服务人民
人民保险

中国人民保险集团股份有限公司
THE PEOPLE'S INSURANCE COMPANY (GROUP) OF CHINA LIMITED

H Share Stock Code: 1339

Annual Report 2023

Company Profile

The Company is the first nation-wide insurance company in the PRC, established in October 1949, and has developed into a leading large-scale integrated insurance financial group in the PRC, which listed on the Hong Kong Stock Exchange (H share stock code: 1339) in December 2012 and the SSE (A share stock code: 601319) in November 2018. The Company ranked the 120th in the list of Fortune Global 500 (2023) published by the Fortune magazine.

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

The Company's principal competitive strengths include:

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

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

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

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

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

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

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

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

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

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

Contents

Corporate Information

CHINESE NAME:

中國人民保險集團股份有限公司

Abbreviation of Chinese name: 中國人保集團

ENGLISH NAME:

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

Abbreviation of English name: PICC Group

LEGAL REPRESENTATIVE:

Wang Tingke

SECRETARY OF THE BOARD AND SECURITIES AFFAIRS REPRESENTATIVE:

Zeng Shangyou

COMPANY SECRETARY:

Ng Sau Mei

REGISTERED ADDRESS AND OFFICE ADDRESS

Registered address:

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

Office address:

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

Postal code:100031

Website: www.picc.com.cn

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

Tel: (8610) 6900 9192

Fax: (8610) 6900 8264

Email: ir_group@picc.com.cn

INFORMATION DISCLOSURE AND PLACE FOR REPORT COLLECTION

Newspapers for information disclosure:

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

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

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

Place for report collection:

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

STOCKS INFORMATION

H Shares

Place for listing: The Stock Exchange of Hong Kong Limited

Stock name: PICC Group

Stock code: 1339

A Shares

Place for listing: Shanghai Stock Exchange

Stock name: PICC

Stock code: 601319

AUDITORS AND CONSULTING ACTUARY

International Auditor:

PricewaterhouseCoopers
(Certified Public Accountants and Registered Public Interest Entity Auditor)

Domestic Auditor:

PricewaterhouseCoopers Zhong Tian LLP

Consulting Actuary:

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

LEGAL ADVISORS

As to Hong Kong law:

Clifford Chance

As to PRC law:

Fangda Partners

H SHARE REGISTRAR:

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre,
183 Queen's Road East, Wanchai, Hong Kong

Definitions

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

About Us

I. HONOURS AND AWARDS

The Company

2023 Ark Award of High Quality Development for Insurance Company

2023 Ark Award of Green Development in Insurance Industry

The Company

TOP 100 Brand Value List of Chinese Listed Companies

The Company

2023 China Financial Institution Gold Medal List Best Financial Insurance Group Company of the Year

The Company

"2023 Top Financial Ranking"
The Financial Institution of the Year

The Company

"Yanshu Prize" of 2023 Global Insurance Brand Conference Outstanding ESG Practice Award in Insurance Industry

The Company

"Fourth Jin Ri Bao • China Insurance White Elephant List"
Strategic Breakthrough Award of the Year

The Company

Seventh China Excellence IR
Best Capital Market Communication Award
Best Information Disclosure Award

The Company

"2023 China ESG Golden Responsibility Award"
Best Insurance Company Award for Responsible Investment

The Company

Jinnuo·2023 TOP10 New Media Influence of China Insurance Industry

PICC P&C

"2023 China Financial Institution Gold Medal List – the Golden Dragon Prize"
Best Property Insurance Company of the Year

PICC P&C

"Golden Intelligence Award" of JRJ.com 2023
Outstanding Financial Insurance Company Award

PICC P&C

"2023 SSE • Golden Wealth Management"
Financial Service Award of the Year

PICC Life

"Yanshu Prize" of 2023 Global Insurance Brand Conference
Outstanding Pension Service Award in Insurance Industry

PICC Life

2023 Corporate ESG Excellent Inclusive Finance Case

PICC Life

Outstanding Value Transformation Insurance Company of the Year

PICC Health

"2023 China Financial Institution Gold Medal List – the Golden Dragon Prize"
Best Professional Health Insurance Company of the Year

PICC Health

2023
Ark Award of Insurance Company in Growth Advantageous

PICC Health

2023 Excellent Case of Digital Transformation in Chinese Insurance Industry

PICC AMC

2023 Ark Award of Golden Risk Control of Insurance Asset Management

PICC Capital

2023 Insurance Asset Management Company Trustworthy Financial Institution

PICC Reinsurance

2023 Ark Award of Innovation of Insurance Industry

II. FINANCIAL HIGHLIGHTS AND OPERATING HIGHLIGHTS

(I) Financial Highlights

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

Unit: RMB million, except for percentages

Name of indicator	2023/31 December 2023	2022/31 December 2022	(% of change)	2021/31 December 2021	2020/31 December 2020	2019/31 December 2019
Total assets	1,556,682	1,416,287	9.9	1,376,857	1,256,064	1,133,229
Total liabilities	1,223,779	1,111,394	10.1	1,079,964	982,508	885,929
Equity attributable to owners of the Company	243,206	224,153	8.5	219,256	202,480	183,452
Insurance revenue	503,900	468,802	7.5	N/A	N/A	N/A
Net profit	30,811	35,447	(13.1)	30,370	28,233	31,281
Net profit attributable to owners of the Company	22,322	25,382	(12.1)	21,476	20,036	22,135
Earnings per share (RMB/Share)[1]	0.50	0.57	(12.1)	0.49	0.45	0.50
Net assets per share (RMB/Share)[1]	5.50	5.07	8.5	4.96	4.58	4.15
Weighted average return on equity (%) [1]	9.4	11.6	Decreased by 2.2 pts	10.2	10.4	13.2

Notes : 1. As attributable to owners of the Company. The percentage increase or decrease of earnings per share and net assets per share is calculated based on the data before rounding off.

2. The Group has applied IFRS 9 and IFRS 17 for the first time from 1 January 2023, and the financial figures of 2022 have been restated according to IFRS 17.

(II) Operating Highlights

1. Profitability Demonstrates Resilience and Dividend Payment Remains Stable

The Group proactively responded to market challenges, grasped opportunities and promoted development in its operation and management, realizing a net profit of RMB30,811 million and a net profit attributable to owners of the Company of RMB22,322 million in 2023. The five-year average total investment yield[1] of the Group reached 5.1%, and combined ratio[2] of PICC P&C was 97.8%, both of which were at the leading level in the industry; the value of new business of life and health insurance for the year increased by 105.4% year-on-year.

The cash dividend proposed to be paid to shareholders for the year of 2023 amounted to RMB6,899 million (tax inclusive)[3] . The dividend payout ratio based on the net profit attributable to owners of the Company has been above 30% for four consecutive years.

[1] The five-year average total investment yield was calculated by using the data under the calibration of old financial instruments standards. The old financial instruments standards refer to the Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments (Cai Kuai [2006] No. 3), the Accounting Standards for Business Enterprises No. 23 – Transfer of Financial Assets (Cai Kuai [2006] No. 3), the Accounting Standards for Business Enterprises No. 24 – Hedge Accounting (Cai Kuai [2006] No. 3), and the Accounting Standards for Business Enterprises No. 37 – Presentation and Reporting of Financial Instruments (Cai Kuai [2014] No. 23).

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

[3] On 26 March 2024, the Board of the Company proposed the distribution of a dividend of RMB1.56 per 10 shares (tax inclusive) for the year of 2023. The profit distribution proposal will be implemented upon approval by the general meeting of the Company.

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

The Group's business grew steadily. In the year of 2023, the insurance revenue recorded RMB503,900 million, representing a year-on-year increase of 7.5%, and the original premiums income[4] recorded RMB661,737 million, representing a year-on-year increase of 6.9%. In terms of the P&C insurance business, the business scale of PICC P&C grew steadily. The insurance revenue recorded RMB457,203 million, representing a year-on-year increase of 7.7%, and the original premiums income recorded RMB515,807 million, representing a year-on-year increase of 6.3%. In terms of the life and health insurance business, by grasping the opportunities of industry recovery, the insurance revenue recorded RMB43,823 million, representing a year-on-year increase of 4.6%, and the original premiums income recorded RMB145,842 million, representing a year-on-year increase of 9.1%.

As at 31 December 2023, the Group's net assets amounted to RMB332,903 million, representing an increase of 9.2% from the end of the previous year. The Group's comprehensive solvency margin ratio was 251%, and core solvency margin ratio was 194%, indicating ample and robust capital strength.

3. Fulfilling High-quality Development and Continuously Upgrading Structural Quality

In terms of the P&C insurance business, PICC P&C implemented the new business model of "insurance + risk reduction service + technology" and maintained the first place in the P&C insurance sector in terms of the market share[5]. The income proportion of non-vehicle insurance service increased by 1.4 percentage points, indicating a more balanced business structure.

In terms of the life and health insurance business, the annual structure of the life and health insurance sector was further optimized. The proportion of regular premiums of PICC Life increased by 4.3 percentage points, and the first-year regular total written premiums ("**TWPs**") increased by 37.0% year-on-year. The 13-month premium persistency ratio reached 92.2%, representing a year-on-year increase of 9.5 percentage points, and the sustainability of business development was significantly enhanced. The first-year regular premiums of PICC Health increased by 34.1% year-on-year, becoming the main driver of business growth.

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

5 The market share was independently calculated based on the original premiums income in the PRC (excluding Hong Kong, Macau and Taiwan) published by the National Financial Regulatory Administration (the former China Banking and Insurance Regulatory Commission). Starting from June 2021, the summarised data of P&C insurance companies and life and health insurance companies published by the National Financial Regulatory Administration (the former China Banking and Insurance Regulatory Commission) does not include certain institutions which are in the stage of risk disposal in the insurance industry. The same applies below.

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

With serving the real economy as the fundamental purpose and the "Eight Strategic Services" as the mainstay, the Group optimized its insurance products, innovated its insurance services and focused on its investment direction, contributed to the Chinese-style modernization construction with high-quality development, and practiced the political and people-oriented nature as the People's Insurance. In 2023, the amount of the Group's risk protection was more than RMB3,500 trillion. As at the end of 2023, the amount of the Group's investment in the implementation of the "Eight Strategic Services" amounted to nearly RMB800 billion.

Serving the establishment of a modern industrial system. The Group insured China's first over 100 G high-throughput satellite, domestic large aircraft C919, domestically produced Adora Magic City cruiser and other Pillars of the Great Power as the leading underwriter, and innovatively proposed the comprehensive insurance service scheme for bio-pharmaceutical industrial parks and new energy industrial parks, serving approximately 140,000 enterprises in industrial parks and providing risk protection of RMB25 trillion. **Serving the rural revitalization.** The agriculture insurance provided risk protection of RMB2.1 trillion to 64.90 million households and achieved an original premiums income of RMB58.2 billion, representing a year-on-year increase of 11.9%. The full cost and planting income insurance for the three major staple foods covered 16 provinces. **Serving the building of self-reliance and strength in science and technology.** The Group provided insurance services for 110,000 high-tech enterprises and provided risk protection of RMB87.2 trillion, and established the only national pilot comprehensive service platform for intellectual property right insurance upon the approval, which provided the risk protection of nearly RMB25.0 billion for high-tech enterprises. **Serving the enhancement of people's livelihood and wellbeing.** The Group actively insured social medical insurance projects, and the critical illness insurance covered 0.56 billion persons in 27 provinces (including the municipalities directly under the Central Government and autonomous regions). **Serving the green development.** The Group actively developed green insurance, and provided risk protection of RMB75.5 trillion, representing a year-on-year increase of 20.4%, and the number of insured new energy vehicles increased by 57.7% year-on-year. **Serving the safety development.** The local catastrophe insurance covered 270 million people in 15 provinces and 74 prefecture-level cities, which provided risk protection for safe production liabilities of RMB13.5 trillion for over 296,000 enterprises. **Serving the regional development.** The Group provided insurance coverage and financial support to the development of Beijing-Tianjin-Hebei Region, Yangtze River Economic Belt, Guangdong-Hong Kong-Macao Greater Bay Area, Yangtze River Delta and other major regional development initiatives. The Group underwrote multiple flagship innovative projects including autonomous vehicles, smart parking, ecological governance and urban computing centers. **Serving the "Belt and Road".** The Group's overseas business covers 134 countries (regions), providing the risk protection of RMB1.8 trillion. The Group underwrote trade credit insurance for 13,000 customers with a risk protection of RMB725.9 billion.

