued)

	2024								
	Contracts not measured under the premium allocation approach				Contracts measured under the premium allocation approach				
	Liabilities for remaining coverage				Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component	Loss component	Liabilities for incurred claims	Total	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	Total
Insurance service result	(61,232)	(1,014)	31,421	(30,825)	(147,950)	(1,459)	143,778	130	(5,501)
Insurance finance expenses	227,341	219	1,408	228,968	974	-	1,765	-	2,739
Other changes recognised in other comprehensive income	46	-	-	46	4	19	13	2	38
Total changes of other comprehensive income	166,155	(795)	32,829	198,189	(146,972)	(1,440)	145,556	132	(2,724)
Investment components	(62,645)	-	62,645	-	(12,542)	-	12,542	-	-
Premium received	264,362	-	-	264,362	222,761	-	-	-	222,761
Insurance acquisition cash flows paid	(21,597)	-	-	(21,597)	(46,715)	-	-	-	(46,715)
Claims and other insurance service expenses paid	-	-	(94,288)	(94,288)	-	-	(150,382)	-	(150,382)
Other cash flows	(231)	-	-	(231)	(9,600)	-	-	-	(9,600)
Total cash flows	242,534	-	(94,288)	148,246	166,446	-	(150,382)	-	16,064
Other movements	(422)	-	(573)	(995)	(628)	-	(945)	-	(1,573)
Net liabilities of insurance contracts as at 31 December	2,055,501	7,484	29,564	2,092,549	54,345	6,686	73,868	2,044	136,943
Insurance contract assets as at 31 December	-	-	-	-	(1)	-	(21)	-	(22)
Insurance contract liabilities as at 31 December	2,055,501	7,484	29,564	2,092,549	54,346	6,686	73,889	2,044	136,965

(All amounts expressed in RMB million unless otherwise specified)

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

24. Insurance contract liabilities/assets (continued)

The analysis of liabilities for remaining coverage and liabilities for incurred claims is as follows: (continued)

	2023								
	Contracts not measured under the premium allocation approach				Contracts measured under the premium allocation approach				
	Liabilities for remaining coverage				Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component	Loss component	Liabilities for incurred claims	Total	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	Total
Insurance contract liabilities as at 1 January	1,510,301	6,179	29,846	1,546,326	44,668	7,932	64,136	1,786	118,522
Insurance contract assets as at 1 January	-	-	-	-	(120)	-	(185)	-	(305)
Net liabilities of insurance contracts as at 1 January	1,510,301	6,179	29,846	1,546,326	44,548	7,932	63,951	1,786	118,217
Contracts under the fair value approach	(4,776)	-	-	(4,776)	-	-	-	-	-
Contracts under the modified retrospective approach	(65,730)	-	-	(65,730)	(18)	-	-	-	(18)
Other contracts	(12,460)	-	-	(12,460)	(183,183)	-	-	-	(183,183)
Insurance revenue	(82,966)	-	-	(82,966)	(183,201)	-	-	-	(183,201)
Incurred claims and other expenses	-	(1,570)	31,806	30,236	-	-	138,547	1,089	139,636
Amortisation of insurance acquisition cash flows	21,752	-	-	21,752	46,185	-	-	-	46,185
Losses on onerous contracts and reversals of those losses	-	3,550	-	3,550	-	194	-	-	194
Changes in liabilities for incurred claims	-	-	(1,444)	(1,444)	-	-	(8,122)	(964)	(9,086)
Insurance service expenses	21,752	1,980	30,362	54,094	46,185	194	130,425	125	176,929

(All amounts expressed in RMB million unless otherwise specified)

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

24. Insurance contract liabilities/assets (continued)

The analysis of liabilities for remaining coverage and liabilities for incurred claims is as follows: (continued)

	2023								
	Contracts not measured under the premium allocation approach				Contracts measured under the premium allocation approach				
	Liabilities for remaining coverage				Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component	Loss component	Liabilities for incurred claims	Total	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	Total
Insurance service result	(61,214)	1,980	30,362	(28,872)	(137,016)	194	130,425	125	(6,272)
Insurance finance expenses	92,832	120	792	93,744	1,022	-	1,321	-	2,343
Other changes recognised in other comprehensive income	-	-	-	-	(4)	-	4	1	1
Total changes of other comprehensive income	31,618	2,100	31,154	64,872	(135,998)	194	131,750	126	(3,928)
Investment components	(59,592)	-	59,592	-	(12,202)	-	12,202	-	-
Premium received	249,781	-	-	249,781	207,829	-	-	-	207,829
Insurance acquisition cash flows paid	(22,492)	-	-	(22,492)	(46,267)	-	-	-	(46,267)
Claims and other insurance service expenses paid	-	-	(91,203)	(91,203)	-	-	(139,817)	-	(139,817)
Other cash flows	761	-	-	761	(9,179)	-	-	-	(9,179)
Total cash flows	228,050	-	(91,203)	136,847	152,383	-	(139,817)	-	12,566
Other movements	(498)	-	(438)	(936)	(690)	-	(989)	-	(1,679)
Net liabilities of insurance contracts as at 31 December	1,709,879	8,279	28,951	1,747,109	48,041	8,126	67,097	1,912	125,176
Insurance contract assets as at 31 December	-	-	-	-	(3,480)	411	2,677	57	(335)
Insurance contract liabilities as at 31 December	1,709,879	8,279	28,951	1,747,109	51,521	7,715	64,420	1,855	125,511

(All amounts expressed in RMB million unless otherwise specified)

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

24. Insurance contract liabilities/assets (continued)

The analysis by measurement component of contracts not measured under the premium allocation approach is as follows:

	2024						
	Present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin				Total
			Contracts under the fair value approach	Contracts under the modified retrospective approach	Other contracts	Subtotal	
Insurance contract liabilities as at 1 January	1,401,980	19,403	13,905	288,518	23,303	325,726	1,747,109
Amortisation of contractual service margin	-	-	(1,465)	(22,876)	(2,495)	(26,836)	(26,836)
Changes in risk adjustment for non-financial risk	-	(1,015)	-	-	-	-	(1,015)
Experience adjustments	(949)	-	-	-	-	-	(949)
Changes that relate to current services	(949)	(1,015)	(1,465)	(22,876)	(2,495)	(26,836)	(28,800)
Contracts initially recognised in the year	(21,430)	2,552	-	-	19,741	19,741	863
Changes in estimates that adjust the contractual service margin	(19,210)	(1,049)	1,442	17,276	1,541	20,259	-
Changes in estimates that do not adjust the contractual service margin	(116)	(83)	-	-	-	-	(199)
Changes that relate to future services	(40,756)	1,420	1,442	17,276	21,282	40,000	664
Adjustments to liabilities for incurred claims	(2,427)	(262)	-	-	-	-	(2,689)
Changes that relate to past services	(2,427)	(262)	-	-	-	-	(2,689)
Insurance service result	(44,132)	143	(23)	(5,600)	18,787	13,164	(30,825)

(All amounts expressed in RMB million unless otherwise specified)

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

24. Insurance contract liabilities/assets (continued)

The analysis by measurement component of contracts not measured under the premium allocation approach is as follows: (continued)

	2024						
			Contractual service margin				
	Present value of future cash flows	Risk adjustment for non-financial risk	Contracts under the fair value approach	Contracts under the modified retrospective approach	Other contracts	Subtotal	Total
Insurance finance expenses	220,488	2,005	537	4,686	1,252	6,475	228,968
Other movements of other comprehensive income	45	-	-	-	1	1	46
Total changes of other comprehensive income	176,401	2,148	514	(914)	20,040	19,640	198,189
Premiums received	264,362	-	-	-	-	-	264,362
Insurance acquisition cash flows paid	(21,597)	-	-	-	-	-	(21,597)
Claims and other insurance service expenses paid	(94,288)	-	-	-	-	-	(94,288)
Other cash flows	(231)	-	-	-	-	-	(231)
Total cash flows	148,246	-	-	-	-	-	148,246
Other movements	(995)	-	-	-	-	-	(995)
Insurance contract liabilities as at 31 December	1,725,632	21,551	14,419	287,604	43,343	345,366	2,092,549

(All amounts expressed in RMB million unless otherwise specified)

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

24. Insurance contract liabilities/assets (continued)

The analysis by measurement component of contracts not measured under the premium allocation approach is as follows: (continued)

	2023						
	Present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin				Total
			Contracts under the fair value approach	Contracts under the modified retrospective approach	Other contracts	Subtotal	
Insurance contract liabilities as at 1 January	1,198,000	20,664	12,304	305,352	10,006	327,662	1,546,326
Amortisation of contractual service margin	-	-	(1,447)	(23,719)	(1,036)	(26,202)	(26,202)
Changes in risk adjustment for non-financial risk	-	(1,132)	-	-	-	-	(1,132)
Experience adjustments	(3,644)	-	-	-	-	-	(3,644)
Changes that relate to current services	(3,644)	(1,132)	(1,447)	(23,719)	(1,036)	(26,202)	(30,978)
Contracts initially recognised in the year	(12,864)	2,643	-	-	12,550	12,550	2,329
Changes in estimates that adjust the contractual service margin	(2,052)	(3,522)	2,574	1,866	1,134	5,574	-
Changes in estimates that do not adjust the contractual service margin	1,272	(51)	-	-	-	-	1,221
Changes that relate to future services	(13,644)	(930)	2,574	1,866	13,684	18,124	3,550
Adjustments to liabilities for incurred claims	(1,302)	(142)	-	-	-	-	(1,444)
Changes that relate to past services	(1,302)	(142)	-	-	-	-	(1,444)
Insurance service result	(18,590)	(2,204)	1,127	(21,853)	12,648	(8,078)	(28,872)

(All amounts expressed in RMB million unless otherwise specified)

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

24. Insurance contract liabilities/assets (continued)

The analysis by measurement component of contracts not measured under the premium allocation approach is as follows: (continued)

	2023						
			Contractual service margin				
	Present value of future cash flows	Risk adjustment for non-financial risk	Contracts under the fair value approach	Contracts under the modified retrospective approach	Other contracts	Subtotal	Total
Insurance finance expenses	86,659	943	474	5,019	649	6,142	93,744
Total changes of other comprehensive income	68,069	(1,261)	1,601	(16,834)	13,297	(1,936)	64,872
Premiums received	249,781	-	-	-	-	-	249,781
Insurance acquisition cash flows paid	(22,492)	-	-	-	-	-	(22,492)
Claims and other insurance service expenses paid	(91,203)	-	-	-	-	-	(91,203)
Other cash flows	761	-	-	-	-	-	761
Total cash flows	136,847	-	-	-	-	-	136,847
Other movements	(936)	-	-	-	-	-	(936)
Insurance contract liabilities as at 31 December	1,401,980	19,403	13,905	288,518	23,303	325,726	1,747,109

(All amounts expressed in RMB million unless otherwise specified)

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

24. Insurance contract liabilities/assets (continued)

As of 31 December 2024, the Group expects that 64 % (31 December 2023: 65%) of the contractual service margin of insurance contracts that do not apply the premium allocation approach will be recognised in profit or loss within the next 10 years.

The impact on the balance sheet of the current period's initial recognition of insurance contracts that do not measure under the premium allocation approach is as follows:

	2024		
	Profitable contracts issued	Onerous contracts issued	Total
Estimates of present value of future cash outflows - insurance acquisition cash flows	18,573	3,816	22,389
Estimates of present value of future cash outflows - others	134,923	34,982	169,905
Subtotal of estimates of present value of future cash outflows	153,496	38,798	192,294
Estimates of present value of future cash inflows	(175,421)	(38,303)	(213,724)
Risk adjustment for non-financial risk	2,184	368	2,552
Contractual service margin	19,741	-	19,741
Impact of contracts initially recognised in the current year	-	863	863

	2023		
	Profitable contracts issued	Onerous contracts issued	Total
Estimates of present value of future cash outflows - insurance acquisition cash flows	18,094	5,257	23,351
Estimates of present value of future cash outflows- others	107,329	44,309	151,638
Subtotal of estimates of present value of future cash outflows	125,423	49,566	174,989
Estimates of present value of future cash inflows	(139,959)	(47,894)	(187,853)
Risk adjustment for non-financial risk	1,986	657	2,643
Contractual service margin	12,550	-	12,550
Impact of contracts initially recognised in the current year	-	2,329	2,329

The following table describes the composition of the assets or liabilities and their fair values of the underlying items corresponding to insurance contracts with direct participation in profit-sharing features:

	31 December 2024	31 December 2023
Financial assets at fair value through profit or loss	331,707	286,162
Debt investments at fair value through other comprehensive income	722,348	574,582
Equity investments at fair value through other comprehensive income	53,972	63,107
Others	53,338	104,316
	1,161,365	1,028,167

(All amounts expressed in RMB million unless otherwise specified)

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

25. Reinsurance contract liabilities/assets

The analysis of reinsurance contract assets for remaining coverage and reinsurance contract assets for incurred claims is as follows:

	2024								
	Contracts not measured under the premium allocation method				Contracts measured under the premium allocation method				
	Assets for remaining coverage				Assets for remaining coverage		Assets for incurred claims		
	Excluding loss-recovery component	Loss-recovery component	Assets for incurred claims	Total	Excluding loss-recovery component	Loss-recovery component	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	Total
Reinsurance contract assets as at 1 January	11,035	419	617	12,071	2,514	1,201	23,603	365	27,683
Reinsurance contract liabilities as at 1 January	-	-	-	-	-	-	-	-	-
Net assets of reinsurance contracts as at 1 January	11,035	419	617	12,071	2,514	1,201	23,603	365	27,683
Allocation of reinsurance premiums	(565)	-	-	(565)	(15,326)	-	-	-	(15,326)
Amounts recoverable for claims and other related expenses incurred during the year	-	(36)	(82)	(118)	-	-	17,356	257	17,613
Recognition and reversals of loss-recovery component	-	48	-	48	-	(322)	-	-	(322)
Changes in fulfillment cash flows related to reinsurance contracts assets for incurred claims	-	-	49	49	-	-	(2,593)	(200)	(2,793)
Effect of changes in non-performance of reinsurers	-	-	-	-	-	-	(11)	-	(11)
Recoveries of insurance service expenses from reinsurers	-	12	(33)	(21)	-	(322)	14,752	57	14,487
Reinsurance service results	(565)	12	(33)	(586)	(15,326)	(322)	14,752	57	(839)

(All amounts expressed in RMB million unless otherwise specified)

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

25. Reinsurance contract liabilities/assets (continued)

The analysis of reinsurance contract assets for remaining coverage and reinsurance contract assets for incurred claims is as follows: (continued)

	2024								
	Contracts not measured under the premium allocation method				Contracts measured under the premium allocation method				
	Assets for remaining coverage				Assets for remaining coverage		Assets for incurred claims		
	Excluding loss-recovery component	Loss-recovery component	Assets for incurred claims	Total	Excluding loss-recovery component	Loss-recovery component	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	Total
Reinsurance finance income for reinsurance contracts held	1,199	15	5	1,219	238	-	614	-	852
Other changes recognised in other comprehensive income	23	-	-	23	(1)	1	11	1	12
Total changes in other comprehensive income	657	27	(28)	656	(15,089)	(321)	15,377	58	25
Investment components	(359)	-	359	-	(5,655)	-	5,655	-	-
Reinsurance premiums paid	2,022	-	-	2,022	21,950	-	-	-	21,950
Amounts received from recoveries of claims and other related expenses incurred	-	-	(492)	(492)	-	-	(18,256)	-	(18,256)
Other cash flows	990	-	-	990	(568)	-	-	-	(568)
Total cash flows	3,012	-	(492)	2,520	21,382	-	(18,256)	-	3,126
Other changes	-	-	-	-	-	-	-	-	-
Reinsurance contract assets as at 31 December	14,345	446	456	15,247	3,152	880	26,379	423	30,834

(All amounts expressed in RMB million unless otherwise specified)

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

25. Reinsurance contract liabilities/assets (continued)

The analysis of reinsurance contract assets for remaining coverage and reinsurance contract assets for incurred claims is as follows: (continued)

	2023								
	Contracts not measured under the premium allocation method				Contracts measured under the premium allocation method				
	Assets for remaining coverage				Assets for remaining coverage		Assets for incurred claims		
	Excluding loss-recovery component	Loss-recovery component	Assets for incurred claims	Total	Excluding loss-recovery component	Loss-recovery component	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	Total
Reinsurance contract assets as at 1 January	10,547	201	318	11,066	1,445	1,017	19,369	308	22,139
Reinsurance contract liabilities as at 1 January	-	-	-	-	(322)	-	(487)	-	(809)
Net assets of reinsurance contracts as at 1 January	10,547	201	318	11,066	1,123	1,017	18,882	308	21,330
Allocation of reinsurance premiums	(621)	-	-	(621)	(15,217)	-	-	-	(15,217)
Amounts recoverable for claims and other related expenses incurred during the year	-	(30)	226	196	-	-	15,580	226	15,806
Recognition and reversals of loss-recovery component	-	240	-	240	-	184	-	-	184
Changes in fulfillment cash flows related to reinsurance contracts assets for incurred claims	-	-	(9)	(9)	-	-	(1,821)	(169)	(1,990)
Effect of changes in non-performance of reinsurers	-	-	-	-	-	-	(28)	-	(28)
Recoveries of insurance service expenses from reinsurers	-	210	217	427	-	184	13,731	57	13,972
Reinsurance service results	(621)	210	217	(194)	(15,217)	184	13,731	57	(1,245)

(All amounts expressed in RMB million unless otherwise specified)

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

25. Reinsurance contract liabilities/assets (continued)

The analysis of reinsurance contract assets for remaining coverage and reinsurance contract assets for incurred claims is as follows: (continued)

	2023								
	Contracts not measured under the premium allocation method				Contracts measured under the premium allocation method				
	Assets for remaining coverage				Assets for remaining coverage		Assets for incurred claims		
	Excluding loss-recovery component	Loss-recovery component	Assets for incurred claims	Total	Excluding loss-recovery component	Loss-recovery component	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	Total
Reinsurance finance income for reinsurance contracts held	679	8	1	688	169	-	312	-	481
Other changes recognised in other comprehensive income	-	-	-	-	(3)	-	(3)	-	(6)
Total changes in other comprehensive income	58	218	218	494	(15,051)	184	14,040	57	(770)
Investment components	(211)	-	211	-	(5,080)	-	5,080	-	-
Reinsurance premiums paid	665	-	-	665	20,092	-	-	-	20,092
Amounts received from recoveries of claims and other related expenses incurred	-	-	(130)	(130)	-	-	(14,399)	-	(14,399)
Other cash flows	(24)	-	-	(24)	1,430	-	-	-	1,430
Total cash flows	641	-	(130)	511	21,522	-	(14,399)	-	7,123
Reinsurance contract assets as at 31 December	11,035	419	617	12,071	2,514	1,201	23,603	365	27,683

(All amounts expressed in RMB million unless otherwise specified)

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

25. Reinsurance contract liabilities/assets (continued)

The analysis by measurement component of contracts not measured under the premium allocation approach is as follows:

	2024						
			Contractual service margins				
	Present value of future cash flows	Risk adjustment for non-financial risk	Contracts under the fair value approach	Contracts under the modified retrospective approach	Other contracts	Subtotal	Total
Reinsurance contract assets as at 1 January	9,234	188	2,431	-	218	2,649	12,071
Amortisation of contractual service margin	-	-	(171)	-	(63)	(234)	(234)
Changes in risk adjustment for non-financial risk	-	-	-	-	-	-	-
Experience adjustments	(449)	-	-	-	-	-	(449)
Changes that relate to current services	(449)	-	(171)	-	(63)	(234)	(683)
Reinsurance contracts initially recognised in the year	(38)	7	-	-	31	31	-
Changes in estimates that adjust the contractual service margin	(50)	(21)	(144)	-	215	71	-
Recognition and reversals of loss-recovery component	-	-	9	-	39	48	48
Changes that relate to future services	(88)	(14)	(135)	-	285	150	48
Adjustments to reinsurance amortisation of assets for incurred claims	55	(6)	-	-	-	-	49
Changes related to past services	55	(6)	-	-	-	-	49
Insurance service result	(482)	(20)	(306)	-	222	(84)	(586)

(All amounts expressed in RMB million unless otherwise specified)

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

25. Reinsurance contract liabilities/assets (continued)

The analysis by measurement component of contracts not measured under the premium allocation approach is as follows: (continued)

	2024						
			Contractual service margins				
	Present value of future cash flows	Risk adjustment for non-financial risk	Contracts under the fair value approach	Contracts under the modified retrospective approach	Other contracts	Subtotal	Total
Reinsurance finance income for reinsurance contracts held	1,112	18	81	-	8	89	1,219
Other changes of other comprehensive income	23	-	-	-	-	-	23
Total changes of other comprehensive income	653	(2)	(225)	-	230	5	656
Reinsurance premiums paid	2,022	-	-	-	-	-	2,022
Amounts received from recoveries of claims and other related expenses incurred	(492)	-	-	-	-	-	(492)
Other cash flows	990	-	-	-	-	-	990
Total cash flows	2,520	-	-	-	-	-	2,520
Other changes	-	-	-	-	-	-	-
Reinsurance contract assets at 31 December	12,407	186	2,206	-	448	2,654	15,247

(All amounts expressed in RMB million unless otherwise specified)

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

25. Reinsurance contract liabilities/assets (continued)

The analysis by measurement component of contracts not measured under the premium allocation approach is as follows: (continued)

	2023						
			Contractual service margins				
	Present value of future cash flows	Risk adjustment for non-financial risk	Contracts under the fair value approach	Contracts under the modified retrospective approach	Other contracts	Subtotal	Total
Reinsurance contract assets as at 1 January	8,138	213	2,630	-	85	2,715	11,066
Amortisation of contractual service margin	-	-	(186)	-	(8)	(194)	(194)
Changes in risk adjustment for non-financial risk	-	(4)	-	-	-	-	(4)
Experience adjustments	(227)	-	-	-	-	-	(227)
Changes that relate to current services	(227)	(4)	(186)	-	(8)	(194)	(425)
Reinsurance contracts initially recognised in the year	(25)	7	-	-	18	18	-
Changes in estimates that adjust the contractual service margin	255	(36)	(140)	-	(79)	(219)	-
Recognition and reversals of loss-recovery component	-	-	42	-	198	240	240
Changes that relate to future services	230	(29)	(98)	-	137	39	240
Adjustments to reinsurance amortisation of assets for incurred claims	(7)	(2)	-	-	-	-	(9)
Changes related to past services	(7)	(2)	-	-	-	-	(9)
Insurance service result	(4)	(35)	(284)	-	129	(155)	(194)

(All amounts expressed in RMB million unless otherwise specified)

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

25. Reinsurance contract liabilities/assets (continued)

The analysis by measurement component of contracts not measured under the premium allocation approach is as follows: (continued)

	2023						
			Contractual service margins				
	Present value of future cash flows	Risk adjustment for non-financial risk	Contracts under the fair value approach	Contracts under the modified retrospective approach	Other contracts	Subtotal	Total
Reinsurance finance income for reinsurance contracts held	589	10	85	-	4	89	688
Total changes of other comprehensive income	585	(25)	(199)	-	133	(66)	494
Reinsurance premiums paid	665	-	-	-	-	-	665
Amounts received from recoveries of claims and other related expenses incurred	(130)	-	-	-	-	-	(130)
Other cash flows	(24)	-	-	-	-	-	(24)
Total cash flows	511	-	-	-	-	-	511
Reinsurance contract assets at 31 December	9,234	188	2,431	-	218	2,649	12,071

(All amounts expressed in RMB million unless otherwise specified)

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

25. Reinsurance contract liabilities/assets (continued)

As of 31 December 2024, the Group expects that 62% (31 December 2023: 63%) of the contractual service margin of reinsurance contracts that do not apply the premium allocation approach will be recognised in profit or loss within the next 10 years.

The impact of reinsurance contracts that do not initially recognised under the premium allocation approach on the balance sheet is as follows:

	2024	2023
Estimates of present value of future cash inflows	1,120	353
Estimates of present value of future cash outflows	(1,158)	(378)
Risk adjustment for non-financial risk	7	7
Contractual service margin	31	18
Impact of contracts initially recognised during the year	-	-

(All amounts expressed in RMB million unless otherwise specified)

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

26. Other liabilities

		31 December 2024	31 December 2023
Other payables	(1)	41,086	30,512
Accrued expenses		2,456	2,100
Insurance security fund		401	372
Dividends payable		4	4
Others		4,040	4,390
Total		47,987	37,378

(1) Other payables

	31 December 2024	31 December 2023
Payables to third-party investors of consolidated structured entities	17,391	13,845
Payables related to asset-backed securities	16,098	8,308
Payables to be claimed by customers	1,587	1,885
Co-insurance payable	1,184	1,229
Payables for securities purchased but not settled	1,430	289
Payables for purchases	846	1,210
Payables for construction and purchasing office building	889	940
Deposits	807	801
Compulsory automobile insurance rescue fund	300	287
Reimbursement payables	367	97
Others	187	1,621
Total	41,086	30,512

The account balance does not include any amount attributable to shareholders holding 5% or more of the voting rights of the Company.

(All amounts expressed in RMB million unless otherwise specified)

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

27. Issued capital

Shares of the Company as well as the percentages of shareholding are shown below.

	1 January 2024		Increase of number of shares		31 December 2024	
	Number of shares	Percentage of shareholding	Newly issued	Others	Number of shares	Percentage of shareholding
I. Shares with trading restrictions						
Shares held by domestic non-state owned legal persons	-	0%	-	-	-	0%
Sub-total	-	0%	-	-	-	0%
II. Shares without trading restrictions						
Ordinary shares denominated in RMB	6,844	71%	-	-	6,844	71%
Foreign shares listed overseas	2,776	29%	-	-	2,776	29%
Sub-total	9,620	100%	-	-	9,620	100%
III. Total	9,620	100%	-	-	9,620	100%

As at 31 December 2024, the number of shares which the Company issued and fully paid at RMB 1 per share was 9,620 million.
As at 31 December 2023, the number of shares which the Company issued and fully paid at RMB 1 per share was 9,620 million.

28. Capital reserves

	31 December 2024	31 December 2023
Capital premium	79,008	79,008
Impact of capital injection to subsidiaries, etc.	2,105	2,105
Impact of equity transactions with non-controlling interests	(131)	(131)
Impact of other changes in the equity of investees accounted for using the equity method	352	351
Redistribution of cumulative changes in fair value of available-for-sale financial assets when purchasing equity from non-controlling interests	(1,413)	(1,413)
Impact of phased business combinations	28	28
Impact of capital invested by other equity instrument holders	(3)	-
Others	2	2
Total	79,948	79,950

Capital reserves mainly represent share premiums from issuance of shares and the deemed disposal of an equity interest in CPIC Life to certain foreign investors in December 2005, and the subsequent repurchase of the shares mentioned above in the same subsidiary by the Company in April 2007. In addition, the Company issued GDRs and listed on the LSE in 2020 which also increased the capital reserves.

(All amounts expressed in RMB million unless otherwise specified)

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

29. Surplus reserves

	Statutory surplus reserve (the "SSR")
1 January 2023	5,114
Appropriations	-
31 December 2023 and 31 December 2024	5,114

30. General reserves

In accordance with relevant regulations, general risk provisions should be made to cover catastrophic risks or losses as incurred by companies engaged in the insurance, banking, trust, securities, futures, fund management, leasing and financial guarantee businesses. Companies undertaking insurance activities are required to set aside 10% of their net profit to general reserves, while companies undertaking asset management activities are required to set aside 10% of their management fee income to the risk reserves until the balance reaches 1% of the balance of products under management.

In accordance with relevant regulations, as part of the profit distribution and as presented in their annual financial statements, the Group's subsidiaries engaged in the above-mentioned businesses make appropriations to their general reserves on the basis of their annual net profit, year-end risk assets or management fee income from products under management where appropriate. Such general reserves cannot be used for dividends distribution or conversion to capital.

	General reserves
1 January 2023	22,692
Appropriations	2,770
31 December 2023	25,462
Appropriations	4,466
31 December 2024	29,928

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

31. Profit distribution and retained profits

According to the Articles of Association of the Company, the amount of retained profits available for distribution of the Company should be the amount determined under CASs, or determined under CASs if permissible by local rules where the Company is listed. According to the Articles of Association of the Company and applicable laws and regulations, the Company's profit distribution is made the following order:

(1) Making up for losses brought forward from prior years;
(2) Appropriating to SSR at 10% of the net profit;
(3) Making appropriation to the discretionary surplus reserve ("DSR") in accordance with the resolution of the general shareholders' meeting; and
(4) Paying dividends to shareholders.

The Company can cease the appropriation to SSR when SSR accumulates to more than 50% of the registered capital. The SSR may be used to make up for losses, if any, and, subject to the approval of the general shareholders' meeting, may also be converted into capital to make to fund an issue of new shares to shareholders on a proportionate basis. However, the conversion of SSR to capital should not bring the retained SSR to below 25% of the registered capital.

The balance of SSR reached 50% of the respective registered capital. The Company does not set aside SSR in 2024.

After making necessary appropriations to the SSR, the Company and its subsidiaries in the PRC may also appropriate a portion of their net profit to the DSR upon the approval of the shareholders in general meetings. Subject to the approval of the shareholders, the DSR may be used to offset accumulated losses, if any, and may be converted into capital. The Company does not set aside DSR in 2024.

Pursuant to the resolution of the 10th meeting of the 10th Board of Directors of the Company held on 26 March 2025, a final dividend of approximately RMB 10,390 million (equivalent to annual cash dividend of RMB 1.08 per share (including tax)) was proposed. The profit distribution plan is subject to the approval of the general shareholders' meeting.

Of the Group's retained profits in the consolidated financial statements, RMB 25,745 million as at 31 December 2024 (31 December 2023: RMB 23,929 million) represents the Company's share of its subsidiaries' surplus reserve fund.

According to the resolution of the 42nd meeting of the 7th Board of Directors of CPIC Property on 22 April 2024, CPIC Property proposed to appropriate RMB 1,000 million of DSR from retained profits. The proposal was approved by the general meeting of shareholders of CPIC Property on 22 May 2024.

(All amounts expressed in RMB million unless otherwise specified)

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

32. Non-controlling interests

	31 December 2024	31 December 2023
CPIC Property	950	827
CPIC Life*	22,693	14,029
Changjiang Pension	1,611	1,536
CPIC Funds	638	589
PAAIC	1,031	998
Pacific Care Home at Dali	141	139
Total	27,064	18,118

* On 5 December 2023, CPIC Life publicly issued unsecured perpetual capital bonds with a total face value of RMB 12,000 million in the interbank market. On 14 June 2024, CPIC Life publicly issued unsecured perpetual capital bonds with a total face value of RMB 8,000 million in the interbank market. The duration of the bond is aligned with the duration of CPIC Life considered as going concern. CPIC Life shall have the right to redeem the bond in whole or in part at face value five years after the date of issue on each interest payment date (including the fifth interest payment date after the date of issue). As of 31 December 2024, non-controlling interests of the Group included RMB 20,134 million of perpetual bonds issued by CPIC Life (31 December 2023: RMB 12,029 million). The perpetual bonds are classified as an equity instrument and presented as non-controlling interests in the Group's consolidated financial statements.

33. Insurance revenue

	2024	2023
Insurance contracts not measured under the premium allocation approach		
Amounts relating to the changes in the liability for remaining coverage	61,232	61,214
Amortisation of contractual service margin	26,836	26,202
Changes in the risk adjustment for non-financial risk	1,245	1,274
Insurance service expenses expected to be incurred in the period	31,394	31,983
Experience adjustments for premium receipts relating to current and past services	1,757	1,755
Amortisation of insurance acquisition cash flows	21,926	21,752
Subtotal of insurance contracts not measured under the premium allocation approach	83,158	82,966
Insurance contracts measured under the premium allocation approach	196,315	183,201
Total of insurance revenue	279,473	266,167

(All amounts expressed in RMB million unless otherwise specified)

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

34. Interest income

	2024	2023
Interest income of debt investments at fair value through other comprehensive income	46,196	45,764
Interest income of term deposits	5,924	7,480
Interest income of financial assets at amortised cost	3,063	4,069
Interest income of restricted statutory deposits	236	277
Interest income of securities purchased under agreements to resell	142	224
Others	430	448
Total	55,991	58,262

35. Investment income

	2024	2023
Realised gains/(losses)		
Financial instruments held for trading and other financial instruments at fair value through profit or loss	(1,733)	(12,078)
Debt investments at fair value through other comprehensive income	3,041	712
Derivatives	3	55
Financial assets at amortised cost	27	-
Gains during the holding period		
Financial instruments held for trading and other financial instruments at fair value through profit or loss	20,331	13,981
Dividend income from equity investments at fair value through other comprehensive income that terminated	590	351
Dividend income from equity investments at fair value through other comprehensive income that still hold	5,188	4,418
Share of losses of associates and joint ventures	(540)	(386)
Total	26,907	7,053

As at the balance sheet date, there was no significant restriction on the repatriation of the Group's investment income.

(All amounts expressed in RMB million unless otherwise specified)

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

36. Gains/(losses) arising from changes in fair value

	2024	2023
Bond investments	10,378	3,591
Fund investments	7,577	(2,143)
Derivatives	(66)	(193)
Stock investments	23,091	(13,940)
Others	(3,267)	973
Total	37,713	(11,712)

37. Other operating income

	2024	2023
Income from management fee	2,352	2,022
Rental income from investment properties	699	727
Others	759	993
Total	3,810	3,742

38. Gains on disposal of assets

	2024	2023
Gains on disposal of fixed assets	2	23

(All amounts expressed in RMB million unless otherwise specified)

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

39. Total investment results of insurance business segment

	2024	2023
Investment return		
Interest income	54,160	56,071
Investment income	25,419	7,048
Gains/(losses) arising from changes in fair value	36,441	(12,898)
Impairment losses on financial assets	(507)	(2,007)
Impairment losses on other assets	(406)	(225)
Total amounts recognised in the profit or loss	115,107	47,989
Total amounts recognised in other comprehensive income	147,376	51,795
Total investment return	262,483	99,784
Insurance finance income/(expenses) from insurance contracts issued		
Changes in fair value of underlying items of insurance contracts with direct participation features	(111,489)	(40,179)
Interest accreted on insurance contracts and effect of changes in interest rates and other financial assumptions	(120,216)	(55,912)
Net foreign exchange gains/(losses)	(2)	4
Total insurance finance income/(expenses) from insurance contracts issued	(231,707)	(96,087)
Represented by:		
Amounts recognised in profit or loss	(92,520)	(46,741)
Amounts recognised in other comprehensive income/(loss)	(139,187)	(49,346)
Reinsurance finance income/(expenses) from reinsurance contracts held	2,071	1,169
Represented by:		
Amounts recognised in profit or loss	2,103	1,174
Amounts recognised in other comprehensive income/(loss)	(32)	(5)
Investment results	32,847	4,866
Represented by:		
Amounts recognised in profit or loss	24,690	2,422
Amounts recognised in other comprehensive income/(loss)	8,157	2,444

(All amounts expressed in RMB million unless otherwise specified)

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

40. Interest expenses

	2024	2023
Securities sold under agreements to repurchase	2,112	1,851
Debt	374	496
Interest expenses on lease liabilities	88	93
Others	154	188
Total	2,728	2,628

41. Taxes and surcharges

	2024	2023
City maintenance and construction tax	379	386
Educational surcharge	279	283
Others	485	514
Less: Insurance acquisition cash flows incurred in the year	(663)	(690)
Other insurance fulfilment cash flows incurred in the year	(41)	(48)
Total	439	445

(All amounts expressed in RMB million unless otherwise specified)

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

42. Operating and administrative expenses

The Group's operating and administrative fee details by items are as follows:

	2024	2023
Payroll and welfare benefits	23,998	23,950
Advertising expenses (including business publicity expenses)	6,150	6,777
Professional service fees	6,036	5,151
Outsourcing service fees	3,381	2,727
General office and travel expense	2,108	2,765
Insurance security funds withdrawal	2,241	2,159
Depreciation of right-of-use assets	1,047	1,299
Depreciation of fixed assets	1,229	1,265
Amortisation of intangible assets	1,153	1,142
Property management fees	812	806
Labour costs	567	645
Consulting fees	637	538
Amortisation of other long-term assets	446	449
Compulsory automobile rescue fund	153	158
Rent for short-term and low-value asset leases	58	77
Finance report and internal control audit fees	26	25
Other audit service fees	12	10
Others	6,091	5,382
Subtotal	56,145	55,325
Less: Insurance acquisition cash flows incurred in the year	(35,271)	(36,227)
Other insurance fulfilment cash flows incurred in the year	(12,635)	(11,701)
Total	8,239	7,397

43. Impairment losses on financial assets

	2024	2023
Impairment loss of debt investments at fair value through other comprehensive income	301	1,324
Impairment loss of financial assets at amortised cost	220	563
Impairment loss of term deposits	6	(16)
Impairment loss of others	4	142
Total	531	2,013

(All amounts expressed in RMB million unless otherwise specified)

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

44. Other operating expenses

	2024	2023
Interest expenses for policyholders' investment contract liabilities	46	55
Depreciation of investment properties	396	473
Others	664	620
Total	1,106	1,148

45. Non-operating income

	2024	2023
Custody fees of entrusted operation	5	62
Government subsidies unrelated to ordinary activities	9	6
Others	72	68
Total	86	136

46. Non-operating expenses

	2024	2023
Charitable donations and commercial sponsorship	65	73
Government fines & confiscations and liquidated damages	53	37
Overdue tax payment and fines	18	4
Others	98	81
Total	234	195

(All amounts expressed in RMB million unless otherwise specified)

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

47. Income tax

	2024	2023
Current income tax	1,724	2,756
Deferred income tax	7,398	1,334
Total	9,122	4,090

The relationship between income tax expenses and total profit is shown below:

	2024	2023
Total profit	55,563	32,001
Taxes calculated at the statutory tax rate of 25%	13,891	8,000
Income tax adjustment for prior years	(428)	(241)
Non-taxable income	(9,051)	(7,369)
Non-deductible expenses	408	450
Others	4,302	3,250
Income tax calculated at applicable tax rates	9,122	4,090

The income tax of the Group is provided at applicable tax rate in accordance with the estimated taxable income obtained in Mainland China. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

(All amounts expressed in RMB million unless otherwise specified)

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

48. Other comprehensive income/(loss)

	Other comprehensive income in balance sheet			Other comprehensive income/(loss) in income statement					
	1 January 2024	Attributable to the Company - net of tax	31 December 2024	Amount incurred before income tax	Less: Recognised in other comprehensive income/(loss) in previous period but transferred to profit or loss in current year	Less: Recognised in other comprehensive income/(loss) in previous period but transferred to retained profits in current year	Less: Income tax expenses	Attributable to the Company - net of tax	Attributable to non-controlling interests - net of tax
Other comprehensive income/(loss) that will not be reclassified to profit or loss	263	4,928	5,191	6,367	-	239	(1,592)	4,928	86
Changes in the fair value of equity investments at fair value through other comprehensive income	1,653	5,804	7,457	8,047	-	(124)	(2,012)	5,804	107
Insurance finance income/(expenses) for insurance contracts issued that will not be reclassified to profit or loss	(1,390)	(876)	(2,266)	(1,680)	-	363	420	(876)	(21)
Other comprehensive income/(loss) that will be reclassified to profit or loss	7,729	1,997	9,726	3,693	(883)	-	(785)	1,997	28
Share of other comprehensive income/(loss) that will be reclassified to profit or loss of investees accounted for using the equity method	(100)	3	(97)	4	-	-	(1)	3	-
Changes in the fair value of debt instruments at fair value through other comprehensive income	78,160	103,237	181,397	144,731	(4,702)	-	(35,007)	103,237	1,785
Changes in provisions for credit risks of debt instruments at fair value through other comprehensive income	3,045	215	3,260	303	(10)	-	(73)	215	5
Exchange differences on translation of foreign operations	60	23	83	23	-	-	-	23	-
Insurance finance income/(expenses) for insurance contracts issued that will be reclassified to profit or loss	(73,431)	(101,450)	(174,881)	(141,336)	3,829	-	34,296	(101,450)	(1,761)
Insurance finance income/(expenses) for reinsurance contracts held that will be reclassified to profit or loss	(5)	(31)	(36)	(32)	-	-	-	(31)	(1)
Total	7,992	6,925	14,917	10,060	(883)	239	(2,377)	6,925	114

(All amounts expressed in RMB million unless otherwise specified)

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

48. Other comprehensive income/(loss) (continued)

	Other comprehensive income in balance sheet			Other comprehensive income/(loss) in income statement					
	1 January 2023	Attributable to the Company - net of tax	31 December 2023	Amount incurred before income tax	Less: Recognised in other comprehensive income/(loss) in previous period but transferred to profit or loss in current year	Less: Recognised in other comprehensive income/(loss) in previous period but transferred to retained profits in current year	Less: Income tax expenses	Attributable to the Company - net of tax	Attributable to non-controlling interests - net of tax
Other comprehensive income/(loss) that will not be reclassified to profit or loss	(122)	385	263	533	-	(6)	(133)	385	9
Changes in the fair value of equity investments at fair value through other comprehensive income	593	1,060	1,653	1,452	-	(5)	(363)	1,060	24
Insurance finance income/(expenses) for insurance contracts issued that will not be reclassified to profit or loss	(715)	(675)	(1,390)	(919)	-	(1)	230	(675)	(15)
Other comprehensive income/(loss) that will be reclassified to profit or loss	6,592	1,137	7,729	846	740	-	(434)	1,137	15
Share of other comprehensive income/(loss) that will be reclassified to profit or loss of investees accounted for using the equity method	(47)	(53)	(100)	(72)	-	-	18	(53)	(1)
Changes in the fair value of debt instruments at fair value through other comprehensive income	42,188	35,972	78,160	49,445	(603)	-	(12,250)	35,972	620
Changes in provisions for credit risks of debt instruments at fair value through other comprehensive income	2,136	909	3,045	1,316	(83)	-	(308)	909	16
Exchange differences on translation of foreign operations	45	15	60	15	-	-	-	15	-
Insurance finance income/(expenses) for insurance contracts issued that will be reclassified to profit or loss	(37,730)	(35,701)	(73,431)	(49,853)	1,426	-	12,106	(35,701)	(620)
Insurance finance income/(expenses) for reinsurance contracts held that will be reclassified to profit or loss	-	(5)	(5)	(5)	-	-	-	(5)	-
Total	6,470	1,522	7,992	1,379	740	(6)	(567)	1,522	24

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

49. Earnings per share

(1) Basic earnings per share

Basic earnings per share was calculated by dividing the net profit of the current period attributable to the shareholders of the parent by the weighted average number of ordinary shares issued by the Company.