5. Remaining True to Our Original Aspiration and Keeping Our Mission Firmly in Mind, Upholding the Mission of "People's Insurance, Serving the People"

Adhering to the corporate mission of "People's Insurance, Serving the People", the Group made all-out efforts in risk reduction, disaster relief and claim settlement and duly performed its functions as the insurance economic shock absorber and social stabilizer. In 2023, in terms of risk reduction services, the Group provided 1.098 million services in more than 10 key areas such as liability insurance, assisted in the risk checks of 663,000 hidden hazards, provided over 4 million meteorological warnings and IOT warnings of corporate business, installed more than 2,290 flooding IOT equipment for enterprises. In terms of disaster relief and claim settlement, the Group paid the claim settlement[6] of more than RMB409.2 billion, made 42 emergency responses to major disasters and accidents, made risk checks of 69,000 enterprises, and designated 72,000 staff for catastrophe claims and rescue. The Group made active responses to Typhoons Doksuri, Saola, Haikui, earthquake in Jishisan, Gansu Province, avalanche in Linzhi, Tibet and other major disasters. The Company immediately activated emergency response mechanism, organized claim expert teams to provide assistance in the front line, actively cooperated with local governments, helped local rescue and disaster relief work, opened green channel for claims, and quickly completed the payment of major disaster claims, and ensured the normal production and life of people. During the natural disaster of Typhoon Doksuri, the Group actively mobilized social and professional rescue forces to support the disaster-hit areas, provided non-discriminated rescue services for 22,400 vehicles, and realized 100% rescue for vehicles that met the rescue conditions, and assisted the farmers in the inspection and rectification of farmland drainage and irrigation facilities, disaster prevention and rush-harvest, which effectively reduced the losses caused by the disasters and demonstrated our commitment to ensure a better life of the people.

6. Establishing Sound Corporate Image and Improving the Brand Value

The Group received a number of awards from authoritative media. The Group ranked 120th in the list of Fortune Global 500 in 2023 for 14 consecutive years. The Group ranked the 160th in the list of Brand Finance Global 500 in 2024, up by 9 places than last year, the best ranking in history. In May 2023, the Company was listed in the TOP 100 Brand Value List of Chinese Listed Companies released by National Business Daily. In July 2023, the Company was awarded the "Ark Award of High Quality Development Insurance Company in 2023" and "Ark Award of Green Development in Insurance Industry in 2023" at the "Ark Prize in Chinese Insurance Industry in 2023" organized by Securities Times. In December 2023, the Group won a number of awards at the "2023 China Financial Institution Gold Medal List – the Golden Dragon Prize" organized by Financial Times.

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

II. FINANCIAL HIGHLIGHTS AND OPERATING HIGHLIGHTS

In 2023, the Group made great efforts in creating a more communicative and influential brand image to promote the construction of a first-class insurance and financial group and serve the high-quality development of the Company. During the 15th Customer Festival, the Group organized a series of activities, and further improved the customer service experience by animated series, real case micro films and sports carnival activities. The Group exclusively sponsored the "Rural Revitalization – China Travel (鄉村振興中國行)" and "China's Business Cards on the Belt and Road (一帶一路上的中國名片)" produced by China Central Television, which fully demonstrated the Group's protection role in serving rural revitalization and Belt and Road Initiative, promoted the Group's brand value effectively, and further demonstrated our original aspiration and mission of "People's Insurance, Serving the People". The Group engaged Mr. Zhou Guanyu, the first Chinese driver competing in F1, to act as the new PICC Brand Ambassador, and launched cross-brand cooperations in sports sector with the China Roller Skating Association and Xiong'an Marathon Organizing Committee, which further promoted the Group's brand rejuvenation strategy.

In 2023, the Group's efforts in further deepening the implementation of "To be Prominent Strategy" and serving the high-quality development of the economy and society was widely publicized and reported by numerous media such as People's Daily, Xinhua News Agency and China Media Group, with over 365,000 posts published and forwarded across the Internet, which further enhanced and demonstrated the Group's sound corporate image.

7. Accelerating Science and Technology Empowerment to Support the Implementation of Strategies Effectively

The Group continuously deepened science and technology innovation, accelerated digital development, and strengthened science and technology empowerment of the insurance value chain. The Group strengthened the top-level design of digitalization by establishing the digitalization development committee of the Group, coordinating and leading the digitalization construction and development of the Group, optimizing the functions of the informationisation construction committee/data governance committee of the Group, and promoting of the informationisation construction and data governance of the Group in a coordinated manner. The Group strengthened infrastructure construction by optimizing the layout structure of "remote disaster recovery + data backup" in data centers, launched PICC North Information Center into operation, ensured safe and stable operation of the information system, accelerated the establishment and improvement of independent, controllable, secure and efficient financial infrastructure system, and gradually improved the level of cybersecurity protection and management. The Group established a unified technical architecture system by accelerating the establishment of a unified development, technology, data, intelligence and operation and maintenance platform for the Group, improving and upgrading the core business system of the principal business of insurance, strengthening the construction of shared systems of the Group, and systematically promoting the data governance, structural optimization and the optimization, update and innovation of applications, and continued to improve user experience. The Group continued to enhance technology empowerment by focusing on "To be Prominent Strategy" and the transformation of subsidiaries, actively creating the application systems that support business operations and enhance management capabilities, and exploring service offerings and scenario-based ecological operations, and assisting in the construction of new business model of "insurance + service + technology". The risk prevention and control capabilities were improved continuously. The Group strengthened the research and innovative application of cutting-edge technologies, constantly improved the digital and intelligent level of product development, product sales, investment management, risk management and other business procedures. The Group has successfully organized the science and technology innovation conference for three consecutive years, and released 10 technological innovation achievements such as the "PICC Big Model (人保大模型)", "Wanxiang Sky Eye (萬象天眼)" and "Shenji Baisuan (神機百算)". Among them, The "PICC Big Model (人保大模型)" was awarded one of the "10 Major Events in Financial Informatization in 2023" by the Financial Computerizing magazine of the People's Bank of China, and a number of projects won the Fintech Development Award of the People's Bank of China.

8. Vigorously and Effectively Conducting Risk Management and Control, and Firmly Holding the Bottom Line of Risks

Taking "attaching greater importance to the comprehensive risk management" as an important guarantee for high-quality development, the Group effectively promoted the comprehensive improvement of risk management ability throughout the system, and continuously enhanced the initiative and foresight of risk prevention and control. Risk preference was well implemented, and there was no major risk event occurred. The Group vigorously promoted the implementation of the "comprehensive risk management action plan", established the intelligent risk control platform, achieved the unified collection and integration of all kinds of risk data, and realized automatic risk screening and early warning. The Group continued to improve the hierarchical product check and management and the working rules of the investment review committee, and actively strengthened the risk source control. By focusing on key areas such as urban investment and non-standard commercial real estate and conducting specific investigation, the Group improved its post-investment management; the Group updated the internal control framework model at the grass-roots level, promoted the construction of case prevention system, and pushed ahead the extension of risk prevention and control to the grassroots level.

Chairman's Statement

The year 2023 was the first year for the full implementation of the spirit of the Party's 20th National Congress, and the year of pragmatical promotion of the optimization and implementation of "To be Prominent Strategy" by PICC Group. The Group proactively responded to the complex development environment, attached greater importance to the high-quality development orientation, fully served the Chinese-style modernization, and has achieved stable and good development results.

RESULTS IN 2023

In 2023, the Group achieved the insurance revenue of RMB503,900 million, representing a year-on-year increase of 7.5%; achieved a net profit of RMB30,811 million; and the total assets amounted to RMB1.56 trillion, representing a year-on-year increase of 9.9%.

In terms of property insurance, PICC P&C actively responded to the impact of major disasters, consolidated vehicle traditional advantages and achieved the insurance revenue of RMB457,203 million, representing a year-on-year increase of 7.7%; the combined ratio of the year was 97.8%; and net profit amounted to RMB24,566 million. PICC Reinsurance took advantage of the professional reinsurance platform of the Group, and the proportion of the third-party market and the life and health insurance businesses gradually improved. PICC Hong Kong actively explored international business and continuously optimized the business structure.

In terms of life and health insurance, PICC Life continued to optimise the business structure and solidly promoted the term construction, and achieved the growth rate of regular premiums business from new clients significantly ahead of the average level of major peers. The original premiums income again reached RMB100 billion, amounting to RMB100,634 million, representing a year-on-year increase of 8.6%. PICC Health has achieved remarkable results of development, with three product lines, i.e. social security, Internet and bancassurance, have reached RMB10 billion, and achieved the original premiums income of RMB45,208 million, representing a year-on-year increase of 10.2%.

In terms of investment, the Group achieved a total investment yield of 3.3%. Driven by our keen efforts to develop third-party asset management business, the assets under management amounted to RMB1.07 trillion, representing an increase of 36.3% compared to the beginning of the year. All subsidiaries of the investment segment were profitable, among which PICC AMC, PICC Pension, PICC Investment Holding and PICC Capital achieved a net profit of RMB498 million, RMB150 million, RMB59 million and RMB129 million, respectively.

In terms of technology, the Group continued to promote the construction of science and technology and the system and mechanism reform, and established the digitalization development committee. PICC Technology accelerated the construction of the Group's data centers, launched PICC North Information Center Phase I into operation, steadily promoted the construction of the technology platform and business system, and strengthened the information security.

Regarding the operation and financial performance of business segments, please refer to the section headed "Management Discussion and Analysis" of this annual report for details.

PERFORMANCE IN 2023

In 2023, staying committed to seeking progress while maintaining a stable performance, PICC Group pragmatically promoted the optimization and implementation of "To be Prominent Strategy", focused on serving the overall economic and social development, continuously improved the quality of development, ensured the diversity and improvement of strategic services, and achieved innovation-driven progress, vigorous and effective risk prevention.

We optimized and improved the development strategies. PICC Group firmly grasped the "eight adherence" of financial development with Chinese characteristics, promoted the optimization and improvement of "To be Prominent Strategy", defined the strategic vision of building a global excellent insurance group "focusing on major businesses, pursuing excellence, and with leading innovation and modern governance"; and committed to creating the development pattern featuring the property insurance business as the core principal business, coordinated development of life and health insurance and reinsurance business, and investment management business as the strategic support; implemented "six actions and measures" i.e. strengthening the Party leadership, strengthening the strategic services, strengthening the reform and innovation, strengthening the risk prevention, strengthening the science and technology empowerment, and strengthening the talent team.

We solidly promoted the high-quality development. Our business development maintained steady growth, the growth rate of insurance premium income was significantly higher than the average level of major insurance groups, and PICC P&C became the first company of which the annual premiums exceeded RMB500 billion in the property insurance industry of China; the business structure was continuously optimized, PICC P&C vigorously developed innovative insurance types of serving the national strategy and better life of the people, and the growth rate of new business value of PICC Life maintained the leading position among the major peers. We maintained steady growth in quality and efficiency, and actively tackled the adverse factors such as the increasing disaster compensation and capital market fluctuations, with profit standing at a higher level among major insurance groups and stock price performance exceeding the peers for three consecutive years.

We served the national strategy of quality and efficiency enhancement. We solidly implemented the "five target areas" of finance, and formulated and implemented the Group's "Eight Strategic Service" action plans, to better play the role of the insurance as an economic "shock absorber" and social "stabilizer". In 2023, the Group provided risk protection totaling RMB3,546 trillion, representing a year-on-year increase of 85.7%, ranking first in the industry.

Our business model continued to optimise. We implemented the business model of "insurance + service + technology", and PICC P&C practised the risk reduction service project, performed no risk survey, no underwriting, improved the "Wanxiang Cloud" digital risk control platform, and provided "online + offline" accident prevention technical services. We formulated and implemented the work plan of the Group to accelerate the construction of the integrated health and inclusive pension ecology, PICC Life built the "Nuan Xin Sui Yue (暖心歲悅)" health care system, and PICC Health promoted the construction of the integrated health service system. We accelerated the digital development, promoted the optimization of the functional framework of the science and technology segment, formulated and implemented the construction plan of PICC Western Data Center, and launched PICC North Information Center Phase I into operation, so that the capacity of science and technology in empowering the main businesses and serving the frontline has been continuously strengthened.