	2024	2023
Consolidated net profit for the year attributable to shareholders of the parent	44,960	27,257
Weighted average number of ordinary shares in issue (million shares)	9,620	9,620
Basic earnings per share (RMB Yuan)	4.67	2.83

(2) Diluted earnings per share

The Company had no dilutive potential ordinary shares in 2024 and 2023.

50. Notes to items in consolidated statement of cash flow

(1) Significant payments related to other operating activities are listed below:

	2024	2023
Surrenders	25,559	23,122
Advertising expenses (including business publicity expenses)	6,150	6,777
Outsourcing service fees	3,381	2,727
Professional service fees	6,036	5,151
Office and travel expenses	2,108	2,765
Prevention expenses	1,307	1,644
Property management fees	812	806
Consulting fees	637	573
Labour costs	567	645
Entrusted management fees	457	261

(2) Significant receipts related to other financing activities are listed below:

	2024	2023
Cash proceeds from the issue of asset-backed securities	16,000	9,000
Cash received related to non-controlling interests of consolidated structured entities, net	58	1,649
Total	16,058	10,649

(All amounts expressed in RMB million unless otherwise specified)

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

50. Notes to items in consolidated statement of cash flow (continued)

(3) Significant payments related to other financing activities are listed below:

	2024	2023
Cash paid for principal elements of lease payments	1,606	1,980
Cash paid for non-controlling interests of consolidated structured entities, net	4,414	-
Total	6,020	1,980

51. Cash and cash equivalents

	31 December 2024	31 December 2023
Cash:		
Cash at bank and on hand	-	2
Cash at bank readily available for payments	27,556	29,833
Other cash balances readily available for payments	1,215	1,097
Cash equivalents:		
Investments with an initial term within 3 months	10,902	2,808
Total	39,673	33,740

52. Supplementary information to the cash flow statements

(1) Reconciliation of net profit to cash flows from operating activities:

	2024	2023
Net profit	46,441	27,911
Add: Impairment losses on financial assets	531	2,013
Impairment losses on other assets	406	253
Depreciation of fixed assets and investment properties	1,801	1,857
Depreciation of right-of-use assets	1,174	1,328
Amortisation of intangible assets	1,205	1,196
Amortisation of other long-term assets	465	454
Net gains on disposal of fixed assets, intangible assets and other long-term assets	(2)	(23)
Investment income	(26,907)	(7,053)
Interest income	(55,991)	(58,262)
(Gains)/losses arising from changes in fair value	(37,713)	11,712
Interest expenses	2,728	2,628
Exchange losses/(gains)	64	(159)
Deferred income tax	7,398	1,334
Changes in insurance contract liabilities/ assets, net	218,020	158,395
Changes in reinsurance contract liabilities/ assets, net	(6,359)	(7,363)
Increase in operating receivables	(1,497)	(1,432)
Increase in operating payables	2,640	3,074
Net cash flows from operating activities	154,404	137,863

(All amounts expressed in RMB million unless otherwise specified)

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

52. Supplementary information to the cash flow statements (continued)

(2) Net increase in cash and cash equivalents:

	2024	2023
Cash at the end of year	28,771	30,932
Less: Cash at the beginning of year	(30,932)	(32,685)
Cash equivalents at the end of year	10,902	2,808
Less: Cash equivalents at the beginning of year	(2,808)	(21,124)
Net increase/(decrease) in cash and cash equivalents	5,933	(20,069)

(3) The changes in liabilities arising from financing activities are as follows:

	2024			
	Bonds payable	Securities sold under agreements to repurchase	Lease liabilities	Others
Balance at the beginning of year	10,285	115,819	3,095	8,444
Cash activities	(366)	62,464	(1,606)	7,629
Non-cash activities	367	3,412	1,233	63
Balance at the end of year	10,286	181,695	2,722	16,136

VII. SEGMENT INFORMATION

The Group presents segment information based on its major operating segments.

For management purpose, the Group is organised into business units based on their products and services. Different operating segments provide products and services with different risks and rewards.

The Group’s operating segments are listed as follows:

- The life and health insurance segment (mainly including CPIC Life, CPIC Health and CPIC Life (H.K.)) offers a wide range of life and health insurance in RMB and foreign currencies;
- The property and casualty insurance segment (including CPIC Property, PAAIC and CPIC H.K.) provides a wide range of property and casualty insurance in RMB and foreign currencies;
- The asset management segment (including CPIC Asset Management, Changjiang Pension, CPIC Investment (H.K.), CPIC Funds and CPIC Capital) provides asset-management services;
- Except for the above business segments, other business segments have no material impact on the Group's operating results and are therefore not presented separately.

Intersegment sales and transfers are measured based on the actual transaction price.

More than 99% of the Group’s revenue is derived from its operations in Mainland China. More than 99% of the Group’s assets are located in Mainland China.

In 2024, the scale premium of the top five external customers amounted to 0.52% (in 2023: 0.46%) of the Group’s total scale premium.

(All amounts expressed in RMB million unless otherwise specified)

VII. SEGMENT INFORMATION (continued)

Items	2024				
	Life and health insurance	Property and casualty insurance	Asset management	Others and eliminations	Total
Insurance revenue	86,043	193,983	-	(553)	279,473
Interest income	49,095	4,725	231	1,940	55,991
Investment income	25,506	1,731	23	(353)	26,907
Including: Share of (losses)/profits of associates and joint ventures	(16)	26	2	(552)	(540)
Gain/(loss) arising from the derecognition of financial assets measured at amortized cost.	-	27	-	-	27
Other income	42	70	82	63	257
Gains arising from changes in fair value	30,321	2,039	60	5,293	37,713
Exchange gains/(losses)	11	(103)	-	28	(64)
Other operating income	1,179	295	3,312	(976)	3,810
Gains on disposal of assets	1	1	-	-	2
Operating income	192,198	202,741	3,708	5,442	404,089
Insurance service expenses	(56,147)	(187,358)	-	358	(243,147)
Allocation of reinsurance premiums	(668)	(15,816)	-	593	(15,891)
Less: Recoveries of insurance service expenses from reinsurers	426	14,119	-	(79)	14,466
Insurance finance expenses for insurance contracts issued	(87,794)	(3,271)	-	(1,455)	(92,520)
Less: Reinsurance finance income for reinsurance contracts held	1,218	912	-	(27)	2,103
Others	(6,677)	(1,868)	(2,185)	(2,659)	(13,389)
Operating expenses	(149,642)	(193,282)	(2,185)	(3,269)	(348,378)
Operating profit	42,556	9,459	1,523	2,173	55,711
Add: Non-operating income	15	52	-	19	86
Less: Non-operating expenses	(78)	(106)	(1)	(49)	(234)
Profit before tax	42,493	9,405	1,522	2,143	55,563
Less: Income tax	(6,364)	(1,769)	(348)	(641)	(9,122)
Net profit for the year	36,129	7,636	1,174	1,502	46,441

(All amounts expressed in RMB million unless otherwise specified)

VII. SEGMENT INFORMATION (continued)

	2024				
Items	Life and health insurance	Property and casualty insurance	Asset management	Others and eliminations	Total
Supplementary information:					
Capital expenditure	797	615	105	2,150	3,667
Depreciation and amortisation	1,962	1,521	233	885	4,601
Impairment losses on financial assets	251	232	24	24	531
As at 31 December 2024					
Long-term equity investments	115,822	236	9	(93,547)	22,520
Financial assets*	2,180,866	146,875	8,697	145,617	2,482,055
Insurance contract assets	-	22	-	-	22
Reinsurance contract assets	15,573	31,677	-	(1,169)	46,081
Term deposits	134,818	30,286	254	8,460	173,818
Others	45,150	27,867	4,406	32,988	110,411
Segment assets	2,492,229	236,963	13,366	92,349	2,834,907
Insurance contract liabilities	2,092,386	138,275	-	(1,147)	2,229,514
Bonds payable	-	10,286	-	-	10,286
Securities sold under agreements to repurchase	175,850	3,112	834	1,899	181,695
Others	52,558	20,536	2,748	19,089	94,931
Segment liabilities	2,320,794	172,209	3,582	19,841	2,516,426

*Financial assets include financial assets at fair value through profit or loss, derivative financial assets, financial assets at amortised cost, debt investments at fair value through other comprehensive income and equity investments at fair value through other comprehensive income.

(All amounts expressed in RMB million unless otherwise specified)

VII. SEGMENT INFORMATION (continued)

Items	2023				
	Life and health insurance	Property and casualty insurance	Asset management	Others and eliminations	Total
Insurance revenue	87,217	179,488	-	(538)	266,167
Interest income	50,297	5,422	231	2,312	58,262
Investment income	6,474	1,148	79	(648)	7,053
Including: Share of profits/(losses) of associates and joint ventures	9	19	-	(414)	(386)
Other income	24	84	90	53	251
Losses arising from changes in fair value	(12,277)	(481)	(54)	1,100	(11,712)
Exchange gains	22	7	-	130	159
Other operating income	1,425	247	3,047	(977)	3,742
Gains/(losses) on disposal of assets	25	2	(1)	(3)	23
Operating income	133,207	185,917	3,392	1,429	323,945
Insurance service expenses	(59,194)	(172,454)	-	625	(231,023)
Allocation of reinsurance premiums	(1,814)	(14,520)	-	496	(15,838)
Less: Recoveries of insurance service expenses from reinsurers	1,160	13,680	-	(441)	14,399
Insurance finance expenses for insurance contracts issued	(41,922)	(2,622)	-	(2,197)	(46,741)
Less: Reinsurance finance income for reinsurance contracts held	670	529	-	(25)	1,174
Others	(10,717)	(2,607)	(2,158)	1,626	(13,856)
Operating expenses	(111,817)	(177,994)	(2,158)	84	(291,885)
Operating profit	21,390	7,923	1,234	1,513	32,060
Add: Non-operating income	13	102	-	21	136
Less: Non-operating expenses	(62)	(80)	(2)	(51)	(195)
Profit before tax	21,341	7,945	1,232	1,483	32,001
Less: Income tax	(1,896)	(1,446)	(289)	(459)	(4,090)
Net profit for the year	19,445	6,499	943	1,024	27,911

(All amounts expressed in RMB million unless otherwise specified)

VII. SEGMENT INFORMATION (continued)

	2023				
Items	Life and health insurance	Property and casualty insurance	Asset management	Others and eliminations	Total
Supplementary information:					
Capital expenditure	865	1,348	167	2,427	4,807
Depreciation and amortisation	2,144	1,598	213	836	4,791
Impairment losses on financial assets	1,247	772	63	(69)	2,013
As at 31 December 2023					
Long-term equity investments	105,822	230	-	(82,868)	23,184
Financial assets*	1,730,738	133,180	7,764	137,671	2,009,353
Insurance contract assets	-	335	-	-	335
Reinsurance contract assets	13,378	27,660	-	(1,284)	39,754
Term deposits	133,197	24,487	836	6,981	165,501
Others	38,972	32,097	4,182	30,584	105,835
Segment assets	2,022,107	217,989	12,782	91,084	2,343,962
Insurance contract liabilities	1,748,571	125,266	-	(1,217)	1,872,620
Bonds payable	-	10,285	-	-	10,285
Securities sold under agreements to repurchase	102,584	5,228	963	7,044	115,819
Others	38,475	20,768	2,619	15,672	77,534
Segment liabilities	1,889,630	161,547	3,582	21,499	2,076,258

*Financial assets include financial assets at fair value through profit or loss, derivative financial assets, financial assets at amortised cost, debt investments at fair value through other comprehensive income and equity investments at fair value through other comprehensive income.

(All amounts expressed in RMB million unless otherwise specified)

VIII. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS

1. Cash at bank and on hand

		31 December 2024		
	Currency	Original currency	Exchange rate	RMB
Bank deposits	RMB	616	1.00000	616
	USD	632	7.18840	4,540
	HKD	2	0.92604	1
	Sub-total			5,157
Other cash balances	RMB	6	1.00000	6
Total				5,163

		31 December 2023		
	Currency	Original currency	Exchange rate	RMB
Bank deposits	RMB	2,042	1.00000	2,042
	USD	598	7.08270	4,235
	HKD	9	0.90622	8
	Sub-total			6,285
Other cash balances	RMB	1	1.00000	1
Total				6,286

As of 31 December 2024, the Company's cash at bank and on hand deposited overseas amounted equivalent to RMB 52 million (31 December 2023: amounted equivalent to RMB 2 million).

2. Term deposits

Term to maturity	31 December 2024	31 December 2023
Within 1 year (inclusive)	2,877	1,558
1 to 2 years (inclusive)	507	2,877
2 to 3 years (inclusive)	548	507
3 to 4 years (inclusive)	519	-
4 to 5 years (inclusive)	2,550	519
Less: Impairment provisions	(4)	(4)
Total	6,997	5,457

(All amounts expressed in RMB million unless otherwise specified)

VIII. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (continued)

3. Financial assets at fair value through profit or loss

	31 December 2024	31 December 2023
Listed	2,462	1,365
Unlisted	20,263	15,890
Total	22,725	17,255
Bonds	9,402	6,154
Government bonds	-	93
Finance bonds	9,400	6,059
Enterprise bonds	2	2
Stocks	1,686	818
Funds	3,381	3,508
Investment in asset management products	3,820	3,702
Unlisted equity shares investments	4,436	3,073
Total	22,725	17,255

4. Financial assets at amortised cost

	31 December 2024	31 December 2023
Listed	-	-
Unlisted	8,341	12,655
Subtotal	8,341	12,655
Less: Impairment provisions	(40)	(11)
Net value	8,301	12,644
Debt investment plans	6,855	8,017
Investment trust	-	3,104
Others	1,486	1,534
Subtotal	8,341	12,655
Less: Impairment provisions	(40)	(11)
Net value	8,301	12,644

(All amounts expressed in RMB million unless otherwise specified)

VIII. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (continued)

5. Debt investments at fair value through other comprehensive income

	31 December 2024	31 December 2023
Listed	3,940	4,105
Unlisted	17,789	19,035
Total	21,729	23,140
Bonds	21,729	23,140
Government bonds	14,467	12,620
Finance bonds	1,108	1,731
Enterprise bonds	6,154	8,789
Total	21,729	23,140
Including:		
Amortised cost	20,340	22,552
Accumulated changes in fair value	1,389	588

As at 31 December 2024, the impairment provision for the Company's debt investment at fair value through other comprehensive income is RMB 73 million (31 December 2023: RMB 78 million).

6. Equity investments at fair value through other comprehensive income

	31 December 2024	31 December 2023
Stocks	1,809	1,062
Perpetual bonds	104	322
Others	2,726	1,127
Total	4,639	2,511
Including:		
Cost	4,423	2,612
Accumulated changes in fair value	216	(101)

The equity instruments at fair value through other comprehensive income, designated by the Company, are the non-trading equity investments with the primary objective of being held for a long time or obtain dividends during the holding period.

For the year ended 31 December 2024, the Company disposed equity investments at fair value through other comprehensive income of RMB 357 million (31 December 2023: RMB 109 million) because of the optimisation of asset allocation and asset and liability management. Due to the sale of the above equity investments, RMB 14 million (31 December 2023: RMB 9 million) transferred from other comprehensive income to retained profits.

For the year ended 31 December 2024, the Company has recognised dividend income of RMB 150 million (31 December 2023: 109 million) from the above equity investments. Relevant disclosures are included in Note VIII 13.

(All amounts expressed in RMB million unless otherwise specified)

VIII. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (continued)

7. Long-term equity investments

	31 December 2024	31 December 2023
Subsidiaries		
CPIC Property	20,424	20,424
CPIC Life	42,366	42,366
CPIC Asset Management	1,360	1,360
CPIC H.K.	240	240
CPIC Real Estate	115	115
CPIC Investment (H.K.)	21	21
CPIC Online Services	200	200
CPIC Health	3,081	3,081
CPIC Technology	700	700
Consolidated structured entities	1,561	2,310
Associate		
Shanghai Health & Elderly Care Co., Ltd.	-	295
HTCP CAPITAL LPF	145	138
Total	70,213	71,250

The Company does not have any other items that substantially constitute net investment in subsidiaries.

(All amounts expressed in RMB million unless otherwise specified)

VIII. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (continued)

8. Investment properties

	Buildings
Cost:	
1 January 2023	4,986
Transfer to fixed assets, net	(16)
Transfer from intangible assets, net	34
31 December 2023	5,004
Transfer to fixed assets, net	(1,112)
Transfer to intangible assets, net	(30)
31 December 2024	3,862
Accumulated depreciation:	
1 January 2023	(1,712)
Provision	(169)
Transfer to fixed assets, net	7
Transfer from intangible assets, net	(7)
31 December 2023	(1,881)
Provision	(124)
Transfer to fixed assets, net	267
Transfer to intangible assets, net	7
31 December 2024	(1,731)
Carrying amount:	
31 December 2024	2,131
31 December 2023	3,123

The fair values of investment properties of the Company as at 31 December 2024 amounted to RMB 5,401 million (31 December 2023: RMB 6,582 million), which were estimated by the Company based on the independent appraisers' valuations. The Company leases part of its investment properties to CPIC Property, CPIC Life, Changjiang Pension, CPIC Senior Living Investment, Pacific Medical & Healthcare and CPIC Technology, and charges rentals based on the areas occupied by the respective entities. These properties are categorised as fixed assets of the Group in the consolidated balance sheet.

9. Other assets

	31 December 2024	31 December 2023
Receivables from subsidiaries	300	273
Improvements of right-of-use assets	48	52
Dividends receivable	-	22
Others	213	123
Total	561	470

(All amounts expressed in RMB million unless otherwise specified)

VIII. NOTES TO THE COMPANY’S FINANCIAL STATEMENTS (continued)

10. Securities sold under agreements to repurchase

	31 December 2024	31 December 2023
Securities - bonds		
Inter-bank market	910	2,026
Total	910	2,026

As at 31 December 2024, the Company’s bond investments of approximately RMB 958 million (31 December 2023: RMB 2,110 million) were pledged for inter-bank securities sold under agreements to repurchase.