We achieved innovation-driven progress. We promoted product innovation, continued to optimize the Group's innovation competition mechanism of insurance products of the Group, and accelerated the innovative promotion of excellent achievements. A total of 1,077 new products were developed during the year. We promoted the management mode innovation, pushed ahead the management upgrading in an all-round way, and solidly carried out the Group's brand value management. In the Brand Finance list, the growth rate of the Group's brand value has ranked first among domestic insurance groups for three consecutive years. We advanced service innovation, optimized the protection mechanism of consumers' rights and interests, strengthened the consumer protection function and personnel allocation, and established the consumer protection working mechanism covering the whole business process. The Group ranked at the forefront of the industry in the regulatory evaluation of consumer protection.

We vigorously and effectively prevented and resolved risks. We promoted the upgrade and implementation of comprehensive risk management action plan, optimized the operation mechanism of the risk compliance committee, enhanced the initiative of risk prevention and control, updated the underlying internal control framework model, promoted the construction of case prevention system, and completed the construction of the intelligent risk control platform; there was basically no major credit risk loss incurred in fixed income investment within the system; and we have effectively disposed of key risks.

OPPORTUNITIES AND CHALLENGES

In 2024, the accelerating implementation of the policies of stabilizing growth and increasing vitality in China will effectively consolidate and enhance the positive momentum of economic recovery and create a favorable macro environment for the insurance industry. The scientific and technological innovation will guide the construction of modern industrial system, and also promote the development of science and technology insurance and related investment and financing business; the dedication to expanding domestic demand and optimizing consumption environment will support the development of new energy vehicle insurance and liability insurance; the comprehensive rural revitalization and construction of an agricultural power will further promote the upgrading and expansion of agricultural insurance; the ecological civilization construction and green and low-carbon development will bring a strategic opportunity period for green insurance and green investment development; the guarantee and improvement of people's livelihood will invigorate impetus to the development of commercial medical insurance, health management services, commercial pension insurance, long-term care insurance and inclusive insurance for new citizens and freelancers. Furthermore, the current accelerated evolving global political and economic pattern, the rising major disaster losses, the intensifying volatility of domestic capital market and the declining interest rate, will bring profound challenges to the operation and development of the insurance industry. PICC Group will further enhance the confidence in development, seize the development opportunities, and proactively promote the implementation of the Group's "To Be Prominent Strategy" and high-quality development by focusing on "five target areas" of finance and deepening the commercial model innovation.

PROSPECTS OF DEVELOPMENT IN 2024

2024 is a crucial year for the optimisation and implementation of the Group's "To Be Prominent Strategy". The Group will enhance the confidence in development, adhere to seek improvement while maintaining stability, optimise the implementation of "To Be Prominent Strategy", stabilise the growth, optimise the structure, change the mode, improve the quality and efficiency, promote the reform, prevent the risks, walk ahead the financial development with Chinese characteristics, promote the Group's high-quality development to a new level, and better serve the Chinese-style modernization, aiming to reward all shareholders, employees and the society with outstanding results.

We will focus on and make efforts on improvement and enhancement of main businesses. We will stabilize the growth through standing by the long-term positive trend of China's economy in general, committing to playing the counter-cyclical adjustment role of insurance, playing the main force role as a central financial enterprise to serve the real economy, and maintaining a reasonable growth rate of insurance premiums. We will improve the quality and efficiency by adhering to the high-quality development orientation, and striving to surpass the profitability of the industry through change of modes, cost reduction and products optimization, etc. We will strengthen the innovation by practicing the new business model of "insurance + service + technology", and truly forming featured services and guiding the industry in terms of risk reduction service of property insurance and pension and health service of life insurance.

We will dedicate to implementing the "five target areas" of finance. We will focus on the difficulties and loopholes to provide full chain, full life cycle insurance services for science and technology enterprises. We will focus on the "dual-carbon" goal, and simultaneously promote green insurance and green investment. We will focus on weak links and strengthen insurance services for new citizens, "Sannong", and micro-, small- and medium-sized enterprises. We will focus on the actual needs to make up for the shortcomings of the health and pension industry services and ecological construction as soon as practicable. We will focus on efficiency and security, accelerate the digital construction, and improve the digital, intelligent operation level of systems and the customer service capacity.

We will dedicate to the development of key insurance businesses. In terms of science and technology insurance, agricultural insurance, pension insurance, health insurance, green insurance, reinsurance, catastrophe insurance and other aspects, we will optimise the product supply, strive for policy support, integrate into the whole process of economic and social development, and vigorously and effectively play the role of the insurance as an economic "shock absorber" and social "stabilizer", and expand the space for business development.

We will dedicate to deepening and solidifying the "Eight Strategic Services". We will strengthen the target traction, deeply cultivate risk management ability to improve our professionalism, and explore new products, new services and new modes that can be promoted and replicated, and target to make every effort in serving the Chinese-style modernisation.

We will dedicate to preventing, controlling and resolving risks. We will strengthen systematic thinking, global thinking and bottom-line thinking, take the lead in promoting and practicing the financial culture with Chinese characteristics, take the initiative to adapt to the stringent regulatory environment, improve the risk compliance system and mechanism, strictly enforce compliance governance at the grass-roots level, and firmly uphold the bottom line of non-occurrence of major or systemic risks.

ACKNOWLEDGEMENT

On behalf of the Board of Directors of PICC Group, I would like to express my sincere gratitude to all shareholders who have given us trust and support over the years. I would also like to express, on behalf of the Board of Directors, our deepest gratitude to all employees for their dedication to performing their duties.

Wang Tingke
Chairman

Beijing, PRC

26 March 2024

Management Discussion and Analysis

The year 2023 was the first year for the full implementation of the spirit of the Party's 20th National Congress, and the first year of economic recovery after the three-year COVID-19 pandemic prevention and control. China's overall economy made a turnaround, solid advancement was made in high-quality development, significant progress has been made in the construction of modern industrial system, new breakthroughs have been made in scientific and technological innovation, reform and opening up were pushed forward, the foundation of safe development was consolidated and strengthened, people's livelihoods were safeguarded effectively, and solid strides have been made in comprehensive construction of a socialist modernized country. The Central Financial Work Conference proposed the objective of financial development with Chinese characteristics, acceleration of the construction of a financial powerhouse, and the construction of a powerful nation and realization of national rejuvenation with the support of high-quality financial development, which bring financial work to a new strategic height. The newly elected Party Committee of the Group fully implemented the decisions and arrangements of the Party Central Committee, ensured the stability and continuity of "To be Prominent Strategy", maintained strategic focus, pragmatically promoted the optimization and implementation of "To be Prominent Strategy", focused on serving the overall economic and social development, and promoted high-quality development to achieve new results. The insurance segment effectively grasped favorable opportunities brought about by industry development, and made greater efforts in business innovation and development, ensured a stable growth of insurance premium income and effectively consolidated the market position; the investment segment actively responded to challenges such as fluctuations in the equity market and low interest rate environment, and maintained stable investment returns; the technology segment accelerated the reform of the scientific and technological system, strengthened the construction of technological infrastructure and ensured a steady enhancement of technology empowerment level. In 2024 and afterwards, the Group will earnestly implement the spirit of the Central Financial Work Conference, adhere to the general principle of pursuing progress while ensuring stability, optimize the implementation of "To be Prominent Strategy", and promote the Group's high-quality development to a new level.

I. BUSINESS OVERVIEW OF THE COMPANY

(I) Review of Our Industry

In 2023, the original premiums income of the insurance industry was RMB5.1 trillion, representing a year-on-year increase of 9.1%; the insurance amount was RMB13,402.8 trillion, which remained stable year-on-year; and the original policyholders' benefits and claims were RMB1.9 trillion, representing a year-on-year increase of 21.9%. The industry placed priority on supporting the recovery and expansion of demand, attached great importance to serving the construction of modern industrial system, continued to strengthen its role in safeguarding people's livelihoods, steadily promoted the opening up, and gave better play to the role of the insurance as an economic shock absorber and social stabilizer. During the year, agriculture insurance provided a risk protection of

RMB4.98 trillion for agricultural development; the accumulated amount of pension fund exceeded RMB6 trillion, covering nearly 100 million people; China Integrated Circuit Insurance Pool provided risk protection amounted to RMB1.3 trillion, and the green policyholders' benefits and claims were RMB121.46 billion; the claims paid to 16 flood-affected areas including the Beijing-Tianjin-Hebei region amounted to RMB12.6 billion, and the principle of prompt and due claim settlement and reasonable advance compensation was complied with; the construction of "international board" of reinsurance in Shanghai was accelerated, and the China Belt and Road Insurance Pool provided the risk protection of RMB3.36 trillion for the overseas projects invested by Chinese entities.

In 2023, the National Administration of Financial Regulation was formed, marking an important step in the institutional reform of China's financial regulation. By focusing on ensuring overall improvement of economic operation and coordinating the return of insurance companies to origin of insurance, the regulatory authorities introduced a series of new policies and measures to improve the quality of industry development and implement strong and strict supervision. In terms of protecting and serving economic operation, regulatory authorities implemented the key tasks of comprehensively promoting rural revitalization, expanded the full cost insurance and planting income insurance implementation scope for the three major staple foods to all major grain producing counties in China, improved the level of personal insurance protection for farmers, improved the quality of agricultural insurance services, enhanced the quality and efficiency of insurance services for "agriculture, rural areas and farmers", and accelerated the construction of a agricultural powerhouse; the regulatory authorities made more efforts in the improvement of the quality of financial services for small and micro enterprises, established the mechanism for insurance companies to serve small and micro enterprises, diversified the supply of insurance products and services for small and micro enterprises, expanded the insurance coverage channels for small and micro enterprises, increased the insurance coverage for key groups such as new citizens, and ensured high-quality development of inclusive finance; the regulatory authorities encouraged insurance companies to develop specialized insurance products and strengthened life-cycle insurance services for "enterprises that use special and sophisticated technologies to produce novel and unique products"; the regulatory authorities improved the green finance policy system, strengthened tracking and supervision, improved green insurance statistical standards, incorporated environmental, social and governance requirements into the comprehensive risk management system, and urged the insurance companies to increase their support for green development; the regulatory authorities promoted the standardized development of commercial health insurance applicable to individual income tax preferential policies, promoted the orderly linking up of medical insurance programs at different levels, effectively reduced the burden of medical expenses, and diversified the insurance protection for people with anamnesis and the elderly people. In terms of promoting the return of insurance companies to the origin of insurances, the regulatory authorities promoted the property insurance sector to actively develop risk reduction services, expanded the scope of risk reduction services, consolidated the foundation of risk reduction services, and carried out high-quality risk reduction services; the regulatory authorities promoted pension insurance companies to remodel their roles and return to their main business, orderly promote their business structure adjustment and achieve stable institutional and personnel transformation, guided pension insurance companies to establish a long-term performance appraisal mechanism focusing on their pension business, continuously improve their corporate governance, standardize their operation and management, and improve their risk control. In terms of improving the quality of industry development, regulatory authorities strengthened financial supervision, promoted the secure implementation of new accounting standards[7] by insurance companies, optimized the regulatory standards for the solvency of insurance companies, and strengthened the supervision of systemically important insurance companies; the regulatory authorities further standardized the order of the vehicle insurance market, strengthened the management of cost of vehicle insurance, enhanced and improved the supervision of online property insurance business, promoted the standardized and healthy development of cyber security insurance, standardized short- term health insurance business, and steadily and implemented customized commercial medical insurance services for different cities in an orderly manner; the regulatory authorities guided life insurance companies to scientifically formulate their annual budgets and prevent aggressive development and large inflows and outflows, encouraged the insurance companies to lower the predetermined interest rates of life insurance products to effectively prevent risk of interest spread loss, and ensured the "consistency between the reported commission rates of insurance companies and their actual commission rates" of insurance products; the regulatory authorities imposed consistent regulatory requirements for marketing of insurance products and led the professional and standardized development of insurance sales. In terms of implementing strong and strict supervision, regulatory authorities accelerated the establishment of rules and systems, improved the legal compliance system, and made substantial progress in amending the Insurance Law; the regulatory authorities focused on preventing and cracking down on illegal financial activities, continued to impose more severe punishment on violations, and resolutely implemented the supervision "aggressively" and sharp-mindedly, and ensured the deterrent effect of regulatory enforcement; the regulatory authorities promoted the gradual implementation of the "General Consumer Protection" work pattern to safeguard the legitimate rights and interests of financial consumers.

(II) Principal Businesses

In 2023, in the face of a complex and severe development environment, PICC pragmatically promoted the implementation of "To be Prominent Strategy", and implemented and improved various reform and development measures, continuously improved the quality of development, ensure the diversity and improvement of strategic services, achieved innovation-driven progress, vigorous and effective risk prevention, and achieved stable and positive performance. As the leader in the industry, in 2023, the Group paid the claims of RMB409.2 billion and PICC P&C undertook total insurance

7 New accounting standards refer to International Financial Reporting Standards No. 9 – Financial Instruments (the "New Financial Instruments Standard") and International Financial Reporting Standards No.17 – Insurance Contracts (the "New Insurance Contracts Standard").

responsibility valued at RMB3,345 trillion, each maintained at the top in the industry. With continued improvement of business development, the Group achieved an original premiums income of RMB661,737 million for the year, representing a year-on-year increase of 6.9%, consolidating its favorable development trend in recent years. With a steady quality and efficiency, the Group effectively responded to multiple challenges, and achieved a net profit attributable to owners of the Company for the year of RMB22,322 million.

As of 31 December 2023, the market share of PICC P&C in the P&C insurance market was 32.5%, and the aggregate market share of PICC Life and PICC Health in the life and health insurance market share was 4.1%.

1. *P&C Insurance Segment: Serving Real Economy with Balanced Business Development*

The P&C insurance segment served the real economy, constantly advanced the "Eight Strategic Services", optimized and upgraded insurance products and proactively promoted the innovation and practice of insurance, and provided high-quality services for economic and social development. In 2023, PICC P&C achieved original premiums income of RMB515,807 million, representing a year-on-year increase of 6.3%. Its market share in the P&C insurance market was 32.5%, among which, the original premiums income of motor vehicle insurance business amounted to RMB285,626 million, representing a year-on-year increase of 5.3%. The non-vehicle insurance business achieved the original premiums income of RMB230,181 million, representing a year-on-year increase of 7.4%. In 2023, the combined ratio of PICC P&C was 97.8%, among which, the combined ratio of motor vehicle insurance business was 96.9%, and the combined ratio of non-vehicle insurance business was 99.1%. PICC P&C achieved underwriting profits[8] of RMB10,189 million and net profit of RMB24,566 million.

2. *Life and Health Insurance Segment: Serving National Economy and People's Livelihood with Improvement in Operation Quality*

The life and health insurance segment persisted in returning to the origin of protection, focused on the people's livelihood and well-being, proactively participated in the construction of the third pillar pension system, continuously developed innovative business areas such as long-term nursing care insurance, outpatient chronic and special diseases insurance, "Hui Min Bao (惠民保)" and tax-subsidized health insurance. PICC Life has achieved an effective improvement of quality on the basis of the stable growth of quantity. In 2023, the original premiums income amounted to RMB100,634 million, representing a year-on-year increase of 8.6%. The first-year regular TWPs amounted to RMB25,030 million, representing a year-on-year increase of 37.0%, which ranked fourth among the major industry players[9] in terms of growth rate, 6.1 percentage points higher than the average growth rate of major industry players. PICC Life's value of new business amounted to RMB3,664 million, representing a year-on-year increase of 69.6%. PICC Health adhered to high-quality and sustainable development, and achieved an original premiums income of RMB45,208 million,

8 Underwriting profits = insurance revenue – insurance service expenses – net expenses from reinsurance contracts held – finance losses/(gains) from insurance contracts issued + financial gains/(losses) from reinsurance contracts held.

9 The major industry players refer to China Life, Ping An Life Insurance, Pacific Life Insurance, and Taikang Life Insurance, New China Life Insurance, PICC Life Insurance and Taiping Life Insurance, the same below.

representing a year-on-year increase of 10.2%. PICC Health realized the first-year regular written premiums of RMB4,426 million, representing a year-on-year increase of 34.1%. The growth rate of health insurance premiums was 8.39 percentage points higher than the health insurance market of life and health insurance companies. The original premiums income of Internet health insurance business was RMB16,538 million, which continued to maintain the market leading position among life and health insurance companies.

3. *Investment Segment: Strengthening the Ability of Providing "Dual Service" and Maintaining Steady Growth in the Scale of Assets under Management*

The investment segment adhered to the philosophy of long-term investment, value investment and prudent investment, constantly enhanced its effects to "serving the national strategy and the main business of insurance", strengthened asset and liability management and enhanced professional capacity building, and built an investment portfolio from a cross-cyclical perspective. In 2023, the Group actively responded to the challenge from equity market fluctuation and low interest rate environment, and achieved a total investment income of RMB44,115 million; the total investment yield amounted to 3.3%. The investment segment leveraged the advantages of core competency in multi-asset allocation, increased product innovation and accelerated the development of third-party management business. As of 31 December 2023, the scale of assets under management amounted to RMB2,505.77 billion, among which, the scale of third-party assets under management amounted to RMB1,072.64 billion, representing an increase of 36.3% compared with that as at the beginning of the year.

4. *Technology Segment: Consolidating Foundation of Technology to Enhance Support Capability*

The technology segment actively practiced "To be Prominent Strategy", and continuously improved technology support and rapid response capabilities. The technology segment improved the technology project management mechanism, focused on the realization of the business value of science and technology, promoted the construction of five types of application systems: insurance core, investment management, risk management, data application and comprehensive management, and empowered the digital development. The Group's mobile sales platform "PICC e-Tong" realized premiums income of RMB142.8 billion, and "PICC APP" served more than 100 million customers, promoted online customer services in various categories such as car life, home life, health management, etc., with the binding rate of home and car customers reaching 96%, and promoted data application and empowerment. The technology segment actively supported data application in the management and decision making, risk monitoring and other aspects, improved the Group's risk prevention and control capabilities, and strengthened the underlying data empowerment, promoted the burden alleviation of underlying statements, empowered the branches for business operation. The technology segment promoted the innovative application of new technology, deepened the application of technology tools such as RPA, OCR, and AI big model in the whole process, to promote more than 100 intelligent scenarios, effectively brought into full play the quality and efficiency of science and technology empowerment, and significantly improved grass-roots demand response time through process optimization, platform upgrading and other comprehensive means. Based on the self-reliance and self-improvement of high technology, we have strengthened the sense of self-centeredness, dedicated to enhancing the independent control ability, and the number of patent applications and grants significantly increased.

(III) Key Financial and Business indicators

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

1. Key Financial Indicators

Unit: RMB million

	2023	2022	(% of change)
Total operating revenue	553,467	528,527	4.7
Insurance revenue	503,900	468,802	7.5
Total operating expenses	519,910	485,715	7.0
Insurance services expenses	473,436	433,368	9.2
Profit before tax	33,557	42,717	(21.4)
Net Profit	30,811	35,447	(13.1)
Net profit attributable to owners of the Company	22,322	25,382	(12.1)
Earnings per share[(1)] (RMB/share)	0.50	0.57	(12.1)
Weighted average return on equity (%)	9.4	11.6	Decreased by 2.2 pts
Net cash flows from operating activities	70,549	71,121	(0.8)

Note:

(1) The percentage increase or decrease of earnings per share was calculated based on the data before rounding off.

Unit: RMB million

	As of 31 December 2023	As of 31 December 2022	(% of change)
Total assets	1,556,682	1,416,287	9.9
Total liabilities	1,223,779	1,111,394	10.1
Equity attributable to owners of the Company	243,206	224,153	8.5
Total share capital	44,224	44,224	–
Net assets per share[(1)] (RMB/share)	5.50	5.07	8.5

Note:

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

2. Other Financial and Business Indicators

Unit: RMB million

	31 December 2023/2023	31 December 2022/2022
Consolidated		
Insurance contract liabilities	980,730	883,055
Including: Liability for incurred claims	224,764	221,039
Liability for remaining coverage	755,966	662,016
Reinsurance contract assets	39,259	37,329
Reinsurance contract liabilities	118	362
Net expenses of reinsurance contracts ceded	5,961	6,312
Finance expenses from insurance contracts issued	27,651	35,351
Finance gains or losses on reinsurance ceded	(1,251)	(1,317)
Investment assets	1,433,131	1,286,378
Total investment yield (%)	3.3	4.6
Gearing ratio[1](%)	78.6	78.5
PICC P&C		
Market share[2]	32.5	32.7
Insurance revenue	457,203	424,355
Insurance service expenses	431,991	395,966
Combined ratio[3](%)	97.8	96.6
Comprehensive loss ratio[4](%)	70.6	69.4
PICC Life		
Market share[2]	2.8	2.9
Insurance revenue	18,204	20,422
Insurance service expenses	16,859	18,669
Contractual service margin for issuance of insurance contracts	75,633	70,989
Initial recognition of contractual service margin for issuance of insurance contracts during the period	9,237	5,811
Value of new business[5]	3,664	2,160
Embedded value[5]	101,470	99,525
Lapse rate[6](%)	5.1	6.5
PICC Health		
Market share[2]	1.3	1.3
Insurance revenue	25,619	21,481
Insurance service expenses	23,109	16,048
Contractual service margin for issuance of insurance contracts	16,979	15,244
Initial recognition of contractual service margin for issuance of insurance contracts for the period	6,361	2,792
Value of new business[5]	2,826	999
Embedded value[5]	22,495	17,877
Lapse rate[6](%)	1.0	0.9

Notes:

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

(2) The market share was independently calculated based on the original premiums income in the PRC (excluding Hong Kong, Macau and Taiwan) published by the National Financial Regulatory Administration (the former China Banking and Insurance Regulatory Commission), and the market share of PICC P&C represents its market share among all P&C insurance companies, and the market share of PICC Life and PICC Health represents their respective market share among all life and health insurance companies. Starting from June 2021, the summarised data of P&C insurance companies and life and health insurance companies published by the National Financial Regulatory Administration (the former China Banking and Insurance Regulatory Commission) does not include certain institutions which are in the stage of risk disposal in the insurance industry.

(3) Combined ratio = (insurance service expenses + net expenses of reinsurance contracts ceded + finance expenses from insurance contracts issued – finance gains on reinsurance ceded)/insurance revenue.

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

(5) The value of new business and embedded value in 2022 were recalculated based on assumptions such as investment return and risk discount rates for 2023.

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

3. Solvency Indicators

Unit: RMB million

	31 December 2023	31 December 2022	(% of change)
The Group			
Actual capital	416,669	392,103	6.3
Core capital	323,015	297,513	8.6
Minimum capital	166,206	156,803	6.0
Comprehensive solvency margin ratio (%)	251	250	Increased by 1 percentage point
Core solvency margin ratio (%)	194	190	Increased by 4 percentage points
PICC P&C			
Actual capital	226,182	215,415	5.0
Core capital	203,088	189,730	7.0
Minimum capital	97,334	93,964	3.6
Comprehensive solvency margin ratio (%)	232	229	Increased by 3 percentage points
Core solvency margin ratio (%)	209	202	Increased by 7 percentage points
PICC Life			
Actual capital	96,093	93,690	2.6
Core capital	54,865	54,199	1.2
Minimum capital	48,938	46,004	6.4
Comprehensive solvency margin ratio (%)	196	204	Decreased by 8 percentage points
Core solvency margin ratio (%)	112	118	Decreased by 6 percentage points
PICC Health			
Actual capital	30,034	17,860	68.2
Core capital	15,646	8,930	75.2
Minimum capital	10,409	9,474	9.9
Comprehensive solvency margin ratio (%)	289	189	Increased by 100 percentage points
Core solvency margin ratio (%)	150	94	Increased by 56 percentage points

The solvency results of the Group and its principal subsidiaries as at 31 December 2023 were calculated in accordance with the Solvency Supervision Rules for Insurance Companies (II) and the requirements of the relevant circulars issued by the National Financial Regulatory Administration (the former China Banking and Insurance Regulatory Commission).

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

Unit: RMB million

	Net profit attributable to owners of the Company		Equity attributable to owners of the Company	
	2023	2022	As of 31 December 2023	As of 31 December 2022
Under the China Accounting Standards for Business Enterprises	22,773	25,369	242,355	222,851
Items and amounts adjusted in accordance with the International Financial Reporting Standards:				
Catastrophic risk reserve of agricultural insurance[(1)]	(602)	104	1,135	1,737
Losses of deemed disposal of associates[(2)]	–	(65)	–	–
Impact of above adjustment on deferred income tax	151	(26)	(284)	(435)
Under the International Financial Reporting Standards	22,322	25,382	243,206	224,153

Explanation for major adjustments:

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

There are no provisions regarding thereof under the International Financial Reporting Standards, hence there exists differences between such standards. The liabilities for insurance contracts provided under the International Financial Reporting Standard No. 17 is the same as that provided under the Accounting Standards for Business Enterprises No. 25 – Insurance Contract.