11. Other liabilities

	31 December 2024	31 December 2023
Payables to subsidiaries	174	199
Payables for construction and purchasing office buildings	6	6
Others	600	573
Total	780	778

12. Capital reserves

	31 December 2024	31 December 2023
Capital premium	79,008	79,008
Asset evaluation appreciation	301	301
Others	3	3
Total	79,312	79,312

(All amounts expressed in RMB million unless otherwise specified)

VIII. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (continued)

13. Investment income

	2024	2023
Realised gains/(losses)		
Financial instruments held for trading and other financial instruments at fair value through profit or loss	(4)	23
Debt investments at fair value through other comprehensive income	44	40
Gains during the holding period		
Financial instruments held for trading and other financial instruments at fair value through profit or loss	430	215
Dividend income from derecognised equity investments at fair value through other comprehensive income	10	3
Dividend income from equity investments at fair value through other comprehensive income held	140	106
Dividend income from subsidiaries and structured entities within the scope of consolidation	9,284	10,244
Share of gains/(losses) of associates and joint ventures	5	(26)
Total	9,909	10,605

(All amounts expressed in RMB million unless otherwise specified)

VIII. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (continued)

14. Other comprehensive income/(loss)

	Other comprehensive income in balance sheet			Other comprehensive income/(loss) in income statement				
	1 January 2024	Attributable to the Company - net of tax	31 December 2024	Amount incurred before income tax	Less: Recognised in other comprehensive income/(loss) in previous period but transferred to profit or loss in current year	Less: Recognised in other comprehensive income/(loss) in previous period but transferred to retained profits in current year	Less: Income tax expenses	Attributable to the Company - net of tax
Other comprehensive income/(loss) that will not be reclassified to profit or loss	(76)	237	161	297	-	14	(74)	237
Changes in the fair value of equity investments at fair value through other comprehensive income	(76)	237	161	297	-	14	(74)	237
Other comprehensive income/(loss) that will be reclassified to profit or loss	499	600	1,099	849	(50)	-	(199)	600
Share of other comprehensive income/(loss) that will be reclassified to profit or loss of investees accounted for using the equity method	-	2	2	2	-	-	-	2
Changes in the fair value of debt instruments at fair value through other comprehensive income	440	601	1,041	851	(50)	-	(200)	601
Changes in provisions for credit risks of debt instruments at fair value through other comprehensive income	59	(3)	56	(4)	-	-	1	(3)
Total	423	837	1,260	1,146	(50)	14	(273)	837

(All amounts expressed in RMB million unless otherwise specified)

VIII. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (continued)

14. Other comprehensive income/(loss) (continued)

	Other comprehensive income in balance sheet			Other comprehensive income/(loss) in income statement				
	1 January 2023	Attributable to the Company - net of tax	31 December 2023	Amount incurred before income tax	Less: Recognised in other comprehensive income/(loss) in previous period but transferred to profit or loss in current year	Less: Recognised in other comprehensive income/(loss) in previous period but transferred to retained profits in current year	Less: Income tax expenses	Attributable to the Company - net of tax
Other comprehensive income/(loss) that will not be reclassified to profit or loss	(13)	(63)	(76)	(75)	-	(9)	21	(63)
Changes in the fair value of equity investments at fair value through other comprehensive income	(13)	(63)	(76)	(75)	-	(9)	21	(63)
Other comprehensive income/(loss) that will be reclassified to profit or loss	402	97	499	173	(43)	-	(33)	97
Changes in the fair value of debt instruments at fair value through other comprehensive income	295	145	440	237	(43)	-	(49)	145
Changes in provisions for credit risks of debt instruments at fair value through other comprehensive income	107	(48)	59	(64)	-	-	16	(48)
Total	389	34	423	98	(43)	(9)	(12)	34

(All amounts expressed in RMB million unless otherwise specified)

VIII. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (continued)

15. Supplementary information to the cash flow statements

(1) Reconciliation of net profit to cash flows from operating activities:

	2024	2023
Net profit	10,817	10,980
Add: Impairment losses on financial assets	25	(60)
Depreciation of fixed assets and investment properties	316	325
Depreciation of right-of-use assets	77	80
Amortisation of intangible assets	82	86
Amortisation of other long-term assets	26	33
Investment income	(9,909)	(10,605)
(Gains)/losses arising from changes in fair value	(818)	434
Interest income	(1,665)	(2,027)
Interest expenses	33	27
Exchange gains	(28)	(130)
Deferred income tax	261	(128)
(Increase)/decrease in operating receivables	(145)	15
Decrease in operating payables	(155)	(17)
Net cash flows used in operating activities	(1,083)	(987)

(2) Net increase in cash and cash equivalents:

	2024	2023
Cash at the end of year	5,163	6,286
Less: Cash at the beginning of year	(6,286)	(6,610)
Cash equivalents at the end of year	-	-
Less: Cash equivalents at the beginning of year	-	-
Net decrease in cash and cash equivalents	(1,123)	(324)

(All amounts expressed in RMB million unless otherwise specified)

IX. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

1. Major related parties

During the reporting period, the Company's major related parties comprise:

(1) Subsidiaries of the Company;
(2) Investors who exert significant influence on the Company;
(3) Joint ventures and associates of the Company;
(4) Key management personnel of the Company and close family members of such individuals;
(5) Enterprise annuity fund established by the Group; and
(6) Legal entities or other organisations other than the Company and its holding subsidiaries, in which the Company's associated natural persons serve as directors and senior management personnel.

Except for being controlled by the state together with the Company, an enterprise that has no other related party relations with the Company is not a related party to the Company.

2. Related party relationships

(1) Related parties controlled by the Company

Related parties controlled by the Company are mainly subsidiaries of the Company. Their basic information and relationships with the Company are set out in Note V.

(2) The movements of registered capital and the percentages of the equity or shares held by the Company are as follows:

Name of investee	Registered capital			Shares or equity held by the Company		
	1 January 2024	Movements for the current year	31 December 2024	1 January 2024	Movements for the current year	31 December 2024
CPIC Property	19,948	-	19,948	98.50%	-	98.50%
CPIC Life	8,628	-	8,628	98.29%	-	98.29%
CPIC Asset Management	2,100	-	2,100	99.67%	-	99.67%
Changjiang Pension	3,000	-	3,000	61.10%	-	61.10%
CPIC H.K.	HKD 250 million	-	HKD 250 million	100.00%	-	100.00%
CPIC Real Estate	115	-	115	100.00%	-	100.00%
CPIC Investment (H.K.)	HKD 200 million	-	HKD 200 million	99.71%	-	99.71%
City Island	USD 50,000	-	USD 50,000	98.29%	-	98.29%
Great Winwick Limited	USD 50,000	-	USD 50,000	98.29%	-	98.29%
Great Winwick (Hong Kong) Limited	HKD 10,000	-	HKD 10,000	98.29%	-	98.29%
Newscott Investments Limited	USD 50,000	-	USD 50,000	98.29%	-	98.29%
Newscott (Hong Kong) Investments Limited	HKD 10,000	-	HKD 10,000	98.29%	-	98.29%
Xin Hui Property	USD 15,600 thousand	-	USD 15,600 thousand	98.29%	-	98.29%
He Hui Property	USD 46,330 thousand	-	USD 46,330 thousand	98.29%	-	98.29%
CPIC Online Services	200	-	200	100.00%	-	100.00%
Tianjin Trophy	354	-	354	98.29%	-	98.29%
CPIC Senior Living Investment	5,000	-	5,000	98.29%	-	98.29%
CPIC Health	3,600	-	3,600	99.74%	-	99.74%
PAAIC	1,080	-	1,080	66.76%	-	66.76%
Pacific Medical & Healthcare	1,000	-	1,000	98.29%	-	98.29%
CPIC Funds	150	-	150	50.83%	-	50.83%
Pacific Insurance Agency	50	-	50	100.00%	-	100.00%
Chengdu Project Company	1,000	-	1,000	98.29%	-	98.29%
Hangzhou Project Company	1,200	-	1,200	98.29%	-	98.29%
Xiamen Project Company	900	-	900	98.29%	-	98.29%
Pacific Care Home at Chengdu	60	-	60	98.29%	-	98.29%
Nanjing Project Company	702	-	702	98.29%	-	98.29%

(All amounts expressed in RMB million unless otherwise specified)

IX. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

2. Related party relationships (continued)

(2) The movements of registered capital and the percentages of the equity or shares held by the Company are as follows (continued):

Name of investee	Registered capital			Shares or equity held by the Company		
	1 January 2024	Movements for the current year	31 December 2024	1 January 2024	Movements for the current year	31 December 2024
Pacific Care Home at Dali	608	-	608	74.70%	-	74.70%
Shanghai (Putuo) Project Company	250	-	250	98.29%	-	98.29%
Pacific Care Home at Hangzhou	60	-	60	98.29%	-	98.29%
Wuhan Project Company	980	-	980	98.29%	-	98.29%
CPIC Capital	100	-	100	99.67%	-	99.67%
Pacific Care Home at Shanghai (Chongming)	1,253	-	1,253	98.29%	-	98.29%
Pacific Care Home at Shanghai (Putuo)	30	-	30	98.29%	-	98.29%
Borui Heming	52	-	52	98.29%	-	98.29%
CPIC Life (H.K.)	HKD 1,000 million	-	HKD 1,000 million	98.29%	-	98.29%
Qingdao Project Company	227	-	227	98.29%	-	98.29%
Pacific Care Home at Xiamen	40	-	40	98.29%	-	98.29%
Zhengzhou Project Company	650	-	650	98.29%	-	98.29%
Beijing Project Company	800	-	800	98.29%	-	98.29%
CPIC Technology	700	-	700	100.00%	-	100.00%
Xinbaoyu	3,650	-	3,650	98.46%	-	98.46%
CPIC Technology Wuhan	100	-	100	100.00%	-	100.00%
Sanya Project Company	490	-	490	98.29%	-	98.29%
Pacific Care Home at Nanjing	30	-	30	98.29%	-	98.29%
Pacific Care Home at Shanghai (Jing’an)	426	-	426	98.29%	-	98.29%
Pacific Care Home at Wuhan	30	-	30	98.29%	-	98.29%
Xiamen Rehabilitation Hospital	160	-	160	98.29%	-	98.29%
Pacific Care Home at Suzhou	-	30	30	-	98.29%	98.29%
Pacific Care Home at Beijing	-	30	30	-	98.29%	98.29%
Pacific Care Home at Zhengzhou	-	45	45	-	98.29%	98.29%
Guangzhou Project Company	-	830	830	-	98.29%	98.29%
Suzhou Project Company	-	300	300	-	98.29%	98.29%
Jinan Rehabilitation Hospital	-	260	260	-	98.29%	98.29%

IX. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

2. Related party relationships (continued)

(3) Other major related parties

Name of entity	Relationship with the Company
Hwabao Investments Co., Ltd.	Shareholder with over 5% voting rights of the Company
Shenergy (Group) Company Limited	Shareholder with over 5% voting rights of the Company
Shanghai State-Owned Assets Operation Co., Ltd.	Shareholder with over 5% voting rights of the Company
China Baowu Steel Group Corporation Limited	Parent company of shareholders holding over 5% voting rights of the Company
Shanghai International Group Co., Ltd.	Parent company of shareholders holding over 5% voting rights of the Company
Baoshan Iron & Steel Co., Ltd.	Subsidiary of parent company of shareholders holding over 5% voting rights of the Company
Baowu Carbon Technology Co., Ltd.	Subsidiary of parent company of shareholders holding over 5% voting rights of the Company
Shanghai Baoxin Software Co., Ltd.	Subsidiary of parent company of shareholders holding over 5% voting rights of the Company
Taiyuan Iron & Steel (Group) Co., Ltd.	Subsidiary of parent company of shareholders holding over 5% voting rights of the Company
Shanghai International Group Asset Management Co., Ltd.	Subsidiary of parent company of shareholders holding over 5% voting rights of the Company
Hwabao WP Fund Management Co., Ltd.	Subsidiary of parent company of shareholders holding over 5% voting rights of the Company
Shanghai Gas Co., Ltd.	Subsidiary of shareholders holding over 5% voting rights of the Company
Shenergy Company Limited	Subsidiary of shareholders holding over 5% voting rights of the Company
Shanghai LNG Company Ltd.	Subsidiary of shareholders holding over 5% voting rights of the Company
Hainan Shenergy New Energy Company Limited	Subsidiary of shareholders holding over 5% voting rights of the Company
Binjiang-Xiangrui	Joint venture of the Company
Ruiyongjing Real Estate	Joint venture of the Company
Pacific Euler Hermes Insurance Sales Co., Ltd. (“Euler Hermes”)	Joint venture of the Company
Shanghai Juche Information Technology Co., Ltd. (“Juche”)	Associate of the Company
Zhongdao Automobile Rescue Industry Co., Ltd. (“Zhongdao”)	Associate of the Company
Shanghai Shantai Healthcare and Technology Company Limited (“Shantai Healthcare”)	Associate of the Company
Shanghai Guangci Memorial Hospital Co., Ltd. (“Guangci Hospital)	Associate of the Company
The Company’s enterprise annuity plan	Enterprise annuity fund established by the Group
CPIC Property’s enterprise annuity plan	Enterprise annuity fund established by the Group
CPIC Life’s enterprise annuity plan	Enterprise annuity fund established by the Group
CPIC Asset Management’s enterprise annuity plan	Enterprise annuity fund established by the Group
CPIC Online Services’ enterprise annuity plan	Enterprise annuity fund established by the Group
CPIC Health’s enterprise annuity plan	Enterprise annuity fund established by the Group
CPIC Senior Living Investment’s enterprise annuity plan	Enterprise annuity fund established by the Group
PAAIC’s enterprise annuity plan	Enterprise annuity fund established by the Group
CPIC Real Estate’s enterprise annuity plan	Enterprise annuity fund established by the Group
Pacific Medical & Healthcare’s enterprise annuity plan	Enterprise annuity fund established by the Group
CPIC Fund’s enterprise annuity plan	Enterprise annuity fund established by the Group
Pacific Insurance Agency enterprise annuity plan	Enterprise annuity fund established by the Group
CPIC Technology enterprise annuity plan	Enterprise annuity fund established by the Group
CPIC Capital enterprise annuity plan	Enterprise annuity fund established by the Group
Orient Securities Company Limited (“Orient Securities”)	Company of which the Group’s related natural persons serve as directors or senior management personnel
Swiss Reinsurance Company Ltd	Company of which the Group’s related natural persons serve as directors or senior management personnel
Hwabao Trust Co., Ltd.	Company of which the Group’s related natural persons serve as directors or senior management personnel

(All amounts expressed in RMB million unless otherwise specified)

IX. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

3. Major transactions with related parties

3.1 Major transactions between the Group and related parties

Note: The transaction amount for the period was calculated since the entity was identified as a related party of the Group.

(1) Sale of insurance contracts

	2024	2023
Orient Securities	21	4
Baoshan Iron & Steel Co., Ltd.	18	18
Hainan Shenergy New Energy Company Limited	11	-
Shenergy Company Limited	10	9
Shanghai LNG Company Ltd.	4	4
Shanghai Gas Co., Ltd.	4	3
Shanghai International Group Co., Ltd.	2	2
Taiyuan Iron & Steel (Group) Co., Ltd.	2	2
Shanghai Baoxin Software Co., Ltd.	2	2
China Baowu Steel Group Corporation Limited	1	1
Shanghai International Group Asset Management Co., Ltd.	1	1
Shanghai State-Owned Assets Operation Co., Ltd.	1	1
Baowu Carbon Technology Co., Ltd.	1	1
Total	78	48

Sale of insurance contracts to shareholders who individually own more than 5% of voting rights of the Company and the shareholders' parent company was RMB 4 million for the year ended 2024 (For the year ended 2023: RMB 4 million).

The Group's above related party transactions were entered into based on normal commercial terms during the normal course of insurance business. The proportion of the scale premium of related parties to the total scale premium of the Group's was less than 1% for both year ended 2024 and 2023.

(2) Fund subscription and redemption transactions

	2024	2023
Hwabao WP Fund Management Co., Ltd.	490	151

(3) Transaction of asset management products

	2024	2023
Hwabao Trust Co., Ltd.	230	58

(All amounts expressed in RMB million unless otherwise specified)

IX. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

3. Major transactions with related parties (continued)

3.1 Major transactions between the Group and related parties (continued)

(4) Transaction of selling and buying bonds

	2024	2023
Shanghai International Group Co., Ltd.	120	-
Orient Securities	61	410
Hwabao Investments Co., Ltd.	40	-
Total	221	410

(5) Distribution of cash dividends

	2024	2023
Shenergy (Group) Company Limited	1,427	1,431
Hwabao Investments Co., Ltd.	1,310	1,310
Shanghai State-Owned Assets Operation Co., Ltd.	665	665
Total	3,402	3,406

Distribution of cash dividends to shareholders who individually own more than 5% of voting rights of the Company was RMB 3,402 million in 2024 (2023: RMB 3,406 million).

(6) Premiums ceded to reinsurers (transaction amount)

	2024	2023
Swiss Reinsurance Company Ltd	3,489	3,163

(7) Expense recoveries from reinsurers (recovered amount)

	2024	2023
Swiss Reinsurance Company Ltd	827	1,074

(8) Claim recoveries from reinsurers (recovered amount)

	2024	2023
Swiss Reinsurance Company Ltd	2,211	2,075

(9) Remuneration of key management

	2024	2023
Salary and other benefits	23	38

Note: Regarding the disclosed remuneration of key management in the table above, the final remuneration for certain relevant personnel of the Company during their tenure in 2024 is still under confirmation.

(All amounts expressed in RMB million unless otherwise specified)

IX. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

3. Major transactions with related parties (continued)

3.1 Major transactions between the Group and related parties (continued)

(9) Remuneration of key management (continued)

For the remuneration of key management disclosed above, in accordance with the requirements of relevant policies, and after assessment and confirmation by the competent authorities, the supplemental disclosure of the remuneration of the relevant personnel during the relevant tenure in the Company in 2023, excluding the amount disclosed above, is as follows: the remuneration of the relevant personnel was RMB 0.796 million (before tax) (including director's and supervisors' remuneration disclosed in Note XVII 1).

(10) The related transactions between the Group and the established enterprise annuity fund during the years are as follows:

	2024	2023
Contribution to the enterprise annuity plan	749	700

(11) The major related transactions between the Group and joint ventures during the years are as follows:

	2024	2023
Binjiang-Xiangrui		
Fees for leasing office buildings of Binjiang-Xiangrui	80	86
Ruiyongjing Real Estate		
Fees for leasing office buildings of Ruiyongjing Real Estate	122	52
Grant loans	332	601
Loan interests	292	252

(12) The major related transactions between the Group and associates during the years are as follows:

	2024	2023
Purchase service		
Zhongdao	214	161
Shantai Healthcare	203	106
Juche	143	133
Euler Hermes	22	23
Guangci Hospital	7	-
Total	589	423

(All amounts expressed in RMB million unless otherwise specified)

IX. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

3. Major transactions with related parties (continued)

3.2 Major transactions between the Company and related parties

(1) The major related transactions between the Company and subsidiaries during the years are as follows:

	2024	2023
Purchase of insurance contracts		
CPIC Health	6	-
CPIC Property	5	7
Total	11	7
Rental income from office building		
CPIC Property	95	96
CPIC Technology	31	36
CPIC Life	11	16
Changjiang Pension	9	9
CPIC Senior Living Investment	4	4
Pacific Medical & Healthcare	3	-
CPIC Health	2	1
CPIC Asset Management	2	-
Total	157	162
Income from shared centre services		
CPIC Property	49	70
CPIC Life	43	62
CPIC Asset Management	5	5
CPIC Health	4	5
CPIC Technology	2	5
CPIC Senior Living Investment	1	1
CPIC Online Services	1	1
CPIC Capital	1	1
Pacific Medical & Healthcare	1	1
Total	107	151
Rental income from equipment leasing		
CPIC Technology	96	45
Asset management fee		
CPIC Asset Management	27	19
Technology service fee		
CPIC Technology	289	260
Commission fee		
CPIC Real Estate	10	12
Medical examination fee		
CPIC Health	3	2

(All amounts expressed in RMB million unless otherwise specified)

IX. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

3. Major transactions with related parties (continued)

3.2 Major transactions between the Company and related parties (continued)

(1) The major related transactions between the Company and subsidiaries during the years are as follows (continued):

	2024	2023
Rental fee		
CPIC Property	3	5
CPIC Life	2	2
Xinbaoyu	2	2
Total	7	9
Publicity expenses		
CPIC Technology	1	1
Consulting service fee		
CPIC Capital	5	-
CPIC Asset Management	1	2
Total	6	2
Text Messaging Service fee		
CPIC Technology	2	-
Dividend income from subsidiaries		
CPIC Life	6,869	5,852
CPIC Property	1,965	4,027
CPIC Asset Management	369	320
CPIC Real Estate	49	-
CPIC Technology	11	-
Total	9,263	10,199

The rent of the office building charged by the Company from CPIC Property, CPIC Technology, CPIC Life, Changjiang Pension, CPIC Senior Living Investment, Pacific Medical & Healthcare, CPIC Health and CPIC Asset Management is determined at the price negotiated by both parties. The shared service centre fee charged by the Company from CPIC Property, CPIC Life, CPIC Asset Management, CPIC Health, CPIC Technology, CPIC Senior Living Investment, CPIC Online Services, CPIC Capital and Pacific Medical & Healthcare, is based on the cost of the service provider and distributed in the proportion mutually agreed by both parties. The equipment rental fee charged by the Company from CPIC Technology is determined at the price negotiated by both parties. The asset management fee charged by CPIC Asset Management to the Company is determined by considering the type of entrusted assets, the size of the entrusted assets and the actual operating costs. The technology service fee charged by CPIC Technology to the Company is determined at the price negotiated by both parties. The commission fee charged by CPIC Real Estate to the Company is determined at the price negotiated by both parties.

(All amounts expressed in RMB million unless otherwise specified)

IX. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

3. Major transactions with related parties (continued)

3.2 Major transactions between the Company and related parties (continued)

(1) The major related transactions between the Company and subsidiaries during the years are as follows (continued):

The medical examination fee incurred between the Company and CPIC Health is determined at the price negotiated by both parties. The rental fees of the office building incurred among the Company, CPIC Property, CPIC Life and Xinbaoyu is determined at the price negotiated by both parties. The publicity expenses charged by CPIC Technology to the Company are determined at the price negotiated by both parties. The consulting service fee charged by CPIC Asset Management and CPIC Capital to the Company is determined at the price negotiated by both parties. The text messaging service fee charged by CPIC Technology to the Company is determined at the price negotiated by both parties.

(2) The major related transactions between the Company and other related parties of the Group during the years are as follows:

	2024	2023
Fees for leasing office buildings		
Binjiang-Xiangrui	55	43

4. Receivables from and payables to related parties

(1) Receivables and payables between the Company and its subsidiaries are as follows:

	31 December 2024	31 December 2023
Other receivables		
CPIC Property	149	136
CPIC Life	101	90
CPIC Technology	42	40
CPIC Health	3	3
CPIC Asset Management	3	2
Changjiang Pension	2	-
CPIC Senior Living Investment	1	1
CPIC Online Services	1	1
Total	302	273
Other payables		
CPIC Technology	135	172
CPIC Asset Management	29	22
CPIC Real Estate	5	6
CPIC Capital	5	-
Xinbaoyu	4	-
Total	178	200

(All amounts expressed in RMB million unless otherwise specified)

IX. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

4. Receivables from and payables to related parties (continued)

(2) Receivables and payables between the Group and its joint ventures are as follows:

	31 December 2024	31 December 2023
Other receivables		
Ruiyongjing Real Estate	124	124
Binjiang-Xiangrui	1,772	1,772
Total	1,896	1,896
Other payables		
Ruiyongjing Real Estate	-	9
Binjiang-Xiangrui	318	266
Total	318	275
Debt investments at fair value through other comprehensive income		
Ruiyongjing Real Estate	6,120	5,312

The receivable due from Binjiang-Xiangrui is interest free with no determined maturity date.

(3) Receivables and payables between the Group and other related parties arising from reinsurance are as follows:

	31 December 2024	31 December 2023
Swiss Reinsurance Company Ltd reinsurance receivables	1,366	1,186
Swiss Reinsurance Company Ltd reinsurance payables	863	361

X. CONTINGENCIES

In light of the nature of the insurance business, the Group makes estimates for contingencies and legal proceedings in the ordinary course of business, both in the capacity as plaintiff or defendant in litigation and as claimant or respondent in arbitration proceedings. Legal proceedings mostly involve claims on the Group’s insurance policies. Provisions have been made for the probable losses to the Group, including those claims where directors can reasonably estimate the outcome of the litigations taking into account legal advice, if any. No provision is made for contingencies and legal proceedings when the outcome cannot be reasonably estimated or the probability of loss is extremely low.

In addition to the legal proceedings of the above natures, as at 31 December 2024, the Group was the defendant in certain pending litigations. Provisions were made for the possible losses based on estimates by the Group and the Group would only be contingently liable for any claim that is in excess of the provision made. No provision was made for contingencies and legal proceedings when the outcome cannot be reasonably estimated by the management or the probability of loss is extremely low.

(All amounts expressed in RMB million unless otherwise specified)

XI. COMMITMENTS

1. Major projects with capital commitments

		31 December 2024	31 December 2023
Capital commitments			
Contracted, but not provided for	(1)(2)(3)(4)(5)(6)	18,858	14,289
Authorised, but not contracted for	(2)	2,101	8,337
		20,959	22,626

As at 31 December 2024, major projects with capital commitments are as follows:

(1) CPIC Life and the third party joined together to bid for the use right of the land located at Huangpu District, Shanghai. All parties set up a project company named Ruiyongjing Real Estate as the owner of the land use right to this parcel of land and construction development subject. The estimated total investment of Ruiyongjing Real Estate is approximately RMB 21,400 million, CPIC Life agreed to provide additional loan of no more than RMB 250 million for Ruiyongjing Real Estate. The registered capital of Ruiyongjing Real Estate is RMB 14,050 million, of which CPIC Life shall make a contribution of RMB 9,835 million, representing 70% of the registered capital. In addition, CPIC Life will provide shareholder’s loans to Ruiyongjing Real Estate, which are estimated to be approximately RMB 7,600 million. The total amount of the above two contributions to be made by CPIC Life is estimated to be RMB 17,435 million. As at 31 December 2024, the cumulative amount incurred by CPIC Life amounted to approximately RMB 15,116 million. Of the balance, approximately RMB 2,319 million was disclosed as a capital commitment contracted but not provided for. There is no capital commitment authorised but not contracted.

(2) CPIC Life and CPIC Senior Living Investment obtained the use rights of fifteen parcels of land located at Wenjiang District in Chengdu, Sichuan, etc., and set up fifteen project companies named Chengdu Project Company, etc., accordingly as the owners of the land use rights to parcels of land and construction development subjects for the construction project “CPIC Home”. As at 31 December 2024, the cumulative amount incurred amounted to approximately RMB 1,520 million to projects still in progress. Of the balance, approximately RMB 2,499 million was disclosed as a capital commitment contracted but not provided for and approximately RMB 1,991 million was disclosed as a capital commitment authorised but not contracted for.

(3) CPIC Life and a third party jointly established Taijiashan. The total investment of this project is approximately RMB 5,050 million. Among which CPIC Life subscribed capital contribution of RMB 5,000 million, accounted for 99.01% of the capital. As at 31 December 2024, CPIC Life has cumulatively made a capital contribution of RMB 2,800 million. Of the balance, RMB 2,200 million was disclosed as a capital commitment contracted but not provided for.

(All amounts expressed in RMB million unless otherwise specified)

XI. COMMITMENTS (continued)

1. Major projects with capital commitments (continued)

(4) As of 31 December 2024, CPIC Life and CPIC Capital together subscribed 99.98% of the shares of China Pacific Changhang. As of 31 December 2024, China Pacific Changhang has invested in two unlisted equities and twenty-five equity investment funds (not including consolidated structured entities included in the scope of the Group) with a total subscribed contribution of RMB 7,989 million, paid-in contribution of RMB 4,948 million, and uncontributed capital of RMB 3,041 million, which are listed as a capital commitment contracted but not provided for.

(5) As of 31 December 2024, the Company, CPIC Life and CPIC Capital together subscribed 90.90% of the shares of CPIC Health Fund. As of 31 December 2024, CPIC Health Fund has invested in twenty-three equity investment funds (not including consolidated structured entities included in the scope of the Group), with a total subscribed contribution of RMB 5,456 million, paid-in contribution of approximately RMB 4,130 million, and uncontributed capital of approximately RMB 1,326 million, which are listed as a capital commitment contracted but not provided for.

(6) As of 31 December 2024, CPIC Life and CPIC Capital together subscribed 99.99% of the shares of Nanjing Taibao Xinhui Zhiyuan Equity Investment Fund Management Partnership (Limited Partnership) ("Xinhui Zhiyuan"). As of 31 December 2024, Xinhui Zhiyuan has invested in seven equity investment funds with a total subscribed contribution of RMB 5,645 million, paid-in contribution of approximately RMB 2,411 million, and uncontributed capital of approximately RMB 3,234 million, which are listed as a capital commitment contracted but not provided for.

2. Operating lease rental receivables

The Group leases its investment properties under various rental agreements. Future minimum lease receivables under non-cancellable operating leases are as follows:

	31 December 2024	31 December 2023
Within 1 year (inclusive)	583	379
1 to 2 years (inclusive)	318	290
2 to 3 years (inclusive)	187	146
3 to 5 years (inclusive)	105	85
More than 5 years	51	72
	1,244	972

XII. RISK MANAGEMENT

1. Insurance risk

(1) Category of insurance risk and concentration of insurance risk

The risk under an insurance contract arises from the possibility of occurrence of an insured event and the uncertainty of the amount as well as time of any resulting claim. The major risk the Group faces under such contracts is that the actual claims payments and the costs of claims settlement exceed the carrying amount of insurance contract reserves, which are affected by factors such as claim frequency, severity of claim, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Group is to ensure that sufficient reserves are available to cover these liabilities.

Insurance risk could occur due to any of the following factors:

Occurrence risk **-** the possibility that the number of insured events will differ from that expected;

Severity risk **-** the possibility that the cost of the events will differ from that 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 above risk exposure is mitigated by the diversification across a large portfolio of insurance contracts. The variability of risks is also reduced by careful selection and implementation of underwriting strategy and guidelines, as well as the use of reinsurance arrangements.

The businesses of the Group mainly comprise long-term life insurance contracts (mainly including life insurance and long-term health insurance), short-term life insurance contracts (mainly including short-term health insurance and accident insurance) and property and casualty insurance contracts. For contracts where death is the insured risk, the significant factors that could increase the overall frequency of claims are epidemics, widespread changes in lifestyle and natural disasters, resulting in earlier or more claims than expected. For contracts where survival is the insured risk, the most significant factor is continued improvement in medical science and social conditions that would increase longevity. For property and casualty insurance contracts, claims are often affected by natural disasters, calamities, terrorist attacks, etc.

Currently, the Group's insurance risk does not vary significantly in relation to the locations of the risks insured by the Group whilst undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis.

There would be no significant mitigating terms and conditions that reduce the insured risk accepted for contracts with fixed and guaranteed benefits and fixed future premiums. Meanwhile, insurance risk is also affected by the policyholders' rights to terminate the contract, to pay reduced premiums, to refuse to pay premiums or to avail the guaranteed annuity option. Thus, the resultant insurance risk is subject to the policyholders' behaviour and decisions.

(All amounts expressed in RMB million unless otherwise specified)

XII. RISK MANAGEMENT (continued)

1. Insurance risk (continued)

(1) Category of insurance risk and concentration of insurance risk (continued)

In order to manage insurance risks more effectively, the Group manages insurance risks through reinsurance to reduce the effect of potential losses to the Group. Three major types of reinsurance agreements, ceding on a quota share basis or a surplus basis or excess reinsurance, are usually used to cover insurance liability risk, with retention limits varying by product line and territory. The reinsurance contract basically covers all insurance contracts with risk liability. Although the Group has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders. The Group's placement of reinsurance is diversified such that neither it is dependent on a single reinsurer nor are the operations of the Group substantially dependent upon any single reinsurance contract.

(2) Assumptions and sensitivities

Long-term life insurance contracts

Assumptions

Material judgement is required in choosing discount rate assumption, insurance incident occurrence rate assumption (mainly including mortality and morbidity), surrender rate assumption, expense assumption and policy dividend assumption relating to long-term life insurance contracts. These measurement assumptions are based on current information available at the balance sheet date.

Sensitivities

As the relationship between the various assumptions cannot be reliably measured, the Group uses sensitivity analysis to assess the pre-tax impact on profit and shareholders' equity resulting from reasonable and possible movements in a single assumption, while holding other key assumptions constant, for the insurance contract liabilities of the Group's long-term life insurance contracts as follows:

	31 December 2024		
	Changes in assumptions	Impact on profit before tax	Impact on equity before tax
		Gross of reinsurance	Gross of reinsurance
Mortality rate	+10%	(125)	(831)
	-10%	(248)	552
Morbidity rate	+10%	(1,968)	(4,471)
	-10%	1,598	4,212
Expenses	+10%	(921)	(1,509)
	-10%	914	1,502
Policy dividend	+5%	(993)	(993)
Surrender rate	+10%	1,652	2,795
	-10%	(1,673)	(2,528)

(All amounts expressed in RMB million unless otherwise specified)

XII. RISK MANAGEMENT (continued)

1. Insurance risk (continued)

(2) Assumptions and sensitivities (continued)

Long-term life insurance contracts (continued)

Sensitivities (continued)

	31 December 2023		
	Changes in assumptions	Impact on profit before tax	Impact on equity before tax
		Gross of reinsurance	Gross of reinsurance
Mortality rate	+10%	(132)	(627)
	-10%	(235)	314
Morbidity rate	+10%	(1,907)	(3,290)
	-10%	1,524	2,958
Expenses	+10%	(911)	(1,202)
	-10%	909	1,200
Policy dividend	+5%	(1,037)	(1,037)
Surrender rate	+10%	1,591	1,666
	-10%	(1,609)	(1,518)

Reinsurance contracts do not have significant influence on the Group's long-term life insurance contracts, therefore the pre-tax impact on profit and shareholder's equity of net of reinsurance is similar to the above sensitivity analysis.

(All amounts expressed in RMB million unless otherwise specified)

XII. RISK MANAGEMENT (continued)

1. Insurance risk (continued)

(2) Assumptions and sensitivities (continued)

Property and casualty and short-term life insurance contracts

Assumptions

The calculation for liability for incurred claims is based on the Group's past claim development experience, including assumptions in respect of average claim costs, claim expenses, inflation factors and number of claims for each accident period. Additional qualitative judgement is used to assess the extent to which past trends may not apply in the future (for example, changes in external factors such as one-off events, public attitudes to claims, market factors such as economic conditions, judicial decisions and government legislation, as well as changes in internal factors such as portfolio mix, policy conditions and claims handling procedures).

Other key assumptions include risk adjustment for non-financial risk, delays in settlement, etc.

Sensitivities

Changes in above key assumptions will affect the liability for incurred claims for property and casualty and short-term life insurance. The sensitivity of certain variables including legislative change, uncertainty in the estimation process, etc., is not possible to quantify.

The Group uses sensitivity analysis to assess the pre-tax impact of changes in liabilities for incurred claims of the Group's property and casualty and short-term life insurance on profit and shareholder's equity, assuming reasonable and possible variations in the claim ratio assumption while keeping other assumptions constant, as follows:

	31 December 2024				
	Changes in assumption	Impact on profit before tax		Impact on equity before tax	
		Gross of reinsurance	Net of reinsurance	Gross of reinsurance	Net of reinsurance
Loss ratio	+5%	(4,119)	(2,718)	(4,119)	(2,718)
	-5%	4,119	2,718	4,119	2,718

	31 December 2023				
	Changes in assumption	Impact on profit before tax		Impact on equity before tax	
		Gross of reinsurance	Net of reinsurance	Gross of reinsurance	Net of reinsurance
Loss ratio	+5%	(3,743)	(2,684)	(3,743)	(2,684)
	-5%	3,743	2,684	3,743	2,684

(All amounts expressed in RMB million unless otherwise specified)

XII. RISK MANAGEMENT (continued)

1. Insurance risk (continued)

(2) Assumptions and sensitivities (continued)

Property and casualty and short-term life insurance contracts (continued)

The table below presents the claim reserves of gross of reinsurance for the property and casualty insurance of the Group:

	Property and casualty insurance (Accident year)					
	2020	2021	2022	2023	2024	Total
Gross of reinsurance						
Undiscounted estimate of ultimate claim cost as of:						
Accident year	81,244	101,908	109,894	128,386	145,848	
One year later	80,052	98,801	104,854	126,694		
Two years later	79,948	98,681	101,343			
Three years later	79,394	97,587				
Four years later	79,098					
Cumulative claims payments	(78,283)	(95,185)	(94,118)	(114,291)	(98,035)	
Sub-total	815	2,402	7,225	12,403	47,813	70,658
Adjustment for previous years, unallocated loss adjustment expenses, risk adjustment for non-financial risk, discounting and other impacts						7,047
Liability for incurred claims						77,705

The table below presents the claim reserves of net of reinsurance for the property and casualty insurance of the Group:

	Property and casualty insurance (Accident year)					
	2020	2021	2022	2023	2024	Total
Net of reinsurance						
Undiscounted estimate of ultimate claim cost as of:						
Accident year	71,681	89,762	96,915	111,921	125,153	
One year later	70,520	87,173	93,658	111,798		
Two years later	70,334	87,049	90,463			
Three years later	69,764	86,009				
Four years later	69,313					
Cumulative claims payments	(68,796)	(84,163)	(84,345)	(102,091)	(86,986)	
Sub-total	517	1,846	6,118	9,707	38,167	56,355
Adjustment for previous years, unallocated loss adjustment expenses, risk adjustment for non-financial risk, discounting and other impacts						(3,031)
Liability for incurred claims, net						53,324
Total asset for incurred claims						24,381
Liability for incurred claims						77,705

(All amounts expressed in RMB million unless otherwise specified)

XII. RISK MANAGEMENT (continued)

1. Insurance risk (continued)

(2) Assumptions and sensitivities (continued)

Property and casualty and short-term life insurance contracts (continued)

The table below presents the claim reserves of gross of reinsurance for short-term life insurance contracts of the Group:

	Short-term life insurance (Accident year)					
	2020	2021	2022	2023	2024	Total
Gross of reinsurance						
Undiscounted estimate of ultimate claim cost as of:						
Accident year	4,696	4,913	4,075	4,548	4,532	
One year later	4,266	4,547	3,801	4,383		
Two years later	4,180	4,408	3,782			
Three years later	4,138	4,385				
Four years later	4,136					
Cumulative claims payments	(4,136)	(4,378)	(3,704)	(4,057)	(3,188)	
Sub-total	-	7	78	326	1,344	1,755
Adjustment for previous years, unallocated loss adjustment expenses, risk adjustment for non-financial risk, discounting and other impacts						2,860
Liability for incurred claims						4,615

The table below presents the claim reserves of net of reinsurance for short-term life insurance contracts of the Group:

	Short-term life insurance (Accident year)					
	2020	2021	2022	2023	2024	Total
Net of reinsurance						
Undiscounted estimate of ultimate claim cost as of:						
Accident year	3,440	3,967	3,436	4,300	4,370	
One year later	3,339	3,733	3,240	4,145		
Two years later	3,244	3,626	3,232			
Three years later	3,208	3,601				
Four years later	3,206					
Cumulative claims payments	(3,206)	(3,595)	(3,142)	(3,863)	(3,089)	
Sub-total	-	6	90	282	1,281	1,659
Adjustment for previous years, unallocated loss adjustment expenses, risk adjustment for non-financial risk, discounting and other impacts						2,664
Liability for incurred claims, net						4,323
Total asset for incurred claims						292
Liability for incurred claims						4,615

XII. RISK MANAGEMENT (continued)

2. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk principally comprises three types of risks, namely interest rate risk arising from market interest rates, price risk arising from market prices and currency risk arising from foreign exchange rates.

The following policies and procedures are in place to mitigate the Group's exposure to market risk:

- A market risk policy of the Group setting out the assessment and determination of what constitutes market risk for the Group. Compliance with the policy is monitored and exposures and breaches are reported to the risk management committee of the Group. The policy is reviewed regularly by the management of the Group for pertinence and for changes in the risk environment.

(1) Currency risk

Currency risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in foreign exchange rates.

Since the Group operates principally in Mainland China, the Group has only limited exposure to currency risk, which arises primarily from certain insurance policies denominated in foreign currencies, bank deposits and common stocks, etc. denominated in the foreign currency.

(All amounts expressed in RMB million unless otherwise specified)

XII. RISK MANAGEMENT (continued)

2. Market risk (continued)

(1) Currency risk (continued)

The following tables summarise the Group's financial assets and financial liabilities by major currency:

	31 December 2024				
	RMB	USD (in RMB)	HKD (in RMB)	Other currencies (in RMB)	Total
Cash at bank and on hand	23,259	5,822	274	2	29,357
Derivative financial instruments	13	1	-	12	26
Securities purchased under agreements to resell	10,905	-	-	-	10,905
Term deposits	172,829	989	-	-	173,818
Financial investments:					
Financial assets at fair value through profit or loss	648,416	16,648	1,579	556	667,199
Financial assets at amortised cost	64,844	-	-	-	64,844
Debt investments at fair value through other comprehensive income	1,606,358	1,614	-	-	1,607,972
Equity investments at fair value through other comprehensive income	141,933	1	80	-	142,014
Restricted statutory deposits	6,851	-	-	-	6,851
Others	13,348	148	19	-	13,515
Sub-total	2,688,756	25,223	1,952	570	2,716,501

	31 December 2024				
	RMB	USD (in RMB)	HKD (in RMB)	Other currencies (in RMB)	Total
Derivative financial liabilities	2	94	-	-	96
Securities sold under agreements to repurchase	181,695	-	-	-	181,695
Bonds payable	10,286	-	-	-	10,286
Commission and brokerage payable	5,926	-	16	-	5,942
Lease liabilities	2,710	-	12	-	2,722
Others	42,242	249	163	-	42,654
Sub-total	242,861	343	191	-	243,395
Net value	2,445,895	24,880	1,761	570	2,473,106

(All amounts expressed in RMB million unless otherwise specified)

XII. RISK MANAGEMENT (continued)

2. Market risk (continued)

(1) Currency risk (continued)

The following tables summarise the Group's financial assets and financial liabilities by major currency (continued):

	31 December 2023				
	RMB	USD (in RMB)	HKD (in RMB)	Other currencies (in RMB)	Total
Cash at bank and on hand	25,925	5,340	188	2	31,455
Derivative financial instruments	-	17	-	-	17
Securities purchased under agreements to resell	2,808	-	-	-	2,808
Term deposits	164,256	1,222	23	-	165,501
Financial investments:					
Financial assets at fair value through profit or loss	564,127	14,662	2,466	347	581,602
Financial assets at amortised cost	82,334	-	-	-	82,334
Debt investments at fair value through other comprehensive income	1,246,792	643	-	-	1,247,435
Equity investments at fair value through other comprehensive income	97,937	1	27	-	97,965
Restricted statutory deposits	7,105	-	-	-	7,105
Others	11,101	97	28	8	11,234
Sub-total	2,202,385	21,982	2,732	357	2,227,456

	31 December 2023				
	RMB	USD (in RMB)	HKD (in RMB)	Other currencies (in RMB)	Total
Derivative financial liabilities	2	12	-	7	21
Securities sold under agreements to repurchase	115,819	-	-	-	115,819
Bonds payable	10,285	-	-	-	10,285
Commission and brokerage payable	5,846	-	15	-	5,861
Lease liabilities	3,077	-	18	-	3,095
Others	33,458	302	119	-	33,879
Sub-total	168,487	314	152	7	168,960
Net value	2,033,898	21,668	2,580	350	2,058,496

(All amounts expressed in RMB million unless otherwise specified)

XII. RISK MANAGEMENT (continued)

2. Market risk (continued)

(1) Currency risk (continued)

The following tables summarise the Group's insurance contract assets/ liabilities and reinsurance contract assets/ liabilities by major currency:

	31 December 2024			
	RMB	USD (in RMB)	HKD (in RMB)	Total
Insurance contract assets	22	-	-	22
Reinsurance contract assets	38,803	6,838	440	46,081
Insurance contract liabilities	2,216,147	12,561	806	2,229,514

	31 December 2023			
	RMB	USD (in RMB)	HKD (in RMB)	Total
Insurance contract assets	335	-	-	335
Reinsurance contract assets	35,695	3,579	480	39,754
Insurance contract liabilities	1,865,226	6,556	838	1,872,620

Exchange rates used by the Group by major currencies:

	31 December 2024		31 December 2023	
	USD	HKD	USD	HKD
Exchange rate	7.18840	0.92604	7.08270	0.90622

(All amounts expressed in RMB million unless otherwise specified)

XII. RISK MANAGEMENT (continued)

2. Market risk (continued)

(1) Currency risk (continued)

Sensitivities

The analysis below is performed for reasonably possible movements in foreign exchange rate with all other variables held constant, for the following financial instruments, showing the pre-tax impact on profit and shareholder' equity.