(2) In 2022, an associate company of PICC P&C completed its private offering. Since PICC P&C did not subscribe for the shares proportionately, its total equity interest in the associate was diluted, resulting in a loss from the dilution of the equity interests in the associate company. According to the China Accounting Standards for Business Enterprises, such loss was directly charged to capital reserve, but under the International Financial Reporting Standards, such loss was included in the profit or loss of the current period, thus there exists a difference for the dilution of the equity interests in such associate company under two reporting standards.

II. PERFORMANCE ANALYSIS

(I) Insurance Business

P&C Insurance Business

1. PICC P&C

PICC P&C pragmatically promoted the Group's "To be Prominent Strategy", deeply grasped the "PICC Symbol" of serving the Chinese-style modernization. With focus on the "Eight Strategic Services", it innovated the supply of products and services, deepened the construction of channels, implemented the new business model of "insurance + risk reduction service + technology", strengthened underwriting options, enhanced claims management, promoted comprehensive cost reduction and efficiency, strengthened the construction of specialized teams, continuously improved the level of fine management, gave full play to the functions of economic shock absorber and social stabilizer, and achieved high-quality development in serving the overall situation of economic and social development. In 2023, PICC P&C achieved insurance revenue of RMB457,203 million, representing a year-on-year growth of 7.7%; and the original premiums income accounted for 32.5% of the P&C insurance market share, maintaining the top position in the industry. The combined ratio of PICC P&C was 97.8%, the underwriting profits amounted to RMB10,189 million, and net profit amounted to RMB24,566 million.

(1) Analysis of operating condition and results

In 2023, PICC P&C strengthened risk selection, adjusted and optimized business structure, enhanced refinement and intelligence level of risk pricing, and enriched risk reduction services. The insurance revenue amounted to RMB457,203 million, representing a year-on-year increase of 7.7%. The increase in insurance revenue was mainly attributable to the business scale growth of motor vehicle insurance, accidental injury and health insurance, agricultural insurance etc. Affected by factors such as the return of the accident rate to normal after major disasters and the epidemic, the combined ratio of PICC P&C was 97.8%, representing a year-on-year increase of 1.2 percentage points; and the underwriting profits amounted to RMB10,189 million, representing a year-on-year decrease of 29.1%, and net profit of RMB24,566 million, representing a year-on-year decrease of 15.6%.

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

Unit: RMB million

Indicator	2023	2022	(% of change)
Insurance revenue	457,203	424,355	7.7
Less: Insurance service expenses	431,991	395,966	9.1
Less: Net expenses of reinsurance contracts ceded	6,142	5,993	2.5
Less: Finance expenses from insurance contracts issued	10,127	9,333	8.5
Add: Finance gains or losses on reinsurance ceded	1,246	1,301	(4.2)
Underwriting profits	**10,189**	**14,364**	**(29.1)**

To facilitate investors' understanding of the operating results of the main product lines, PICC P&C allocated the corresponding insurance revenue, insurance service expenses and other profit or loss of the reinsurance business to each insurance types, and simulated and calculated the operating results after reinsurance of each insurance types. The following table sets out the selected operating information on insurance types of PICC P&C for the reporting period:

Unit: RMB million

Insurance type	Insurance revenue	Insurance service expenses	Underwriting profits	Combined ratio (%)	Amount of insurance
Motor vehicle insurance	282,117	266,923	8,623	96.9	255,285,412
Agricultural insurance	52,857	50,190	2,233	95.8	2,099,036
Accidental injury and health insurance	43,747	40,885	1,007	97.7	1,855,424,715
Liability insurance	32,906	33,443	(2,299)	107.0	1,070,604,870
Commercial property insurance	17,229	16,736	(661)	103.8	44,579,000
Other insurances	28,347	23,814	1,286	95.5	116,822,389
Total	**457,203**	**431,991**	**10,189**	**97.8**	**3,344,815,422**

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

- Motor vehicle insurance

PICC P&C actively implemented the regulatory requirements, took the lead in complying with the auto insurance market order, maintained a good market competition environment, continued to optimize business structure, strengthen resource integration, promoted the professionalization of channels, enhanced sales skills, and improved service quality and efficiency, resulting in steady business growth. The insurance revenue of motor vehicle insurance amounted to RMB282,117 million, representing a year-on-year increase of 5.3%.

PICC P&C deeply utilized technological means to strengthen risk pricing, improve risk factors, enhance risk identification capabilities, strengthen underwriting options, and enhance claims management. However, with the recovery of social traffic after the pandemic, the claim increased, coupled with the impact of major disasters such as typhoon and rainstorm, the comprehensive loss ratio[10] of motor vehicle insurance was 70.4%, representing a year-on-year increase of 2.1 percentage points. Due to the amortization of policy acquisition costs under the New Insurance Contract Standards and other factors, the comprehensive expense ratio of motor vehicle insurance was 26.5%, representing a year-on-year increase of 0.3 percentage point; the combined ratio was 96.9%, representing a year-on-year increase of 2.4 percentage points, and the underwriting profits amounted to RMB8,623 million, representing a year-on-year decrease of 41.1%.

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

- Agricultural insurance

PICC P&C actively served to comprehensively promote rural revitalization and construction of an agricultural power, accelerated the implementation of major national agricultural insurance policies, and seized the policy opportunities such as the expansion of the implementation of the full cost insurance and planting income insurance for the three major staple foods. The planting insurance and farming insurance business continued to maintain rapid development. The insurance revenue of agricultural insurance was RMB52,857 million, representing a year-on-year increase of 10.6%.

Due to the impact of catastrophes such as typhoon and rainstorm, the agricultural insurance comprehensive loss ratio was 80.3%, representing a year-on-year increase of 2.2 percentage points. The comprehensive expense ratio of agricultural insurance was 15.5%, representing a year-on-year decrease of 0.8 percentage point. The combined ratio was 95.8%, representing a year-on-year increase of 1.4 percentage points. The underwriting profits amounted to RMB2,233 million, representing a year-on-year decrease of 16.1%.

- Accidental injury and health insurance

PICC P&C adhered to the customer-centered, focused on customer demand to optimize product supply, seized the opportunity of substantial growth in tourism travel after the recovery from the pandemic, actively expanded accidental injury insurance, served the development of cultural and tourism industry, continuously innovated and improved the protection content, and improved the level of protection and service capacity; actively served the improvement in living standard, deeply participated in the construction of multi-layer medical insurance system, and attached attention to exert the positive role of commercial health insurance in perfecting the construction of medical insurance system, promoting the development of health industry and optimizing the public health service. The insurance revenue of accidental injury and health insurance was RMB43,747 million, representing a year-on-year increase of 23.8%.

PICC P&C strictly implemented fees and cost control. The comprehensive expense ratio of accidental injury and health insurance was 38.4%, representing a year-on-year decrease of 4.6 percentage points. PICC P&C strengthened the risk control of underwriting and claims, improved the business quality, however, due to factors such as the recovery of demand for medical treatment after pandemic and the in-depth advancement of direct settlement polices of trans-provincial medical treatment, the claim ratio of accidental injury and health insurance was 59.3%, representing a year-on-year increase of 1.8 percentage points; the combined ratio was 97.7%, representing a year-on-year decrease of 2.8 percentage points; and the underwriting profit was RMB1,007 million, turned around from the underwriting loss of RMB176 million for the corresponding period last year.

- Liability insurance

PICC P&C actively served the construction of a modernized industrial system, and served the technological self-reliance and self-improvement and security development. Supported by service and innovation, PICC P&C focused on social insurance needs, provided specialized, differentiated and customized insurance products, and explored new fields, new industries and new modes of business. The insurance revenue of liability insurance was RMB32,906 million, representing a year-on-year increase of 3.2%.

PICC P&C continued to improve its acquirement ability of high-quality business, actively adjusted the business structure and optimized underwriting conditions. The quality of liability insurance business was improved, with a comprehensive loss ratio of 73.6%, representing a year-on-year decrease of 3.0 percentage points. PICC P&C implemented the new business model of "insurance + risk reduction service + technology", increased resource investment, and improved the coverage of risk reduction service. The comprehensive expense ratio of liability insurance was 33.4%, representing a year-on-year increase of 0.9 percentage point. The combined ratio was 107.0%, representing a year-on-year decrease of 2.1 percentage points; the underwriting loss was reduced by RMB604 million year-on-year.

- Commercial property insurance

PICC P&C proactively grasped the advantage of the domestic economy recovering and improving, focused on serving the real economy, contributed to upgrade the industrial chain supply chain and strengthened the product supply of specialized and new enterprises as well as small and micro enterprises, and enhanced market responsiveness and professional service capability. The insurance revenue of commercial property insurance was RMB17,229 million, representing a year-on-year increase of 5.1%.

PICC P&C continuously improved the professional operation capability, upgraded the risk reduction service level and improved the efficiency of cost allocation. The comprehensive expense ratio of commercial property insurance was 27.6%, representing a year-on-year decrease of 0.7 percentage points; affected by the catastrophe such as typhoon "Doksuri", "Saola" and "Haikui", the comprehensive loss ratio of commercial property insurance was 76.2%, representing a year-on-year increase of 0.3 percentage point; the combined ratio was 103.8%, representing a year-on-year decrease of 0.4 percentage point; and the underwriting loss was reduced by RMB19 million year-on-year.

- Other insurances

PICC P&C served the development of the national real economy, served the technological self-reliance and self-improvement, safeguarded national pillar projects and the "Belt and Road", proactively expanded emerging business markets, and continued to strengthen product innovation and promotion. The insurance revenue of other insurances was RMB28,347 million, representing a year-on-year increase of 13.5%.

PICC P&C continued to optimize the underwriting pricing model, strengthened the risk control of key businesses, and improved the standardization and intelligence level of key links of claims. The comprehensive loss ratio of other insurances was 64.5%, representing a year-on-year decrease of 3.4 percentage points. Due to the increase in investment of risk reduction services and the adjustment of business structure, the comprehensive expense ratio of other insurances was 31.0%, representing a year-on-year increase of 2.2 percentage points, and the combined ratio was 95.5%, representing a year-on-year decrease of 1.2 percentage points. The underwriting profits amounted to RMB1,286 million, representing a year-on-year increase of 55.3%.

(2) Analysis from the business perspective

① Analysis by Insurance Type

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

Unit: RMB million

	2023	2022	(% of change)
Motor vehicle insurance	285,626	271,160	5.3
Accidental injury and health insurance	92,228	88,999	3.6
Agricultural insurance	58,229	52,054	11.9
Liability insurance	34,208	33,772	1.3
Commercial property insurance	16,585	15,496	7.0
Other insurances	28,931	23,953	20.8
Total	**515,807**	**485,434**	**6.3**

② Analysis by Channel

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

Unit: RMB million

	2023			2022	
	Amount	(% of total)	(% of change)	Amount	(% of total)
Insurance agents channel	321,632	62.4	6.5	301,921	62.2
Among which: Individual insurance agents	174,713	33.9	4.1	167,779	34.6
Ancillary insurance agents	30,518	5.9	(7.7)	33,050	6.8
Professional insurance agents	116,401	22.6	15.1	101,092	20.8
Direct sales channel	152,613	29.6	7.5	141,930	29.2
Insurance brokerage channel	41,562	8.0	(0.1)	41,583	8.6
Total	**515,807**	**100.0**	**6.3**	**485,434**	**100.0**

In 2023, PICC P&C continued to strengthen the construction of its own channels and to enhance the comprehensive sales service capabilities of the direct sales team, promoted the integration and development of its businesses. The original premiums income of direct sales channel recorded a year-on-year increase of 7.5%.

③ Analysis by Region

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

Unit: RMB million

	2023	2022	(% of change)
Guangdong Province	54,496	50,443	8.0
Jiangsu Province	51,935	48,586	6.9
Zhejiang Province	42,398	39,813	6.5
Shandong Province	31,243	29,788	4.9
Hebei Province	26,035	26,696	(2.5)
Sichuan Province	24,920	23,551	5.8
Hubei Province	22,898	20,615	11.1
Anhui Province	21,417	20,070	6.7
Hunan Province	21,388	20,883	2.4
Fujian Province	20,613	19,576	5.3
Other regions	198,464	185,413	7.0
Total	**515,807**	**485,434**	**6.3**

(3) Insurance contract liabilities

As of 31 December 2023, the insurance contract net liabilities increased by 5.2% compared with the end of last year, mainly due to the business growth; the net assets of reinsurance contract increased by 5.5% compared with the end of last year, mainly due to the increase of reinsurance premiums scale.

The following table sets forth the liabilities of insurance contracts of PICC P&C measured by adopting premiums allocation method for the reporting period:

Unit: RMB million

	As of 31 December 2023	As of 31 December 2022	(% of change)
Insurance contract liabilities (assets)	307,928	273,258	12.7
Remaining coverage liabilities	153,468	139,720	9.8
Incurred claims liabilities	154,460	133,538	15.7
Reinsurance contract assets (liabilities)	32,504	25,485	27.5
Remaining coverage assets recovered under reinsurance policies	(464)	(2,186)	(78.8)
Incurred claims assets recovered under reinsurance policies	32,968	27,671	19.1

The following table sets forth the liabilities of insurance contracts of PICC P&C not measured by adopting premium allocation method for the reporting period:

Unit: RMB million

	As of 31 December 2023	As of 31 December 2022	(% of change)
Insurance contract liabilities (assets)	61,016	77,385	(21.2)
Remaining coverage liabilities	5,146	5,744	(10.4)
Incurred claims liabilities	55,870	71,641	(22.0)
Reinsurance contract assets (liabilities)	6,366	11,342	(43.9)
Remaining coverage assets recovered under reinsurance policies	(146)	367	–
Incurred claims assets recovered under reinsurance policies	6,512	10,975	(40.7)

(4) Reinsurance business

PICC P&C always adhered to the prudent reinsurance policies, applied the reinsurance mechanism to diversify operational risks, maintained the Company's operating results, improved risk control technology and expanded underwriting capacity. PICC P&C maintained close cooperation with a number of leading international reinsurance companies in the industry. In addition to state-owned reinsurance companies, PICC P&C mainly cooperated with reinsurance companies with Standard & Poor's credit rating of A- (or equivalent ratings by other international rating agencies, such as A.M.Best, Fitch, Moody's) or above. The reinsurance partners chosen by PICC P&C include China Agricultural Reinsurance Corporation, China Property and Casualty Reinsurance Company Ltd., Hannover Rueckversicherung AG and PICC Reinsurance.

2. *PICC Hong Kong*

In 2023, PICC Hong Kong continued to adhere to the path of high-quality development, realized insurance revenue equivalent to RMB1,603 million, with a combined ratio of 98.7%, and continued to climb in the ranking in Hong Kong P&C insurance market. It actively played its role as an important window on the internationalization of the Group, improved its overseas organization layout and enhanced its ability to serve outbound Chinese-funded customers. The network of overseas policy issuance and reinsurance admission qualification built by it has covered nearly 90 countries/regions, which effectively protected the risk management needs of large-scale key projects along the "Belt and Road". In 2023, it realized a net profit equivalent to RMB78 million.

Reinsurance business

PICC Reinsurance

PICC Reinsurance provided reinsurance protection and risk solutions around the "Eight Strategic Services", focused on the construction of professional, innovative, service and risk management capabilities, and strived to build a boutique company with first-class benefits. In 2023, PICC Reinsurance achieved insurance revenue of RMB4,887 million, representing a year-on-year increase of 10.2%, and achieved a net profit of RMB224 million.

Life and Health Insurance Business

1. *PICC Life*

(1) Analysis of operating condition and results

PICC Life insisted on returning to the origin of insurance, focused on people's livelihood, actively participated in the construction of the third pillar pension system, and continuously explored long-term care insurance. It realized effective enhancement of quality on the basis of quantity growth. Its original premiums income increased by 8.6% year-on-year, and the first-year regular TWPs increased by 37.0% year-on-year; the value of new business increased by 69.6% year-on-year; its insurance revenue amounted to RMB18,204 million, representing a year-on-year decrease of 10.9%; insurance service expenses amounted to RMB16,859 million, representing a year-on-year decrease of 9.7%. The year-on-year decreases in insurance revenue and insurance service expenses were mainly due to the impact of the downturn in the capital market in the past two years. It achieved a net profit of RMB3 million.

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

Unit: RMB million

	2023	2022	(% of change)
Insurance revenue	18,204	20,422	(10.9)
Contracts measured under the PAA	3,012	3,247	(7.2)
Contracts not measured under the PAA	15,192	17,175	(11.5)
Insurance service expenses	16,859	18,669	(9.7)
Contracts measured under the PAA	3,068	2,654	15.6
Contracts not measured under the PAA	13,791	16,015	(13.9)
Insurance service performance	1,345	1,753	(23.3)
Contracts measured under the PAA	(56)	593	–
Contracts not measured under the PAA	1,401	1,160	20.8

(2) Analysis from the business perspective

① Analysis by Insurance Type

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

Unit: RMB million

	2023			2022	
	Amount	(% of total)	(% of change)	Amount	(% of total)
Life insurance	83,837	83.3	10.4	75,966	81.9
General life insurance	43,125	42.9	44.5	29,850	32.2
Participating life insurance	40,597	40.3	(11.8)	46,007	49.6
Universal life insurance	115	0.1	5.5	109	0.1
Health insurance	15,668	15.6	(0.5)	15,743	17.0
Accident insurance	1,129	1.1	13.7	993	1.1
Total	**100,634**	**100.0**	**8.6**	**92,702**	**100.0**

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

In 2023, PICC Life made great efforts to optimize its business structure and improve the quality of its development, and increased the proportion of value-added regular products. PICC Life recorded the original premiums income of RMB100,634 million, representing a year-on-year increase of 8.6%. Meanwhile, PICC Life increased the sales of whole life insurance and annuity insurance products, and achieved an original premiums income from general life insurance of RMB43,125 million, representing a year-on-year increase of 44.5%, and its proportion increased by 10.7 percentage points. PICC Life achieved the original premiums income from participating life insurance of RMB40,597 million with its proportion decreased by 9.3 percentage points.

② Analysis by Channel

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

Unit: RMB million

	2023			2022	
	Amount	(% of total)	(% of change)	Amount	(% of total)
Individual Insurance Channel	47,992	47.7	5.3	45,598	49.2
First-year business of long-term insurance	16,496	16.4	9.9	15,011	16.2
Single premiums	5,862	5.8	(4.6)	6,142	6.6
First-year regular premiums	10,634	10.6	19.9	8,869	9.6
Renewal business	30,795	30.6	3.3	29,824	32.2
Short-term insurance	700	0.7	(8.3)	763	0.8
Bancassurance Channel	49,064	48.8	11.4	44,030	47.5
First-year business of long-term insurance	31,383	31.2	10.5	28,392	30.6
Single premiums	17,085	17.0	(10.5)	19,088	20.6
First-year regular premiums	14,298	14.2	53.7	9,304	10.0
Renewal business	17,645	17.5	13.2	15,594	16.8
Short-term insurance	36	0.0	(18.2)	44	0.0
Group Insurance Channel	3,578	3.6	16.4	3,074	3.3
First-year business of long-term insurance	442	0.4	420.0	85	0.1
Single premiums	352	0.3	3,420.0	10	0.0
First-year regular premiums	90	0.1	18.4	76	0.1
Renewal business	749	0.7	1.6	737	0.8
Short-term insurance	2,388	2.4	6.0	2,252	2.4
Total	**100,634**	**100.0**	**8.6**	**92,702**	**100.0**

In 2023, PICC Life adhered to the team development idea of "focusing on the main body, increasing income, optimizing structure and expanding scale", and emphasized the team quality improvement by "focusing on new, effectiveness and excellence", strengthened risk control capabilities, so as to ensure synchronous improvement of the team's quantity and quality, and the structure was continuously optimized. The average monthly labor of its individual business group was 20,672, and the original premiums income of individual insurance channel was RMB47,992 million, representing a year-on-year increase of 5.3%.

As for bancassurance channel, PICC Life strived to enhance the value of new business of the bancassurance channel, and strictly implemented the requirement of "consistency between the reported commission rates of insurance companies and their actual commission rates" of regulatory authorities by improving systems and strengthening rigid control of systems, so as to promote high-quality development of channel transformation. The original premiums income of bancassurance channel was RMB49,064 million, representing a year-on-year increase of 11.4%, and the value of new business reached RMB1,001 million, representing a substantial growth year on year.

As for group insurance channel, PICC Life continued to deepen the business philosophy of "stabilizing existing customers and developing new customers", focused on maintaining existing customers and exploring new customers, enhanced business quality control, and promoted the stable growth of insurance premiums scale. The original premiums income from group insurance channel amounted to RMB3,578 million, representing a year-on-year increase of 16.4%, of which the original premiums income from short-term insurance amounted to RMB2,388 million, representing a year-on-year increase of 6.0%.

As of 31 December 2023, there were 88,817 salespersons in the individual business group, and the monthly new single premium per capita of the individual business group amounted to RMB8,770.97.

③ Analysis by Region

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

Unit: RMB million

	2023	2022	(% of change)
Zhejiang Province	13,446	11,312	18.9
Sichuan Province	8,722	8,940	(2.4)
Jiangsu Province	6,641	6,177	7.5
Guangdong Province	4,834	3,399	42.2
Beijing City	4,435	3,960	12.0
Hubei Province	3,930	3,714	5.8
Hunan Province	3,651	4,570	(20.1)
Henan Province	3,608	3,851	(6.3)
Jiangxi Province	3,218	2,760	16.6
Hebei Province	3,142	3,093	1.6
Other regions	45,007	40,927	10.0
Total	**100,634**	**92,702**	**8.6**

④ Persistency Ratios of Premiums

PICC Life continuously improved the persistency ratios from several aspects including adjusting product structure, perfecting management chain, improving insurance quality for new clients, processing reinstatement of invalid insurance policies and dedicating to improving the clients' experience. The 13-month premium persistency ratio for individual customers of PICC Life increased by 9.5 percentage points year-on-year, of which 13-month premium persistency ratio for the individual business group increased by 16.8 percentage points year-on-year; and the 25-month premium persistency ratio increased by 7.2 percentage points year-on-year, of which 25-month premium persistency ratio for the individual business group increased by 9.7 percentage points year-on-year.

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

Item	2023	2022
13-month premium persistency ratio[1](%)	92.2	82.7
25-month premium persistency ratio[2](%)	80.3	73.1

Notes:

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

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

⑤ Top Five Products

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

Unit: RMB million

Insurance product	Type of insurance	Sales channels	Original premiums income
PICC Life Xin An Endowment Insurance (Participating) (Type C)	Participating life insurance	Individual insurance channel/ Bancassurance channel	15,302
PICC Life Ru Yi Bao Endowment Insurance (Participating)	Participating life insurance	Individual insurance channel/ Bancassurance channel	13,678
PICC Life Zhen Xin Yi Sheng Whole Life Insurance	General life insurance	Individual insurance channel/ Bancassurance channel	11,538
PICC Life Ju Cai Bao Retirement Annuity Insurance (Participating)	Participating life insurance	Individual insurance channel	5,125
PICC Life Wen Nuan Jin Sheng Annuity Insurance	General life insurance	Individual insurance channel	4,567

(3) Insurance contract liabilities

As of 31 December 2023, the insurance contract net liabilities increased by 14.0% year-on-year compared with the end of last year, mainly due to the accumulation of insurance liabilities and the increase in the size of business; the reinsurance contract net assets increased by RMB159 million compared with the end of last year, mainly due to the change in the net balance of receivable to reinsurers and payable to reinsurers.