Sensitivity analysis below shows changes in spot and forward exchange rates and reflects the pre-tax impact on profit and shareholder's equity arising from monetary financial assets and liabilities, insurance contract assets/ liabilities and reinsurance contract assets/ liabilities denominated in foreign currency as at the dates indicated.

	31 December 2024	
USD, HKD and other currencies to RMB exchange rate	Impact on profit before tax	Impact on equity before tax
+5%	1,052	1,056
-5%	(1,052)	(1,056)

	31 December 2023	
USD, HKD and other currencies to RMB exchange rate	Impact on profit before tax	Impact on equity before tax
+5%	353	1,088
-5%	(353)	(1,088)

The impact on equity arising from monetary financial assets and liabilities, insurance contract assets/ liabilities and reinsurance contract assets/ liabilities denominated in foreign currency shown above is the total impact from both profit before tax and fair value change.

(All amounts expressed in RMB million unless otherwise specified)

XII. RISK MANAGEMENT (continued)

2. Market risk (continued)

(2) 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.

Floating rate instruments expose the Group to cash flow interest risk, whereas fixed interest rate instruments expose the Group to fair value interest risk.

The Group's interest risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and floating rate instruments. The policy also requires it to manage the maturity of interest-bearing financial assets and interest-bearing financial liabilities. Interest on floating rate instruments is generally repriced once a year. Interest on fixed rate instruments is priced on initial recognition of related financial instruments and remains constant until maturity date.

The Group is not exposed to significant concentration risks.

The tables below summarise major interest-bearing financial instruments of the Group by contractual/estimated re-pricing date or maturity date. Other financial instruments not included in the following tables are interest free and not exposed to interest rate risk:

	31 December 2024						
	Within 1 year	1 to 3 years	3 to 5 years	Over 5 years	Floating rate	Non-interest bearing	Total
Financial assets:							
Cash at bank and on hand with maturity of no more than three months	221	-	-	-	29,128	8	29,357
Securities purchased under agreements to resell	10,902	-	-	-	-	3	10,905
Term deposits	24,490	74,059	71,603	-	-	3,666	173,818
Financial investments:							
Financial assets at fair value through profit or loss	10,092	16,759	10,742	236,655	-	4,272	278,520
Financial assets at amortised cost	15,853	5,851	5,886	37,246	8	-	64,844
Debt investments at fair value through other comprehensive income	66,406	55,822	78,225	1,394,875	-	12,644	1,607,972
Restricted statutory deposits	579	4,898	1,225	-	-	149	6,851
Financial liabilities:							
Securities sold under agreements to repurchase	181,567	-	-	-	-	128	181,695
Bonds payable	-	-	9,999	-	-	287	10,286

(All amounts expressed in RMB million unless otherwise specified)

XII. RISK MANAGEMENT (continued)

2. Market risk (continued)

(2) Interest rate risk (continued)

The tables below summarise major interest-bearing financial instruments of the Group by contractual/estimated re-pricing date or maturity date. Other financial instruments not included in the following tables are interest free and not exposed to interest rate risk (continued):

	31 December 2023						
	Within 1 year	1 to 3 years	3 to 5 years	Over 5 years	Floating rate	Non-interest bearing	Total
Financial assets:							
Cash at bank and on hand with maturity of no more than three months	549	-	-	-	30,901	3	31,453
Securities purchased under agreements to resell	2,808	-	-	-	-	-	2,808
Term deposits	49,777	59,485	51,545	500	-	4,194	165,501
Financial investments:							
Financial assets at fair value through profit or loss	10,671	18,102	12,588	160,723	-	3,400	205,484
Financial assets at amortised cost	14,651	18,737	5,884	42,962	100	-	82,334
Debt investments at fair value through other comprehensive income	48,318	114,044	71,084	1,002,494	-	11,495	1,247,435
Restricted statutory deposits	3,442	2,273	1,040	-	-	350	7,105
Financial liabilities:							
Securities sold under agreements to repurchase	115,695	-	-	-	-	124	115,819
Bonds payable	-	-	9,999	-	-	286	10,285

Interest rates on floating rate bonds/liabilities are re-priced when the benchmark interest rates are adjusted.

(All amounts expressed in RMB million unless otherwise specified)

XII. RISK MANAGEMENT (continued)

2. Market risk (continued)

(2) Interest rate risk (continued)

Sensitivities

The analysis below is performed for reasonably possible movements in interest rate with all other variables held constant, for the following financial instruments, showing the pre-tax impact on profit and shareholder's equity. Since almost all financial instruments of the Group that bear interest rate risks are financial instruments denominated in RMB, the sensitivity analysis below only shows the pre-tax impact of RMB financial instruments on the Group's profit and shareholder's equity when RMB interest rate changes.

Sensitivities on fixed-rate financial instruments

As at the balance sheet date, the Group's fixed-rate financial instruments exposed to interest rate risk mainly include financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. The following tables show the pre-tax impact of fair value change of debt investments on profit and shareholder's equity.

	31 December 2024	
Change in RMB interest rate	Impact on profit before tax	Impact on equity before tax
+50 basis points	(4,446)	(77,481)
-50 basis points	4,669	86,912

	31 December 2023	
Change in RMB interest rate	Impact on profit before tax	Impact on equity before tax
+50 basis points	(3,121)	(52,577)
-50 basis points	3,276	58,879

The above impact on equity represents adjustments to profit before tax and changes in fair value of fixed-rate financial instruments.

(All amounts expressed in RMB million unless otherwise specified)

XII. RISK MANAGEMENT (continued)

2. Market risk (continued)

(2) Interest rate risk (continued)

Sensitivities (continued)

Sensitivities on floating-rate financial instruments

The following tables show the pre-tax impact that floating-rate financial assets and liabilities have on the Group's profit and shareholder's equity due to changes in interest rate as at the balance sheet date.

	31 December 2024	
Change in RMB interest rate	Impact on profit before tax	Impact on equity before tax
+50 basis points	146	146
-50 basis points	(146)	(146)

	31 December 2023	
Change in RMB interest rate	Impact on profit before tax	Impact on equity before tax
+50 basis points	155	155
-50 basis points	(155)	(155)

Sensitivities on insurance contract liabilities

The following tables show the pre-tax impact that insurance contract liabilities have on the Group's profit and shareholder's equity due to changes in interest rate as at the balance sheet date.

	31 December 2024	
Change in RMB interest rate	Impact on profit before tax	Impact on equity before tax
+50 basis points	2,427	84,733
-50 basis points	(4,680)	(98,663)

	31 December 2023	
Change in RMB interest rate	Impact on profit before tax	Impact on equity before tax
+50 basis points	4,261	68,027
-50 basis points	(5,082)	(78,143)

(All amounts expressed in RMB million unless otherwise specified)

XII. RISK MANAGEMENT (continued)

2. Market risk (continued)

(3) Price risk

Price risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), regardless of whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Group's price risk policy requires it to manage such risk by setting and monitoring investment objectives, adopting related strategies and managing fluctuations arising from price risk in operating performance.

Financial investments exposed to market price risk mainly consist of stocks and equity investment funds under financial assets at fair value through profit or loss and equity investments at fair value through other comprehensive income.

Assuming that the market price of listed stocks and equity investment funds rises or falls by 10% (based on the book value as at the balance sheet date, taking into account the impact on listed equities and securities investment funds and insurance contract liabilities) and other variables remain unchanged, the pre-tax impact of the above financial instruments on the Group's profit and shareholder's equity based at the end of the reporting date is as follows.

	31 December 2024			
Changes in equity prices	Impact on investments	Impact on insurance contract liabilities	Impact on profit before tax	Impact on equity before tax
+10%	48,932	25,418	46,354	23,514
-10%	(48,932)	(25,392)	(46,378)	(23,540)

	31 December 2023			
Changes in equity prices	Impact on investments	Impact on insurance contract liabilities	Impact on profit before tax	Impact on equity before tax
+10%	30,743	12,430	10,688	18,313
-10%	(30,743)	(12,430)	(10,688)	(18,313)

XII. RISK MANAGEMENT (continued)

3. Credit risk

Credit risk is the risk that one party to a financial instrument or an insurance contract will cause a financial loss to the other party by failing to discharge an obligation.

The Group is exposed to credit risks primarily associated with deposit arrangements with commercial banks, financial assets at amortised cost, debt investments at fair value through other comprehensive income, securities purchased under agreements to resell, reinsurance contract assets and other assets.

Due to the restriction of The National Administration of Financial Regulation, majority of the Group's financial assets are government bonds, government institutional bonds, enterprise bonds, term deposits, debt investment plans and wealth management products. Term deposits are placed with national commercial banks or comparatively sound financial institutions, and most of enterprise bonds, debt investment plans and wealth management products are guaranteed by qualified institutions. Hence, the related credit risk of the investment should be regarded as relatively low. Meanwhile, the Group will perform credit assessments and risk appraisals for each investment before signing contracts and determine to invest in those programs released by highly rated issuers and project initiators.

For securities purchased under agreements to resell and policy loans, there is a security pledge, and the maturity period is less than one year. Premium receivables from life insurance are mainly renew premium within grace period. Hence, the related credit risk should not have significant impact on the Group's consolidated financial statements. The Group grants a short credit period and arranges instalment payment to reduce the property and casualty insurance businesses credit risk. The Group performs regular credit assessment of the reinsurance companies. Reinsurance of the Group is mainly entered into with highly rated reinsurance companies.

The Group mitigates credit risk by utilising credit control policies, undertaking credit analysis on potential investments, and imposing aggregate counterparty exposure limits.

Measurement of expected credit loss

In accordance with the new accounting standard for financial instruments, the Group applies the "expected credit loss model" to measure the impairment of financial assets such as financial assets at amortised cost and debt investments at fair value through other comprehensive income.

XII. RISK MANAGEMENT (continued)

3. Credit risk (continued)

Measurement of expected credit loss (continued)

Criteria for judging significant changes in credit risk

Under the new financial instruments accounting standard, the Group assesses at each balance sheet date whether the credit risk of the relevant financial instruments has changed significantly since its initial recognition when considering the credit risk stages of financial assets. When determining the impairment stage of financial assets, the Group fully considers all reasonable and well-founded information, including forward-looking information, that reflects whether there has been a significant change in its credit risk. The main factors to be considered are regulatory and operating environment, internal and external credit rating, solvency, operating capacity, etc. The Group based on individual financial instruments or portfolios of financial instruments with similar credit risk characteristics to determine the stage classification of financial instruments by comparing the credit risks of the financial instruments at the reporting date with initial recognition.

The Group sets quantitative and qualitative criteria to determine whether the credit risk of financial instruments has changed significantly since the initial recognition, mainly including changes in the debtor's probability of default ("PD"), changes in credit risk classification, and other circumstances indicating significant changes in credit risk. In determining whether the credit risk of a financial instrument has changed significantly since the initial recognition, the Group considers overdue more than 30 days as one of the criteria for a significant increase in credit risk in accordance with the requirements of the Standard.

Definition of financial assets that are credit-impaired

The criteria adopted by the Group in determining whether credit impairment has incurred are consistent with internal credit risk management objectives for the relevant financial instruments, taking into account quantitative and qualitative indicators. When assessing whether a debtor has incurred credit impairment, the Group mainly considers the following factors:

- The debtor is more than 90 days overdue after the due date of payment in the contract;
- Internal credit rating is a default rating;
- For economic or contractual reasons related to the debtor's financial difficulties, the creditor gives the debtor concessions that the creditor would not otherwise consider;
- Significant financial difficulties of the issuer or debtor;
- Breach of contract by the debtor, such as default or overdue payment of interest or principal;
- The debtor is likely to go bankrupt or other financial restructuring;
- Financial difficulties of the issuer or debtor lead to the disappearance of an active market for that financial asset;
- Purchase or originate a financial asset at a significant discount that reflects the fact that a credit loss has occurred.

Credit impairment of financial assets may be caused by a combination of multiple events, not necessarily by individually identifiable events.

XII. RISK MANAGEMENT (continued)

3. Credit risk (continued)

Measurement of expected credit loss (continued)

Parameters of the expected credit loss measurement

The models, parameters and assumptions used in measuring expected credit loss are described as follows:

Impairment provisions are measured in terms of expected credit losses over the next 12 months or throughout the lifetime of the assets, based on whether there has been a significant increase in credit risk and whether the asset has undergone credit impairment. The expected credit loss is the result of discounting the product of the company's exposure at default ("EAD"), PD and rate of loss given default ("LGD") under reasonable and evidence-based forward-looking information that can be obtained without undue cost or effort.

i) 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;
ii) PD is the likelihood that the debtor will not be able to meet its payment obligations in the next 12 months or throughout the remaining lifetime;
iii) LGD is the Group's expectation of the percentage of loss on the EAD will be lost. LGD varies depending on the type of counterparty, the manner and priority of recourse, and the availability of collateral or other credit support.

When assessing whether the credit risk of a financial instrument has increased significantly since its initial recognition, the Group takes into account changes in the risk of default over the expected lifetime of the financial instruments. The lifetime PD is derived from the 12-month PD based on the maturity information. Impairment for assets assessed on a collective basis is based on observable historical data and on the assumption that assets with the same credit rating and in the same portfolio for collective assessment are in the same situation. The above analysis is based on industry experience and supported by historical data.

Credit risk exposure

Without regard to the impact of guarantees or other credit enhancement methods, the carrying amount of financial assets in the Group's balance sheet reflects its maximum credit risk exposure at the balance sheet date.

(All amounts expressed in RMB million unless otherwise specified)

XII. RISK MANAGEMENT (continued)

3. Credit risk (continued)

Credit risk exposure (continued)

The following table sets out the credit risk exposure of financial instruments under the scope of the expected credit loss assessment:

	31 December 2024			
	Stage 1	Stage 2	Stage 3	Maximum credit risk exposure
Cash at bank and on hand	29,357	-	-	29,357
Derivative financial assets	26	-	-	26
Securities purchased under agreements to resell	10,905	-	-	10,905
Term deposits	172,113	1,705	-	173,818
Financial Investments:	1,663,534	6,321	2,961	1,672,816
Financial assets at amortised cost	62,770	1,517	557	64,844
Debt investments at fair value through other comprehensive income	1,600,764	4,804	2,404	1,607,972
Restricted statutory deposits	6,851	-	-	6,851
Others	13,235	210	70	13,515
Total	1,896,021	8,236	3,031	1,907,288

	31 December 2023			
	Stage 1	Stage 2	Stage 3	Maximum credit risk exposure
Cash at bank and on hand	31,455	-	-	31,455
Derivative financial assets	17	-	-	17
Securities purchased under agreements to resell	2,808	-	-	2,808
Term deposits	165,501	-	-	165,501
Financial Investments:	1,324,659	1,302	3,808	1,329,769
Financial assets at amortised cost	81,291	155	888	82,334
Debt investments at fair value through other comprehensive income	1,243,368	1,147	2,920	1,247,435
Restricted statutory deposits	7,105	-	-	7,105
Others	10,523	683	28	11,234
Total	1,542,068	1,985	3,836	1,547,889

As at December 31, 2024 and December 31, 2023, the collateral for the financial assets that have suffered credit impairment is mainly equity.

The Group closely monitors collateral for financial assets that have undergone credit impairment.

(All amounts expressed in RMB million unless otherwise specified)

XII. RISK MANAGEMENT (continued)

3. Credit risk (continued)

Credit risk exposure (continued)

The following table sets out the maximum exposure to credit risk of insurance contracts at the end of reporting period:

	31 December 2024	31 December 2023
Insurance contracts issued	112,950	110,425
Reinsurance contracts held	46,081	39,754

The Group assesses the credit standing of ceded reinsurance recipients on the timely basis, including financial performance, solvency level, etc., and then select those companies with high credit qualifications to carry out reinsurance business. At the end of the year, there was no material change in the credit standing of the Group's ceded reinsurance recipients.

The following tables explain the changes in the gross carrying amount and impairment provision of the main financial assets for the year:

		2024						
				Stages transfers				
Gross carrying amount	Stage	1 January	Net increase/ (decrease) (Note)	Transfer between Stage 1 and Stage 2	Transfer between Stage 1 and Stage 3	Transfer between Stage 2 and Stage 3	Write-offs	31 December
Financial assets at amortised cost	Stage 1	81,334	(17,001)	(1,533)	-	-	-	62,800
	Stage 2	156	(32)	1,533	-	-	-	1,657
	Stage 3	2,221	(237)	-	-	-	-	1,984
Debt investments at fair value through other comprehensive income	Stage 1	1,243,368	362,513	(5,117)	-	-	-	1,600,764
	Stage 2	1,147	(1,460)	5,117	-	-	-	4,804
	Stage 3	2,920	(516)	-	-	-	-	2,404

(All amounts expressed in RMB million unless otherwise specified)

XII. RISK MANAGEMENT (continued)

3. Credit risk (continued)

Credit risk exposure (continued)

The following tables explain the changes in the gross carrying amount and impairment provision of the main financial assets for the year (continued):

		2024						
				Stages transfers				
Impairment provision	Stage	1 January	Net increase/ (decrease) (Note)	Transfer between Stage 1 and Stage 2	Transfer between Stage 1 and Stage 3	Transfer between Stage 2 and Stage 3	Write-offs	31 December
Financial assets at amortised cost	Stage 1	43	126	(139)	-	-	-	30
	Stage 2	1	-	139	-	-	-	140
	Stage 3	1,333	94	-	-	-	-	1,427
Debt investments at fair value through other comprehensive income	Stage 1	222	(7)	(6)	-	-	-	209
	Stage 2	11	98	6	-	-	-	115
	Stage 3	3,696	200	-	-	-	-	3,896

Note: Changes in current year due to purchase, purchased credit-impaired or derecognition except write-offs.

		2023						
				Stages transfers				
Gross carrying amount	Stage	1 January	Net increase/ (decrease) (Note)	Transfer between Stage 1 and Stage 2	Transfer between Stage 1 and Stage 3	Transfer between Stage 2 and Stage 3	Write-offs	31 December
Financial assets at amortised cost	Stage 1	89,716	(8,262)	(120)	-	-	-	81,334
	Stage 2	1,586	(297)	120	-	(1,253)	-	156
	Stage 3	944	24	-	-	1,253	-	2,221
Debt investments at fair value through other comprehensive income	Stage 1	1,108,746	135,114	(492)	-	-	-	1,243,368
	Stage 2	4,204	(1,029)	492	-	(2,520)	-	1,147
	Stage 3	6,374	(5,974)	-	-	2,520	-	2,920

(All amounts expressed in RMB million unless otherwise specified)

XII. RISK MANAGEMENT (continued)

3. Credit risk (continued)

Credit risk exposure (continued)

The following tables explain the changes in the gross carrying amount and impairment provision of the main financial assets for the year (continued):

		2023						
				Stages transfers				
Impairment provision	Stage	1 January	Net increase/ (decrease) (Note)	Transfer between Stage 1 and Stage 2	Transfer between Stage 1 and Stage 3	Transfer between Stage 2 and Stage 3	Write-offs	31 December
Financial assets at amortised cost	Stage 1	49	(6)	-	-	-	-	43
	Stage 2	112	(7)	-	-	(104)	-	1
	Stage 3	657	572	-	-	104	-	1,333
Debt investments at fair value through other comprehensive income	Stage 1	250	(28)	-	-	-	-	222
	Stage 2	257	(20)	-	-	(226)	-	11
	Stage 3	2,177	1,293	-	-	226	-	3,696

Note: Changes in current year due to purchase, purchased credit-impaired or derecognition except write-offs.

The Group internally grades the financial instruments based on the credit quality and risk characteristics. The credit rating of the financial instruments could further be classified as “low risk”, “medium risk”, “high risk” and “default” according to the internal rating scale. “Low risk” means that the asset quality is good, there is sufficient evidence to show that the asset is not expected to have default, or there is no reason to suspect that the asset had incurred default. “Medium risk” means that the asset quality is acceptable or there are factors revealing potential negative impact on the asset quality, but there is no sufficient reason to suspect that the asset had incurred default. “High risk” means that there are factors revealing significant adverse impact on the asset quality, but there is no event indicating incurred default. The criteria of “default” are consistent with those of “credit-impaired”.

(All amounts expressed in RMB million unless otherwise specified)

XII. RISK MANAGEMENT (continued)

3. Credit risk (continued)

Credit risk exposure (continued)

The following table analyses the credit risk's stages of financial assets at amortised cost and debt investments at fair value through other comprehensive income within the scope of ECLs. The net carrying value of the following financial assets disclosed at the balance sheet is their maximum exposure to credit risk:

	31 December 2024			
	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Total
Financial assets at amortised cost				
Credit level				
Low	62,599	25	-	62,624
Medium	201	1,632	-	1,833
High	-	-	-	-
Default	-	-	1,984	1,984
Total carrying amount	62,800	1,657	1,984	66,441
Impairment provisions	(30)	(140)	(1,427)	(1,597)
Net carrying amount	62,770	1,517	557	64,844

	31 December 2023			
	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Total
Financial assets at amortised cost				
Credit level				
Low	79,345	-	-	79,345
Medium	1,989	156	-	2,145
High	-	-	-	-
Default	-	-	2,221	2,221
Total carrying amount	81,334	156	2,221	83,711
Impairment provisions	(43)	(1)	(1,333)	(1,377)
Net carrying amount	81,291	155	888	82,334

(All amounts expressed in RMB million unless otherwise specified)

XII. RISK MANAGEMENT (continued)

3. Credit risk (continued)

Credit risk exposure (continued)

The net carrying value of the following financial assets disclosed at the balance sheet is their maximum exposure to credit risk (continued):

	31 December 2024			
	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Total
Debt investments at fair value through other comprehensive income				
Credit level				
Low	1,597,629	167	-	1,597,796
Medium	3,135	4,637	579	8,351
High	-	-	-	-
Default	-	-	1,825	1,825
Net carrying amount	1,600,764	4,804	2,404	1,607,972

	31 December 2023			
	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Total
Debt investments at fair value through other comprehensive income				
Credit level				
Low	1,236,417	29	-	1,236,446
Medium	6,951	1,118	-	8,069
High	-	-	-	-
Default	-	-	2,920	2,920
Net carrying amount	1,243,368	1,147	2,920	1,247,435

XII. RISK MANAGEMENT (continued)

4. Liquidity risk

Liquidity risk is the risk of capital shortage in the performance of repaying maturing debts or fulfilling other payment obligations.

Liquidity risk may result from the surrender, reduction or early termination of insurance contracts in other forms, the indemnity and payment, and the daily expenses of the Group.

When surrender, reduction or other forms of early termination happens, the Group determines the amounts that are payable on demand to policyholders in accordance with the terms of insurance contracts, which are usually the unearned premiums or the cash values of the relevant part of contracts, after deducting the applicable early termination fees. The Group seeks to manage its liquidity risk by setting out guidelines on asset allocation, portfolio limit structures and the maturity profiles of assets, in order to match the maturities of investment assets with the maturities of corresponding insurance liabilities, to provide funds for the Group to fulfil payment obligations in a timely manner.

The following policies and procedures are in place to mitigate the Group's exposure to liquidity risk:

- Setting up a liquidity risk policy for the assessment and determination of what constitutes liquidity risk for the Group. Compliance with the policy is monitored, and exposures and breaches of the policy are reported to the risk management committee of the Group. The policy is regularly reviewed by the management of the Group for pertinence and for changes in the risk environment;
- Setting up emergency fund plans which specify the sources of emergency funds, the minimum amount of daily reserve funds, and the specific events that would trigger such plans.

(All amounts expressed in RMB million unless otherwise specified)

XII. RISK MANAGEMENT (continued)

4. Liquidity risk (continued)

The tables below summarise the maturity profiles of the main financial assets and financial liabilities of the Group based on undiscounted contractual cash flows and remaining maturity of expected cash flows:

	31 December 2024					
	On demand/ Overdue	Within 1 year	1 to 5 years	Over 5 years	Undated	Total
Financial assets:						
Cash at bank and on hand	29,136	221	-	-	-	29,357
Derivative financial assets	-	13	13	-	-	26
Securities purchased under agreements to resell	-	10,905	-	-	-	10,905
Term deposits	-	26,288	160,777	-	-	187,065
Financial investments:						
Financial assets at fair value through profit or loss	388	29,170	63,209	306,695	366,452	765,914
Financial assets at amortised cost	-	17,996	19,883	49,370	-	87,249
Debt investments at fair value through other comprehensive income	-	120,725	331,984	2,187,048	-	2,639,757
Equity investments at fair value through other comprehensive income	-	-	-	-	164,475	164,475
Restricted statutory deposits	-	739	6,534	-	-	7,273
Others	1,107	7,857	4,934	45	2	13,945
Sub-total	30,631	213,914	587,334	2,543,158	530,929	3,905,966
Financial liabilities:						
Derivative financial liabilities	-	14	82	-	-	96
Securities sold under agreements to repurchase	-	181,748	-	-	-	181,748
Bonds payable	-	367	11,101	-	-	11,468
Commission and brokerage payable	923	4,385	608	26	-	5,942
Lease liabilities	-	846	1,447	692	-	2,985
Others	714	40,240	1,700	-	-	42,654
Sub-total	1,637	227,600	14,938	718	-	244,893
Net amount	28,994	(13,686)	572,396	2,542,440	530,929	3,661,073

(All amounts expressed in RMB million unless otherwise specified)

XII. RISK MANAGEMENT (continued)

4. Liquidity risk (continued)

The tables below summarise the maturity analysis of the main financial assets and financial liabilities of the Group based on undiscounted contractual cash flows and remaining maturity of expected cash flows (continued):

	31 December 2023					
	On demand/ Overdue	Within 1 year	1 to 5 years	Over 5 years	Undated	Total
Financial assets:						
Cash at bank and on hand	30,906	549	-	-	-	31,455
Derivative financial assets	-	17	-	-	-	17
Securities purchased under agreements to resell	-	2,809	-	-	-	2,809
Term deposits	-	52,866	124,687	587	-	178,140
Financial investments:						
Financial assets at fair value through profit or loss	454	26,543	55,426	200,178	367,031	649,632
Financial assets at amortised cost	-	17,859	34,492	56,912	-	109,263
Debt investments at fair value through other comprehensive income	-	96,126	347,151	1,604,815	-	2,048,092
Equity investments at fair value through other comprehensive income	-	4,662	25,680	1,033	69,488	100,863
Restricted statutory deposits	-	3,883	3,648	-	-	7,531
Others	958	8,612	2,112	-	2	11,684
Sub-total	32,318	213,926	593,196	1,863,525	436,521	3,139,486
Financial liabilities:						
Derivative financial liabilities	-	10	11	-	-	21
Securities sold under agreements to repurchase	-	115,892	-	-	-	115,892
Bonds payable	-	367	11,468	-	-	11,835
Commission and brokerage payable	994	4,160	693	14	-	5,861
Lease liabilities	-	1,021	1,772	731	-	3,524
Others	405	31,660	1,814	-	-	33,879
Sub-total	1,399	153,110	15,758	745	-	171,012
Net amount	30,919	60,816	577,438	1,862,780	436,521	2,968,474

(All amounts expressed in RMB million unless otherwise specified)

XII. RISK MANAGEMENT (continued)

4. Liquidity risk (continued)

The tables below summarise the maturity analysis of the Group's insurance contract liabilities' present value of the future cash flows as at the balance sheet date. The maturity analysis does not include the parts of insurance contract liabilities that relate to remaining coverage under the premium allocation approach:

	31 December 2024						
	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
Present value of the future cash flows of insurance contact liabilities	(4,195)	(28,617)	29,908	43,158	67,489	1,691,778	1,799,521

	31 December 2023						
	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
Present value of the future cash flows of insurance contact liabilities	(9,116)	(39,497)	3,874	38,773	49,016	1,423,350	1,466,400

As at the balance sheet date, the cash flows of lease contracts that have been signed by the Group but have not yet been executed are listed below by maturity date:

	As at 31 December 2024				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Future contractual cash flows not included in lease liabilities	33	26	45	7	111

	As at 31 December 2023				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Future contractual cash flows not included in lease liabilities	62	68	124	108	362

(All amounts expressed in RMB million unless otherwise specified)

XII. RISK MANAGEMENT (continued)

4. Liquidity risk (continued)

The table below summarises the expected utilisation or settlement of assets and liabilities:

	As at 31 December 2024		
	Current	Non-current	Total
Assets:			
Cash at bank and on hand	29,357	-	29,357
Derivative financial assets	13	13	26
Securities purchased under agreements to resell	10,905	-	10,905
Term deposits	25,296	148,522	173,818
Financial investments:			
Financial assets at fair value through profit or loss	383,995	283,204	667,199
Financial assets at amortised cost	15,430	49,414	64,844
Debt investments at fair value through other comprehensive income	66,871	1,541,101	1,607,972
Equity investments at fair value through other comprehensive income	103,727	38,287	142,014
Restricted statutory deposits	626	6,225	6,851
Insurance contract assets	22	-	22
Reinsurance contract assets	21,524	24,557	46,081
Others	9,106	4,409	13,515
Total	666,872	2,095,732	2,762,604
Liabilities:			
Derivative financial liabilities	14	82	96
Securities sold under agreements to repurchase	181,695	-	181,695
Bonds payable	-	10,286	10,286
Insurance contract liabilities	60,975	2,168,539	2,229,514
Commission and brokerage payable	5,308	634	5,942
Lease liabilities	797	1,925	2,722
Others	40,854	1,800	42,654
Total	289,643	2,183,266	2,472,909

(All amounts expressed in RMB million unless otherwise specified)

XII. RISK MANAGEMENT (continued)

4. Liquidity risk (continued)

The table below summarises the expected utilisation or settlement of assets and liabilities (continued):

	As at 31 December 2023		
	Current	Non-current	Total
Assets:			
Cash at bank and on hand	31,455	-	31,455
Derivative financial assets	17	-	17
Securities purchased under agreements to resell	2,808	-	2,808
Term deposits	51,561	113,940	165,501
Financial investments:			
Financial assets at fair value through profit or loss	386,825	194,777	581,602
Financial assets at amortised cost	14,056	68,278	82,334
Debt investments at fair value through other comprehensive income	48,934	1,198,501	1,247,435
Equity investments at fair value through other comprehensive income	73,209	24,756	97,965
Restricted statutory deposits	3,740	3,365	7,105
Insurance contract assets	335	-	335
Reinsurance contract assets	21,632	18,122	39,754
Others	9,262	1,972	11,234
Total	643,834	1,623,711	2,267,545
Liabilities:			
Derivative financial liabilities	10	11	21
Securities sold under agreements to repurchase	115,819	-	115,819
Bonds payable	286	9,999	10,285
Insurance contract liabilities	56,359	1,816,261	1,872,620
Commission and brokerage payable	5,154	707	5,861
Lease liabilities	911	2,184	3,095
Others	32,065	1,814	33,879
Total	210,604	1,830,976	2,041,580

XII. RISK MANAGEMENT (continued)

5. Operational risk

Operation risk is the risk of loss arising from existed issues on internal procedures, employees and information system failure, and impacts from the external events. When controls fail to perform, operational risk can affect the steady development and reputation of the company, give rise to legal or regulatory matters, or lead to financial loss to the Group.

The Group is exposed to many types of operational risks, including inadequate, or failure to obtain, proper authorisations or supporting documentation to comply with operational and informational system procedures that prevent frauds or errors by employees.

Through the establishment and implementation of internal control manuals, continuous optimisation of information systems, and monitoring and response to potential risks, the Group has established a long-term internal control mechanism to mitigate the impact of operational risks on the Group.

The following internal control measures are in place to mitigate the Group's exposure to operational risk:

- Setting up effective segregation of duties, access controls, authorisation and reconciliation procedures and user and authority controls for information system;
- Adopting supervisory measures such as compliance checks, risk investigations and internal audits;
- Regularly carrying out risk and internal control self-assessment and implementing rectification of defects;
- Implementing staff education and appraisals.

6. Mismatching risk of assets and liabilities

Mismatching risk of assets and liabilities is the risk due to the Group's inability to match its assets with its liabilities on the basis of duration, cash flow and investment return. Under the current regulatory and market environment, the Group is lack of investment in assets with a duration of sufficient length to match the duration of its medium and long-term life insurance liabilities. When the current regulatory and market environment permits, the Group will increase the profile of securities with fixed investment returns and lengthen the duration of its assets to narrow the gap of duration and investment returns of the existing assets and liabilities.

In order to further enhance the management of matching of assets and liabilities, the board of directors of the Group has the Strategy and Investment Decision & ESG Committee and Risk Management Committee to make significant decisions on asset-liability management. Besides, the Executive Management Committee of the Group has an asset-liability working group which is responsible for providing professional support for asset-liability management and matching.

(All amounts expressed in RMB million unless otherwise specified)

XII. RISK MANAGEMENT (continued)

7. Capital management risk

Capital management risk primarily refers to the risk of insufficient solvency as a result of the operation and administration of the Company or certain external events.

It is the Group's objective to maintain a strong credit rating and adequate solvency in order to support its business objectives and to maximise shareholder value. The specific measures are as follows:

- Managing its capital requirements by assessing shortfalls between reported and targeted capital levels on a regular basis;
- Stepping up efforts to maintain multiple sources of financing in order to meet solvency margin needs arising from future expansion in business activities;
- Continuously and proactively adjusting the portfolio of insurance business, optimising asset allocation and improving asset quality to enhance operating performance and the profitability.

The table below summarises the core capital, actual capital and minimum required capital of the Group and its major insurance subsidiaries determined according to solvency supervision rules:

Group	31 December 2024	31 December 2023
Core capital	358,078	303,908
Actual capital	503,745	456,938
Minimum required capital	197,079	178,017
Core solvency margin ratio	182%	171%
Comprehensive solvency margin ratio	256%	257%

CPIC Life	31 December 2024	31 December 2023
Core capital	213,418	173,981
Actual capital	345,510	312,005
Minimum required capital	164,313	148,723
Core solvency margin ratio	130%	117%
Comprehensive solvency margin ratio	210%	210%

CPIC Property	31 December 2024	31 December 2023
Core capital	58,153	47,415
Actual capital	70,698	61,775
Minimum required capital	31,852	28,898
Core solvency margin ratio	183%	164%
Comprehensive solvency margin ratio	222%	214%

(All amounts expressed in RMB million unless otherwise specified)

XII. RISK MANAGEMENT (continued)

7. Capital management risk (continued)

The table below summarises the core capital, actual capital and minimum required capital of the Group and its major insurance subsidiaries determined according to solvency supervision rules (continued):

CPIC Health	31 December 2024	31 December 2023
Core capital	3,294	3,134
Actual capital	4,040	3,488
Minimum required capital	1,716	1,352
Core solvency margin ratio	192%	232%
Comprehensive solvency margin ratio	235%	258%

PAAIC	31 December 2024	31 December 2023
Core capital	2,868	2,836
Actual capital	3,153	3,128
Minimum required capital	940	831
Core solvency margin ratio	305%	341%
Comprehensive solvency margin ratio	335%	376%

(All amounts expressed in RMB million unless otherwise specified)

XIII. STRUCTURED ENTITIES

The Group uses structured entities in the normal course of business for a number of purposes, for example, structured transactions for institutions, to provide finance to public and private section infrastructure projects, and to generate fees for managing assets on behalf of third-party investors. These structured entities are operated based on the contracts. Refer to Note III 6 for the Group's consolidation consideration related to structured entities.

The following table shows the total assets of the Group's unconsolidated structured entities and the amount of funding provided by the Group to these unconsolidated structured entities. The table also shows the Group's maximum exposure to the unconsolidated structured entities representing the Group's maximum possible risk exposure that could occur as a result of the Group's arrangements with structured entities. The maximum exposure is contingent in nature and approximates the sum of funding provided by the Group.

As at 31 December 2024, the size of unconsolidated structured entities and the Group's funding and maximum exposure are shown below:

	31 December 2024				
	Size	Funding provided by the Group	The Group's maximum exposure	Carrying amount of the Group's investment	Interest held by the Group
Pension funds and endowment insurance products managed by the Group	278,279	-	-	-	Management fee
Insurance asset management products managed by the Group	505,223	142,907	144,544	144,135	Investment income and management fee
Securities investment funds managed by the Group	99,806	6,475	6,497	-	Investment income and management fee
Insurance asset management products managed by third parties	Note 1	146,094	151,516	151,158	Investment income
Trust products managed by third parties	Note 1	58,347	58,646	58,564	Investment income
Bank wealth management products and asset management products managed by third parties	Note 1	9,228	9,331	9,331	Investment income
Securities investment funds managed by third parties	Note 1	59	37	37	Investment income
Total		363,110	370,571	363,225	

Note 1: These structured entities are sponsored by third party financial institutions and the information related to size of these structured entities was not publicly available.

The Group's interests in unconsolidated structured entities are included in the investment in asset management products, debt investment plans and funds under financial assets at fair value through profit or loss, debt investment plans and trust products under financial assets at amortised cost, and debt investment plans, trust products and long-term equity investments under debt investments at fair value through other comprehensive income.

(All amounts expressed in RMB million unless otherwise specified)

XIV. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value estimates are made at a specific point in time based on relevant market information and information about financial instruments. When an active market exists, such as an authorised securities exchange, the market value is the best reflection of the fair value of financial instruments. For financial instruments where there is no active market, fair value is determined using valuation techniques (Note III 28).

The Group's financial assets mainly include cash at bank and on hand, derivative financial assets , securities purchased under agreements to resell, term deposits, financial assets at fair value through profit or loss, financial assets at amortised cost, debt investments at fair value through other comprehensive income, equity investments at fair value through other comprehensive income, and restricted statutory deposits, etc.

The Group's financial liabilities mainly include securities sold under agreements to repurchase and bonds payable, etc.

<u>Fair value of financial assets and liabilities not carried at fair value</u>

The following table summarises the carrying values and estimated fair values of financial assets at amortised cost and bonds payable (31 December 2023: financial assets at amortised cost and bonds payable) whose fair values are not presented in the consolidated balance sheet.

	31 December 2024		31 December 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets:				
Financial assets at amortised cost	64,844	70,062	82,334	84,956
Financial liabilities:				
Bonds payable	10,286	10,758	10,285	10,462

The carrying amounts of other financial assets and financial liabilities approximate their fair values.

XV. FAIR VALUE MEASUREMENT

Determination of fair value and fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy. The fair value hierarchy prioritises the inputs to valuation techniques used to measure fair value into three broad levels. The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

The levels of the fair value hierarchy are as follows:

(1) Fair value is based on quoted prices (unadjusted) in active markets for identical assets or liabilities ("Level 1");
(2) Fair value is based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) ("Level 2"); and
(3) Fair value is based on inputs for the asset or liability that are not based on observable market data (unobservable inputs) ("Level 3").

The level of fair value calculation is determined by the lowest level input with material significance in the overall calculation. As such, the significance of the input should be considered from an overall perspective in the calculation of fair value.

For Level 2 financial instruments, valuations are generally obtained from third party pricing services for identical or comparable assets, or through the use of valuation methodologies using observable market inputs, or recent quoted market prices. Valuation service providers typically gather, analyse and interpret information related to market transactions and other key valuation model inputs from multiple sources, and through the use of widely accepted internal valuation models, provide a theoretical quote on various securities. Debt securities traded among Chinese interbank market are classified as Level 2 when they are valued at recent quoted prices from Chinese interbank market or from valuation service providers. Substantially most financial instruments classified within Level 2 of the fair value hierarchy of the Group are debt investments denominated in RMB. Fair value of debt investments denominated in RMB is determined based upon the valuation results by the China Central Depository & Clearing Co., Ltd. All significant inputs are observable in the market.