The following table sets forth the liabilities of insurance contracts of PICC Life measured by adopting premium allocation method for the reporting period:

Unit: RMB million

	As of 31 December 2023	As of 31 December 2022	(% of change)
Insurance contract liabilities (assets)	2,302	2,225	3.5
Remaining coverage liabilities	1,151	1,014	13.5
Liability for incurred claims	1,152	1,211	(4.9)
Reinsurance contract assets (liabilities)	4	9	(55.6)
Remaining coverage assets recovered under reinsurance policies	(2)	(2)	0.0
Incurred claims assets recovered under reinsurance policies	6	12	(50.0)

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

The following table sets forth the liabilities of insurance contracts of PICC Life not measured by adopting premiums allocation method for the reporting period:

Unit: RMB million

	As of 31 December 2023	As of 31 December 2022	(% of change)
Insurance contract liabilities (assets)	525,988	461,216	14.0
Remaining coverage liabilities	524,157	456,120	14.9
Incurred claims liabilities	1,830	5,097	(64.1)
Reinsurance contract assets (liabilities)	(62)	(226)	(72.6)
Remaining coverage assets recovered under reinsurance policies	(446)	(581)	(23.2)
Incurred claims assets recovered under reinsurance policies	384	355	8.2

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

2. *PICC Health*

(1) Analysis of operating conditions and results

In 2023, PICC Health adhered to high-quality and sustainable development, deeply practised the "Four New" development ideas, and continuously enhanced PICC Health's notion of politics and serving the people in the construction of serving Healthy China and multi-layer social security system, presented a good momentum of recording a new high in business scale, consolidation of serving the overall situation, practicability and effectiveness of innovation-driven and continuous enhancement of risk prevention. PICC Health realized new business value of RMB2,826 million, representing an increase of 182.9% year-on-year. The Internet health insurance business continued to maintain its market-leading position among life insurance companies. The health management business has improved the online operation capabilities, exerted the service functions of "prevention from disease and treatment of disease" and provided various types of health management services for 6.787 million people, representing a year-on-year increase of 28.5%. In 2023, PICC Health achieved the insurance revenue of RMB25,619 million, representing a year-on-year increase of 19.3%, mainly due to the growth in business scale in 2023; the insurance service expenses amounted to RMB23,109 million, representing a year-on-year increase of 44.0%, mainly due to the growth in actual claims and expenses; and achieved a net profit of RMB1,836 million.

The following table sets forth the insurance revenue, insurance service expenses, profit or losses, operating condition and results aggregated by insurance contract portfolio from PICC Health for the reporting period:

Unit: RMB million

	2023	2022	(% of change)
Insurance revenue	25,619	21,481	19.3
Contracts measured by adopting insurance allocation method	–	–	–
Contracts not measured by adopting insurance allocation method	25,619	21,481	19.3
Insurance service expenses	23,109	16,048	44.0
Contracts measured by adopting insurance allocation method	–	–	–
Contracts not measured by adopting insurance allocation method	23,109	16,048	44.0
Insurance service results	2,510	5,433	(53.8)
Contracts measured by adopting insurance allocation method	–	–	–
Contracts not measured by adopting insurance allocation method	2,510	5,433	(53.8)

(2) Analysis from the business perspective

① Analysis by Insurance Type

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

Unit: RMB million

	2023			2022	
	Amount	(% of total)	(% of change)	Amount	(% of total)
Medical insurance	25,607	56.6	5.0	24,377	59.4
Participating endowment insurance	10,214	22.6	6.6	9,582	23.4
Illness insurance	5,096	11.3	(6.1)	5,428	13.2
Nursing care insurance	3,645	8.1	236.9	1,082	2.6
Accidental injury insurance	542	1.2	8.0	502	1.2
Disability losses insurance	104	0.2	103.9	51	0.1
Total	**45,208**	**100.0**	**10.2**	**41,022**	**100.0**

In 2023, PICC Health actively served the Healthy China strategy and the construction of multi-level social security system, planned business development and exploration and innovation in a scientific manner, and realised an original premiums income of RMB45,208 million, representing a year-on-year increase of 10.2%; and realised an original premiums income of medical insurance of RMB25,607 million, representing a year-on-year increase of 5.0%; and realised original premiums income of accidental injury insurance of RMB542 million, representing a year-on-year increase of 8.0%. PICC Health stepped up the development of policy and commercial nursing care insurance businesses, and realised original premiums income of nursing care insurance of RMB3,645 million, representing a year-on-year increase of 236.9%.

② Analysis by Channel

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

Unit: RMB million

	2023			2022	
	Amount	(% of total)	(% of change)	Amount	(% of total)
Individual insurance channel	18,772	41.5	1.3	18,524	45.2
First-year business of long-term insurance	2,146	4.7	(22.0)	2,752	6.7
Single premiums	186	0.4	(8.8)	204	0.5
First-year regular premiums	1,960	4.3	(23.1)	2,548	6.2
Renewal business	12,944	28.6	(1.4)	13,134	32.0
Short-term insurance	3,682	8.1	39.6	2,638	6.4
Bancassurance channel	11,655	25.8	35.1	8,626	21.0
First-year business of long-term insurance	10,564	23.4	34.2	7,874	19.2
Single premiums	8,122	18.0	13.8	7,136	17.4
First-year regular premiums	2,442	5.4	230.9	738	1.8
Renewal business	1,091	2.4	45.3	751	1.8
Short-term insurance	–	–	–	–	–
Group insurance channel	14,781	32.7	6.6	13,872	33.8
First-year business of long-term insurance	73	0.2	87.2	39	0.1
Single premiums	49	0.1	96.0	25	0.1
First-year regular premiums	24	0.1	71.4	14	–
Renewal business	75	0.2	(5.1)	79	0.2
Short-term insurance	14,633	32.4	6.4	13,754	33.5
Total	**45,208**	**100.0**	**10.2**	**41,022**	**100.0**

In terms of individual insurance agent business, PICC Health adhered to the professional development path, focused on cultivation of sales elite, increased sales personnel productivity, and actively planned for channel innovation, transformation and development. In terms of Internet insurance business, PICC Health continued to deepen cooperation with existing platforms, optimized the operation mechanism, improved the product matrix, and iterated the supply of inclusive health insurance. Particularly, in 2023, PICC Health focused on market demand, committed to improving the sense of gain of internet users, innovated and launched the first zero deductible long-term medical insurance in the industry, developed and launched several tax-subsidized health insurance products, and achieved a breakthrough in the sales of nursing care insurance through Internet channel. The original premiums income of individual insurance channel was RMB18,772 million, representing a year-on-year increase of 1.3%.

PICC Health continued to strengthen its cooperation with the bancassurance channel, vigorously developed regular premiums business from new clients, especially the long-term nursing care insurance business, and nurtured high performing teams. It also dug up channel resources and achieved the rapid increase of bancassurance business. The original premiums income of bancassurance channel was RMB11,655 million, representing a year-on-year increase of 35.1%.

In terms of social medical supplementary insurance sector, PICC Health focused on national strategies such as Healthy China, actively addressing population aging and rural revitalization. On the basis of consolidation and improvement of traditional businesses, it accelerated the breakthroughs in innovative businesses such as long-term nursing care insurance, outpatient chronic and special diseases insurance, and "Hui Min Bao (惠民保)". It continued to strengthen its medical insurance handling capacity, with premium scale reaching a new stage, service efficiency improving comprehensively, and innovative businesses growing significantly. In terms of commercial group insurance business, PICC Health actively promoted the implementation of the "Health Enterprise" project, and continued to promote "Group Insurance + Medical", took multiple measures to focus on the development of corporate customer business and social business integration business, improve service capabilities, accelerate the promotion of the construction of joint medical offices for corporate and promote the business model of professional group development, and steadily promoted the transformation of group insurance business towards high-quality development and transformation. The original premiums income of group insurance channel was RMB14,781 million, representing a year-on-year increase of 6.6%.

③ Analysis by Region

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

Unit: RMB million

	2023	2022	(% of change)
Guangdong Province	19,801	19,578	1.1
Henan Province	2,422	2,448	(1.1)
Liaoning Province	2,171	1,932	12.4
Jiangxi Province	1,976	2,149	(8.1)
Hubei Province	1,961	1,711	14.6
Shaanxi Province	1,943	1,061	83.1
Anhui Province	1,937	1,251	54.8
Shanxi Province	1,593	1,279	24.6
Shandong Province	1,368	1,075	27.3
Jiangsu Province	1,340	961	39.4
Other regions	8,696	7,577	14.8
Total	**45,208**	**41,022**	**10.2**

④ Persistency Ratios of Premiums

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

Item	2023	2022
13-month premium persistency ratio[(1)](%)	**88.8**	86.7
25-month premium persistency ratio[(2)](%)	**83.6**	81.7

Notes:

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

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

⑤ Top Five Products

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

Unit: RMB million

Insurance product	Type of insurance	Sales channels	Original premiums income
Kang Li Ren Sheng Endowment Insurance (Participating)	Endowment insurance	Bancassurance channel/ Individual insurance channel/Group insurance channel	10,165
PICC Health You Xiang Bao Internet Medical Insurance	Medical insurance	Individual insurance channel	8,822
Group Critical Illness Medical Insurance for Urban and Rural Residents (Type A)	Medical insurance	Group insurance channel	4,454
He Xie Sheng Shi Large Amount Supplementary Group Medical Insurance for Urban Employees	Medical insurance	Group insurance channel	4,017
PICC Health Zhuo Yue Jin Sheng Lifetime Nursing Care Insurance	Nursing care insurance	Bancassurance channel	1,985

(3) Insurance Contract Liabilities

As of 31 December 2023, the insurance contract net liabilities increased by 21.4% from the end of the prior year, primarily due to the growth in business; the reinsurance contract net assets increased by 62.5% from the end of the prior year, primarily due to the growth in the size of premiums ceded to reinsurers.

The following table sets forth PICC Health's insurance contract liabilities measured under the PAA during the reporting period:

Unit: RMB million

	As of 31 December 2023	As of 31 December 2022	(% of change)
Insurance contract liabilities (assets)	–	–	–
Remaining coverage liabilities	–	–	–
Incurred claims liabilities	–	–	–
Reinsurance contract assets (liabilities)	(1)	–	–
Remaining coverage assets recovered under reinsurance policies	(1)	–	–
Incurred claims assets recovered under reinsurance policies	–	–	–

The following table sets forth PICC Health's insurance contract liabilities not measured under the PAA during the reporting period:

Unit: RMB million

	As of 31 December 2023	As of 31 December 2022	(% of change)
Insurance contract liabilities (assets)	75,668	62,347	21.4
Remaining coverage liabilities	61,270	51,413	19.2
Incurred claims liabilities	14,398	10,934	31.7
Reinsurance contract assets (liabilities)	2,722	1,674	62.6
Remaining coverage assets recovered under reinsurance policies	(3,428)	(1,124)	205.0
Incurred claims assets recovered under reinsurance policies	6,150	2,798	119.8

(II) Asset Management Business

In 2023, the investment segment implemented the requirements of the Group's "To be Prominent Strategy", continued to strengthen the building of professional capability, constantly enhanced capabilities to "serve national strategies and main businesses of insurance" and constructed investment portfolio with a cross-cycle perspective.

1. PICC AMC

In 2023, PICC AMC aimed at the development goal of building a prominent asset management company, promoted high-quality development and stabilized investment returns. As of the end of 2023, the assets under the management of PICC AMC amounted to RMB1,683.8 billion, representing an increase of 14.7% compared to the beginning of the year; the operating income for the year was RMB1,526 million, and net profit was RMB498 million.

Based on the "PICC Symbol" of serving the Chinese-style modernization, PICC AMC focused on the "Eight Strategic Services" of the Group, optimized investment strategies, strengthened management mechanism, refined statistical analysis and enhanced supervision and assessment, and continued to increase efforts to serve national strategies and support the real economy. By the end of 2023, PICC AMC invested RMB696.5 billion in the "Eight Strategic Services", representing an increase of 7% compared to the beginning of the year.

In the face of complex and volatile external environment, PICC AMC actively strengthened its professional capacity building, promoted innovation in investment strategies and models, and stabilized the Group's investment returns. In terms of investment strategy, PICC AMC leveraged the advantages of fixed-income investment, improved allocation capacity, trading capacity, credit value mining capacity and high-quality asset acquisition capacity, and stabilized income contribution. For equity investment, it strengthened proactive management, increased equity allocation with relatively stable profit models and higher dividend rates, and reduced the volatility of investment performance. For alternative investments, it actively promoted innovation and transformation on the basis of consolidating traditional businesses, and has obtained the first batch of ABS business issuance qualifications on the stock exchanges in the industry. In 2023, PICC AMC was awarded the "2023 Ark Award for Insurance Asset Management Gold Risk Control", and the Advanced Manufacturing Industry Fund Equity Investment Plan was honored with the "2023 Ark Award for Insurance Fund Supporting Entity Innovation".