For Level 3 financial instruments, prices are determined using valuation methodologies such as discounted cash flow models and other similar techniques. Determination to classify fair value measures within Level 3 of the valuation hierarchy is generally based on the significance of the unobservable factors to the overall fair value measurement, and valuation methodologies such as discounted cash flow models and other similar techniques. The Group's valuation team may choose to apply internally developed valuation method to the assets or liabilities being measured, determine the main inputs for valuation, and analyse the change of the valuation and report it to management. Key inputs involved in internal valuation services are not based on observable market data. They reflect assumptions made by management based on judgements and experiences.

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

(All amounts expressed in RMB million unless otherwise specified)

XV. FAIR VALUE MEASUREMENT (continued)

Determination of fair value and fair value hierarchy (continued)

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities:

	31 December 2024			
	Level 1	Level 2	Level 3	Total fair value
Assets measured at fair value				
Term deposits measured at fair value	-	-	132,893	132,893
Financial assets at fair value through profit or loss				
- Stocks	178,823	-	190	179,013
- Funds	63,249	7,223	-	70,472
- Bonds	8,902	265,045	388	274,335
- Others	15,117	4,939	123,323	143,379
	266,091	277,207	123,901	667,199
Debt investments at fair value through other comprehensive income				
- Bonds	1,538	1,341,350	3,107	1,345,995
- Others	-	851	261,126	261,977
	1,538	1,342,201	264,233	1,607,972
Equity investments at fair value through other comprehensive income				
- Stocks	71,506	-	4,546	76,052
- Preferred stocks	-	12,642	-	12,642
- Others	547	18,878	33,895	53,320
	72,053	31,520	38,441	142,014
Derivative financial assets	-	26	-	26
Liabilities measured at fair value				
Derivative financial liabilities	-	96	-	96
Assets for which fair values are disclosed				
Financial assets at amortised cost (Note XIV)	-	25,765	44,297	70,062
Investment properties (Note VI 11)	-	-	14,169	14,169
Liabilities for which fair values are disclosed (Note XIV)				
Bonds payable	-	-	10,758	10,758

(All amounts expressed in RMB million unless otherwise specified)

XV. FAIR VALUE MEASUREMENT (continued)

Determination of fair value and fair value hierarchy (continued)

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities (continued):

	31 December 2023			
	Level 1	Level 2	Level 3	Total fair value
Assets measured at fair value				
Term deposits measured at fair value	-	-	131,307	131,307
Financial assets at fair value through profit or loss				
- Stocks	160,555	-	790	161,345
- Funds	58,491	7,326	-	65,817
- Bonds	9,113	190,384	454	199,951
- Others	14,482	22,379	117,628	154,489
	242,641	220,089	118,872	581,602
Debt investments at fair value through other comprehensive income				
- Bonds	542	937,447	-	937,989
- Others	-	604	308,842	309,446
	542	938,051	308,842	1,247,435
Equity investments at fair value through other comprehensive income				
- Stocks	23,963	-	3,147	27,110
- Preferred stocks	-	12,597	-	12,597
- Others	-	28,477	29,781	58,258
	23,963	41,074	32,928	97,965
Derivative financial assets	-	17	-	17
Liabilities measured at fair value				
Derivative financial liabilities	-	21	-	21
Assets for which fair values are disclosed				
Financial assets at amortised cost (Note XIV)	-	27,579	57,377	84,956
Investment properties (Note VI 11)	-	-	15,783	15,783
Liabilities for which fair values are disclosed (Note XIV)				
Bonds payable	-	-	10,462	10,462

For the year ended 31 December 2024, due to changes in availability of quoted prices (unadjusted) in active markets, the Group transferred certain bonds between Level 1 and Level 2. For the year ended 31 December 2024, the Group transferred the bonds with a carrying amount of approximately RMB 223 million from Level 1 to Level 2 and no bond was transferred from Level 2 to Level 1. For the year ended 31 December 2023, the Group has no bond transferred from Level 1 to Level 2 and from Level 2 to Level 1.

(All amounts expressed in RMB million unless otherwise specified)

XV. FAIR VALUE MEASUREMENT (continued)

Determination of fair value and fair value hierarchy (continued)

Reconciliation of movements in Level 3 financial instruments measured at fair value is as follows:

	2024							
	Beginning of year	Increase	Decrease	Transferred to Level 3	Transferred out Level 3	Gains or losses recognised in profit or loss	Gains or losses recognised in other comprehensive income	End of year
Financial assets at fair value through profit or loss	118,872	24,871	(19,878)	3,698	-	(3,662)	-	123,901
- Stocks	790	138	(791)	-	-	53	-	190
- Bonds	454	-	-	-	-	(66)	-	388
- Others	117,628	24,733	(19,087)	3,698	-	(3,649)	-	123,323
Debt investments at fair value through other comprehensive income	308,842	22,238	(71,711)	3,119	-	(152)	1,897	264,233
- Bonds	-	-	-	3,119	-	-	(12)	3,107
- Others	308,842	22,238	(71,711)	-	-	(152)	1,909	261,126
Equity investments at fair value through other comprehensive income	32,928	10,909	(4,601)	-	-	-	(795)	38,441
- Stocks	3,147	4,478	(2,117)	-	-	-	(962)	4,546
- Others	29,781	6,431	(2,484)	-	-	-	167	33,895

(All amounts expressed in RMB million unless otherwise specified)

XV. FAIR VALUE MEASUREMENT (continued)

Determination of fair value and fair value hierarchy (continued)

Reconciliation of movements in Level 3 financial instruments measured at fair value is as follows: (continued)

	2023							
	Beginning of year	Increase	Decrease	Transferred to Level 3	Transferred out Level 3	Gains or losses recognised in profit or loss	Gains or losses recognised in other comprehensive income	End of year
Financial assets at fair value through profit or loss	105,822	34,852	(18,000)	52	(4,396)	542	-	118,872
- Stocks	8,897	1,327	(5,831)	52	(3,010)	(645)	-	790
- Bonds	2,544	-	(1,281)	-	(1,386)	577	-	454
- Others	94,381	33,525	(10,888)	-	-	610	-	117,628
Debt investments at fair value through other comprehensive income	342,224	70,736	(105,163)	-	(1,664)	(114)	2,823	308,842
- Bonds	3,119	-	(1,400)	-	(1,664)	(61)	6	-
- Others	339,105	70,736	(103,763)	-	-	(53)	2,817	308,842
Equity investments at fair value through other comprehensive income	34,045	5,076	(6,755)	-	-	-	562	32,928
- Stocks	3,070	-	-	-	-	-	77	3,147
- Others	30,975	5,076	(6,755)	-	-	-	485	29,781

(All amounts expressed in RMB million unless otherwise specified)

XV. FAIR VALUE MEASUREMENT (continued)

Valuation techniques

The fair value of the unquoted debt investments is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities, with appropriate adjustment where applicable.

The fair value of the equity investments has been determined using valuation techniques such as discounted cash flow method, comparison method of listed companies, recent transaction prices of the same or similar instruments, etc., with appropriate adjustments have been made where applicable, for example, for lack of liquidity using option pricing models. The valuation requires management to use parameters as unobservable inputs to the model, major assumptions include the expected time-to-market of unlisted equity investments, and the major parameters include discount rate, etc.

The fair value of investment properties is determined using discounted cash flow method with unobservable inputs including estimated rental value per square metre per month and discount rate, etc. This method involves the projection of a series of cash flows from valuation date to economic life maturity date. To this projected cash flow series, a market-derived discount rate is applied to establish the present value of the income stream associated with the asset.

As at 31 December 2024, the major unobservable parameters of the Group's major Level 3 financial instruments are as follows:

Valuation method	Unobservable inputs	Range	Impact on fair value
Discounted cash flow	Discount rate	1.45%-39.06%	Fair value is inversely proportional to the discount rate
Comparable company analysis	Liquidity discount	0.00%-30.00%	Fair value is inversely proportional to the liquidity discount

As at 31 December 2023, the major unobservable parameters of the Group's major Level 3 financial instruments are as follows:

Valuation method	Unobservable inputs	Range	Impact on fair value
Discounted cash flow	Discount rate	3.00%-15.08%	Fair value is inversely proportional to the discount rate
Comparable company analysis	Liquidity discount	0.00%-30.00%	Fair value is inversely proportional to the liquidity discount

XVI. EVENTS AFTER THE BALANCE SHEET DATE

The Group does not have significant post balance sheet events.

XVII. OTHER IMPORTANT EVENT

1. Directors' and supervisors' remuneration

(in RMB thousand)	2024	2023
Fees	1,600	1,350
Other remuneration		
- Salaries, allowances and other short-term benefits	5,311	5,526
- Contributions to defined contribution plans	1,311	1,491
- Deferred bonus (Note)	-	-
- Other emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the company or its subsidiary undertaking	-	-
Sub-total	6,622	7,017
Total	8,222	8,367

Note: In order to motivate senior management and certain key employees, the Group operates deferred bonus plans.

(1) Independent non-executive directors

Included in the fees is an amount of RMB 1,600 thousand paid to independent non-executive directors for the year ended 31 December 2024 (2023: RMB 1,350 thousand). There were no other emoluments payable to the independent non-executive directors during the year ended 31 December 2024.

(in RMB thousand)	2024					
	Fees	Deferred bonus	Salaries, allowances and other short-term benefits	Contributions to defined contribution plans	Other emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the company or its subsidiary undertaking	Total
LAM Tyng Yih, Elizabeth	350	-	-	-	-	350
CHEN Jizhong[1]	-	-	-	-	-	-
JIANG Xuping	350	-	-	-	-	350
LIU Xiaodan	350	-	-	-	-	350
CHIN Hung-i, David[2]	250	-	-	-	-	250
LO Yuen Man, Elaine	300	-	-	-	-	300
	1,600	-	-	-	-	1,600

1 In February 2024, Mr. CHEN Jizhong ceased to serve as the independent non-executive director.
2 In February 2024, Mr. CHIN Hung-i, David started to serve as the independent non-executive director.

XVII. OTHER IMPORTANT EVENT (continued)

1. Directors' and supervisors' remuneration (continued)

(1) Independent non-executive directors (continued)

(in RMB thousand)	2023					
	Fees	Deferred bonus	Salaries, allowances and other short-term benefits	Contributions to defined contribution plans	Other emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the company or its subsidiary undertaking	Total
LAM Tyng Yih, Elizabeth	350	-	-	-	-	350
CHEN Jizhong	-	-	-	-	-	-
JIANG Xuping	350	-	-	-	-	350
LIU Xiaodan	350	-	-	-	-	350
WOO Ka Biu, Jackson	175	-	-	-	-	175
LO Yuen Man, Elaine	125	-	-	-	-	125
	1,350	-	-	-	-	1,350

(2) Executive directors and non-executive directors

(in RMB thousand)	2024				
	Deferred bonus	Salaries, allowances and other short-term benefits	Contributions to defined contribution plans	Other emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the company or its subsidiary undertaking	Total
Executive directors:					
KONG Qingwei[1,2]	-	71	31	-	102
FU Fan[1]	-	857	365	-	1,222
ZHAO Yonggang[1,3]	-	1,015	366	-	1,381
Non-executive directors:					
HUANG Dinan	-	-	-	-	-
CHEN Ran	-	300	-	-	300
WU Junhao[4]	-	-	-	-	-
WANG Tayu	-	300	-	-	300
ZHOU Donghui	-	-	-	-	-
John Robert Dacey	-	-	-	-	-
LU Qiaoling	-	300	-	-	300
XIE Weiqing[5]	-	-	-	-	-
CAI Qiang[5]	-	75	-	-	75
	-	2,918	762	-	3,680

XVII. OTHER IMPORTANT EVENT (continued)

1. Directors' and supervisors' remuneration (continued)

(2) Executive directors and non-executive directors (continued)

[1] The final amount of remuneration of Mr. KONG Qingwei、Mr. FU Fan and Mr. ZHAO Yonggang is yet to be reviewed and approved. The final remuneration will be disclosed when confirmed.
[2] In January 2024, Mr. KONG Qingwei ceased to serve as executive director of the Company due to his age.
[3] In April 2024, Mr. ZHAO Yonggang served as executive director of the Company.
[4] In February 2024, due to the expiration of his term of office, Mr. WU Junhao ceased to serve as a non-executive director of the Company.
[5] In September 2024, Mr. XIE Weiqing and Mr. CAI Qiang served as non-executive directors of the Company.

(in RMB thousand)	2023				
	Deferred bonus	Salaries, allowances and other short-term benefits	Contributions to defined contribution plans	Other emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the company or its subsidiary undertaking	Total
Executive directors:					
KONG Qingwei[1]	-	856	373	-	1,229
FU Fan	-	1,015	373	-	1,388
Non-executive directors:					
HUANG Dinan	-	-	-	-	-
CHEN Ran	-	300	-	-	300
WU Junhao	-	-	-	-	-
WANG Tayu	-	300	-	-	300
ZHOU Donghui	-	-	-	-	-
John Robert Dacey	-	-	-	-	-
LU Qiaoling	-	300	-	-	300
	-	2,771	746	-	3,517

[1] For the remuneration of executive directors and non-executive directors disclosed above, in accordance with the requirements of relevant policies, and after assessment and confirmation by the competent authorities, the supplemental disclosure of the remuneration of the relevant personnel during the relevant tenure in the Company in 2023, excluding the amount disclosed above, is as follows: Mr. KONG Qingwei RMB 0.796 million (before tax).

XVII. OTHER IMPORTANT EVENT (continued)

1. Directors' and supervisors' remuneration (continued)

(2) Executive directors and non-executive directors (continued)

Pursuant to the resolution of the 2018 annual general meeting, the allowance for each of the existing directors (excluding executive directors) is RMB 300,000 (before tax) per year. The 2018 annual general meeting also resolved to grant an additional allowance of RMB 50,000 (before tax) per year to each of those directors who take the role of chairman in special committees established under the board of directors. Mr. HUANG Dinan, Mr. WU Junhao, Mr XIE Weiqing, Mr. ZHOU Donghui and Mr. John Robert Dacey, the non-executive director, waived remuneration during 2024 (2023: Mr. HUANG Dinan, Mr. WU Junhao, Mr. ZHOU Donghui and Mr. John Robert Dacey). Mr. CHEN Jizhong, the independent non-executive director, temporarily waived remuneration during 2024 (2023: Mr. CHEN Jizhong). Except for Mr. HUANG Dinan, Mr. WU Junhao, Mr. XIE Weiqing, Mr. ZHOU Donghui, Mr. John Robert Dacey and Mr. CHEN Jizhong, there was no other arrangement under which a director waived or agreed to waive any remuneration during 2024.

(3) Supervisors

(in RMB thousand)	2024				
	Deferred bonus	Salaries, allowances and other short-term benefits	Contributions to defined contribution plans	Other emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the company or its subsidiary undertaking	Total
ZHU Yonghong	-	-	-	-	-
JI Zhengrong[1,2]	-	128	62	-	190
ZHOU Liyun[1,4]	-	257	122	-	379
LU Ning[3]	-	-	-	-	-
DONG Zhiqiang[4]	-	-	-	-	-
GU Qiang	-	2,008	365	-	2,373
	-	2,393	549	-	2,942

[1] The final amount of remuneration of Mr. JI Zhengrong and Ms ZHOU Liyun are yet to be reviewed and approved. The final remuneration will be disclosed when confirmed.
[2] In February 2024, Mr. JI Zhengrong ceased to serve as supervisor of the Company due to his age.
[3] In September 2024, due to the expiration of his term of office, Mr. LU Ning ceased to serve as the supervisor of the Company.
[4] In September 2024, Ms. ZHOU Liyun and Mr. DONG Zhiqiang served as supervisors of the Company

XVII. OTHER IMPORTANT EVENT (continued)

1. Directors' and supervisors' remuneration (continued)

(3) Supervisors (continued)

(in RMB thousand)	2023				
	Deferred bonus	Salaries, allowances and other short-term benefits	Contributions to defined contribution plans	Other emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the company or its subsidiary undertaking	Total
ZHU Yonghong	-	-	-	-	-
JI Zhengrong	-	771	373	-	1,144
LU Ning	-	-	-	-	-
GU Qiang	-	1,983	373	-	2,356
	-	2,754	746	-	3,500

Pursuant to the resolution of the 2018 annual general meeting, the allowance for each of the existing supervisors (excluding employees' representative supervisors) is RMB 300,000 (before tax) per year. Mr. ZHU Yonghong, Mr. LU Ning and Mr. DONG Zhiqiang, the supervisor, had waived remuneration during 2024. Except for Mr. ZHU Yonghong, Mr. LU Ning and Mr. DONG Zhiqiang, the supervisor, there was no other arrangement under which a supervisor waived or agreed to waive any remuneration during 2024 (2023: ZHU Yonghong and LU Ning).

XVII. OTHER IMPORTANT EVENT (continued)

1. Directors' and supervisors' remuneration (continued)

(4) Directors' retirement benefits

There were no retirement benefits paid to directors during 2024 and 2023.

(5) Directors' termination benefits

There were no termination benefits paid to directors during 2024 and 2023.

(6) Consideration provided to third parties for making available directors' services

There were no payments to third parties for making available directors' services during 2024 and 2023.

(7) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

There were no loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors entered into by the company or subsidiary undertaking of the Company during 2024 and 2023.

(8) Directors' material interests in transactions, arrangements or contracts

There were no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

XVII. OTHER IMPORTANT EVENT (continued)

2. Five highest paid individuals

The five individuals whose remuneration were the highest for the year ended 31 December 2024 in the Group include no director (2023: no director) whose emoluments were reflected in the analysis presented in Note XVII 1.

The number of non-directors, highest paid individuals whose remuneration fell within the following bands is set out below:

	2024	2023
HKD 3,500,001 to HKD 4,000,000	1	-
HKD 4,000,001 to HKD 4,500,000	3	-
HKD 4,500,001 to HKD 5,000,000	1	-
HKD 5,000,001 to HKD 5,500,000	-	-
HKD 5,500,001 to HKD 6,000,000	-	-
HKD 6,000,001 to HKD 6,500,000	-	-
HKD 6,500,001 to HKD 7,000,000	-	-
HKD 7,000,001 to HKD 7,500,000	-	-
HKD 7,500,001 to HKD 8,000,000	-	-
HKD 8,000,001 to HKD 8,500,000	-	-
HKD 8,500,001 to HKD 9,000,000	-	-
HKD 9,000,001 to HKD 9,500,000	-	2
HKD 9,500,001 to HKD 10,000,000	-	2
HKD 10,000,001 to HKD 10,500,000	-	-
HKD 10,500,001 to HKD 11,000,000	-	-
HKD 11,000,001 to HKD 11,500,000	-	-
HKD 11,500,001 to HKD 12,000,000	-	-
HKD 12,000,001 to HKD 12,500,000	-	-
HKD 12,500,001 to HKD 13,000,000	-	1
Total	5	5

Details of the remuneration of the highest paid non-director individuals are as follows:

(in RMB thousand)	2024	2023
Salaries, allowances and other short-term benefits	8,370	16,728
Discretionary bonuses	8,699	27,184
Contributions to defined contribution plans	2,260	2,737
	19,329	46,649
The number of non-director individuals for the above remuneration	5	5

XVIII. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements have been approved for issue by the board of directors of the Company on 26 March 2025.

According to the Articles of Association of the Company, these consolidated financial statements will be submitted for the approval of the general shareholders' meeting.

APPENDIX: SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(All amounts expressed in RMB million unless otherwise specified)

I. NET ASSET RETURN AND EARNINGS PER SHARE

	2024		
	Weighted average return on net assets	Earnings per share (RMB Yuan)	
		Basic	Diluted
Net profit attributable to shareholders of the parent	16.6%	4.67	4.67
Net profit attributable to shareholders of the parent net of non-recurring profit or loss	16.6%	4.67	4.67

The Company had no dilutive potential ordinary shares in 2024.

	2023		
	Weighted average return on net assets	Earnings per share (RMB Yuan)	
		Basic	Diluted
Net profit attributable to shareholders of the parent	11.4%	2.83	2.83
Net profit attributable to shareholders of the parent net of non-recurring profit or loss	11.4%	2.82	2.82

Net profit attributable to shareholders of the parent net of non-recurring profit or loss are listed as follows:

	2024	2023
Net profit attributable to shareholders of the parent	44,960	27,257
Add/(Less): Non-recurring profit or loss items		
Government grants recognised in current profit or loss	(220)	(219)
Gains on disposal of fixed assets, intangible assets and other long-term assets, including write-off of provision for assets impairment	(2)	(23)
Custody fees of entrusted operation	(5)	(62)
Other net non-operating income and expenses other than aforesaid items	161	128
Effect of income tax relating to non-recurring profit or loss	32	53
Net profit less non-recurring gains	44,926	27,134
Less: Net non-recurring profit or loss attributable to non-controlling interests	-	1
Net profit attributable to shareholders of the parent net of non-recurring profit or loss	44,926	27,135

It is implemented in accordance with the provisions of the Explanatory Announcement No. 1 on Information Disclosure of the Companies Issuing Securities Publicly - Non-Recurring Profit or Loss (Revised in 2023) issued by the China Securities Regulatory Commission in December 2023.