2. PICC Pension

In 2023, PICC Pension assisted in the construction of the national multi-pillar pension security system, the coverage of annuity business continued to expand, and commercial pension business started steadily. As of the end of 2023, the assets under the management of PICC Pension amounted to RMB576.3 billion, the operating income for the year was RMB569 million, and net profit was RMB150 million.

PICC Pension continued to make efforts on pension finance, and focused on enhancing strategic services for improving people's livelihood. The service coverage of annuity business grew steadily. The assets under the management of the second pillar amounted to RMB571.97 billion, representing an increase of 17.8% compared to the beginning of the year. PICC Pension served 1,020 corporate annuity customers and over 300,000 individual customers. In 2023, PICC Pension successfully obtained the qualification for offering occupational annuity services in Hainan Province, and won 221 new bids for corporate pension projects during the year. The commercial pension pilot has started steadily, and the third pillar commercial pension business has become an important tool for innovation and transformation of the business model of PICC Pension. As of the end of 2023, the commercial pension of PICC Pension has covered ten pilot regions, and the assets under the management of the third pillar commercial pension amounted to RMB4.29 billion, serving 69,000 customers.

3. PICC Investment Holding

In 2023, PICC Investment Holding adhered to the mission and obligation of serving main businesses and empowering insurance, improved the corporate organizational structure, optimized the operation and management mechanism, and promoted the simultaneously improvement of business scale and quality. In 2023, PICC Investment Holding achieved an operating income of RMB687 million and net profit of RMB59 million.

PICC Investment Holding has optimized the operation and management mechanism, built a "1+3" multi-layer platform system, established three professional subsidiaries, namely PICC Operation, PICC Property and PICC Pension Investment, and realized the corporate operation of core businesses. PICC Investment Holding improved the quality and quantity of the asset operation business, actively docked with the occupational operation service of main businesses, with the property service scale of 2.564 million square meters; and focused on the segmental fields including disability care, Alzheimer's care and hospice care, steadily expanded the scale of self-run and self-managed beds, and improved the pension operation and service capacity.

4. *PICC Capital*

In 2023, PICC Capital focused on high-quality entities, formulated investment strategies for various types of products, and continued to optimize the business support systems such as risk control, credit rating and post-investment, with both the newly added withdrawn scale and the scale of assets under management hitting a record high. As at the end of 2023, the scale of assets under management of PICC Capital was RMB176.0 billion, representing an increase of 8.9% compared to the beginning of the year; and achieved an operating income of RMB445 million for the year and net profit of RMB129 million.

PICC Capital adhered to the financial service for the real economy as the fundamental tenet, and proactively responded to the challenge of "asset shortage". The newly added withdrawal scale of alternative asset management products hit a new high in the past five years . PICC Capital promoted the development of innovative products such as asset-backed plan and equity investment and professional capacity building, and better satisfied the needs of insurance fund allocation; PICC Capital intensified the development of projects in key fields, with newly added investment scale for "Eight Strategic Services" of RMB43.9 billion for the year, and completed the registration of modern industrial fund. The PICC Capital – GAC Aion Equity Investment Plan was awarded the "2023 Ark Award for Insurance Fund Supporting Corporate Innovation", and the PICC Capital – Ruili Integration Equity Investment Plan was awarded the 2023 "Best Private Equity Investment Case" Award by Chinese Venture.

(III) Investment Portfolio and Investment Income

In 2023, the Group actively fulfilled the social responsibility as a financial central enterprise, continuously strengthened the ability to serve the strategy, proactively responded to changes in the market environment, and coordinated business development and risk prevention and control. From the perspective of asset liability matching management, the Group insisted on the strength of strategic asset allocation, maintained an appropriate degree of flexibility in the allocation of strategic assets, and endeavored to stabilize investment performance. In terms of major assets investment strategy, for fixed-income investment, the Group strengthened the timing ability of bond allocation, enhanced the contribution of bond trading, increased the allocation of high-quality non-standard products, and played the role of ballast for investment returns; for equity investment, the Group proactively optimized the position structure, controlled the fluctuation of investment returns, and actively grasped the structural investment opportunities in the industry.

1. Investment Portfolio

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

Unit: RMB million

	As of 31 December 2023		As of 31 December 2022[1]	
	Amount	(% of total)	Amount	(% of total)
Investment assets	1,433,131	100.0	1,286,378	100.0
Classified by investment object				
Cash and cash equivalents	28,878	2.0	40,599	3.2
Fixed-income investments	924,210	64.5	826,439	64.2
Term deposits	81,487	5.7	101,180	7.9
Treasury bonds and government bonds	228,542	15.9	183,728	14.3
Financial bonds	211,153	14.7	178,365	13.9
Corporate bonds	186,807	13.0	170,257	13.2
Other fixed-income investments[2]	216,221	15.1	192,909	15.0
Equity investments at fair value	307,593	21.5	258,022	20.1
Fund	117,375	8.2	120,310	9.4
Share	45,505	3.2	55,604	4.3
Permanent financial products	69,022	4.8	40,000	3.1
Other equity investments	75,691	5.3	42,108	3.3
Other investments	172,450	12.0	161,318	12.5
Investment in associates and joint ventures	156,665	10.9	146,233	11.4
Others[3]	15,785	1.1	15,085	1.2
Classified by accounting method				
Financial assets held for trading	383,020	26.7	N/A	N/A
Debt investments	318,605	22.2	N/A	N/A
Other debt investments	338,717	23.6	N/A	N/A
Other equity instruments investments	96,541	6.7	N/A	N/A
Financial assets at fair value through profit or loss for the period	N/A	N/A	38,301	3.0
Available-for-sale financial assets	N/A	N/A	557,582	43.3
Held-to-maturity investments	N/A	N/A	198,393	15.4
Long-term equity investments	156,665	10.9	146,233	11.4
Others[4]	139,583	9.7	345,869	26.9

Notes:

(1) The Company has implemented the New Insurance Contracts Standard and the New Financial Instruments Standard since 1 January 2023, and the data as of 31 December 2023 represents the financial results of implementing the New Insurance Contracts Standard and the New Financial Instruments Standard. In accordance with the standard convergence requirements, the Company is not required to restate the data of comparative period under the New Financial Instruments Standard.

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

(3) Others consist of investment real estate.

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

In terms of fixed-income investments, in the face of the market environment with fluctuating downward of interest rates, the Group seized the favorable opportunity for bond and deposit allocation at the beginning of the year to meet the demand for new capital allocation, increased the trading intensity of long-term bonds, and increased investment income; strengthened the allocation of high-quality non-standard assets to mitigate downward trend of position yields; paid attention to the allocation opportunities of innovative products, and allocated to asset-backed plans, public REITs and other products to broaden the source of investment income; and continued to improve the credit structure of existing assets, enhanced the credit quality of assets, and prevented potential credit risks.

As of 31 December 2023, the bond investment accounted for 43.6%. Among corporate bonds and non-policy bank financial bonds, 98.7% of the bonds or their issuers were rated AAA. The industries associated with credit bond currently held by the Group involves bank, transportation, public utilities and other fields; the ability of entities to repay debt is generally strong and the credit risks are controllable as a whole. The Group paid close attention to the prevention and control of credit risks, strictly followed relevant regulatory requirements, and established investment management and risk control mechanisms in line with market practices and investment features for insurance funds, and strengthened the forward-looking and early warning, analysis and disposal of credit risk.

The overall credit risk of investment in non-standard financial products invested by the entrusted fund in the Group's system is controllable, with an external credit rating of AAA accounting for 99.8%. The non-standard asset industry covers transportation, public utilities and other fields, which has played a positive role in serving the development of real economy and supporting the implementation of major national strategies. Apart from strictly selecting core counterparties with reliable credit qualifications as financing entities/guarantors, the Group took effective credit enhancement measures, such as guarantees, shortfall compensation and liquidity support, together with stringent terms regarding accelerated expiry/fund misappropriation protection, to provide a sound guarantee for the repayment of the principal and investment income.

In terms of equity investment, the Group strengthened research and analysis of the market trend, enhanced the flexibility and foresight of the adjustment to tactical assets; intensified investment structural adjustment efforts, took the shares of listed companies with relatively stable profit models and high dividend payout ratios as its main investment types, and enhanced the stability of investment income under the new accounting standards.

2. *Investment Income*

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

Unit: RMB million

Item	2023	2022[1]
Cash and cash equivalents	433	394
Fixed-income investments	38,884	34,149
Interest income	34,837	32,700
Gains and losses from disposal of financial instruments	1,637	1,865
Gains and losses on fair value changes	3,844	(451)
Impairment	(1,434)	35
Equity investments at fair value	(10,162)	4,123
Dividends and bonus income	7,560	10,480
Gains and losses from disposal of financial instruments	(4,429)	(4,796)
Gains and losses on fair value changes	(13,293)	54
Impairment	–	(1,615)
Other investments	14,960	16,180
Investment income from associates and joint ventures	14,938	15,466
Other gains and losses	22	714
Total investment income	44,115	54,846
Net investment income[2]	58,425	60,031
Total investment yield[3](%)	3.3	4.6
Net investment yield[4](%)	4.5	5.1

Notes:

(1) The Company has implemented the New Insurance Contracts Standard and the New Financial Instruments Standard since 1 January 2023, and the data in 2023 represents the financial results of implementing the New Insurance Contracts Standard and the New Financial Instruments Standard. In accordance with the standard convergence requirements, the Company is not required to restate the comparative period information under the New Financial Instruments Standard.

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

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

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

In 2023, the total investment income of the Group amounted to RMB44,115 million, representing a year-on-year decrease of 19.6%; net investment income amounted to RMB58,425 million, representing a year-on-year decrease of 2.7%; total investment yield was 3.3%, representing a year-on-year decrease of 1.3 percentage points; and net investment yield was 4.5%, representing a year-on-year decrease of 0.6 percentage point.

III. SPECIFIC ANALYSIS

(I) Liquidity Analysis

1. Liquidity Analysis

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

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

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

2. Statement of Cash Flows

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

Unit: RMB million

	2023	2022	(% of change)
Net cash flows generated from operating activities	70,549	71,121	(0.8)
Net cash flows used in investing activities	(70,927)	(72,755)	(2.5)
Net cash flows (used in)/generated from financing activities	(11,483)	8,557	–

The Group's net cash flows generated from operating activities changed from a net inflow of RMB71,121 million in 2022 to a net inflow of RMB70,549 million in 2023, mainly due to the increase in claim payments.

The Group's net cash flows used in investing activities changed from a net outflow of RMB72,755 million in 2022 to a net outflow of RMB70,927 million in 2023, mainly due to the decrease in cash paid for the investments.

The Group's net cash flows used in financing activities changed from a net outflow of RMB8,557 million in 2022 to a net outflow of RMB11,483 million in 2023, mainly due to the year-on-year increase in cash paid for debts repayment.

(II) Capital Expenditure

The capital expenditure of the Group primarily consists of property construction, acquisition of motor vehicles for business needs and development of information systems. Capital expenditure of the Group amounted to RMB4,491 million in 2023.

(III) Pledge of Assets

Certain subsidiaries of the Company sold and repurchased securities in the market for liquidity management. During the course of transactions, securities held by the Company's subsidiaries were pledged for such transactions. The carrying amount of relevant securities as at 31 December 2023 is set out in Note 33 to the consolidated financial statements of this annual report.

(IV) Bank Borrowings

In addition to the capital supplementary bonds issued by the Group and the repurchase business disposed of in the investment business, the Group had bank borrowings of RMB533 million at the end of 2023. Details of the capital supplementary bonds are set out in Note 36 to the consolidated financial statements of this annual report.

(V) Contingencies

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

(VI) Major Acquisitions and Disposals

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

(VII) Event After the Balance Sheet Date

On 26 March 2024, the Board of the Company proposed a dividend of RMB1.56 per 10 shares (tax inclusive) for 2023, amounting to a total of approximately RMB6,899 million. The above profit distribution proposal will be implemented after consideration and approval at the Company's general meeting.

IV. RISK MANAGEMENT

(I) Risk Management Objectives and Strategies

The overall objectives of the comprehensive risk management of the Group is: to ensure that the risks are controlled within the adaptable and tolerable scope of its development strategy and capital strength, and to fully exert the strategic synergies of various business segments; to ensure the effectiveness of operation management, improve the efficiency and effect of business activities, and reduce the uncertainty of achieving business objectives; and to ensure that national laws and regulations are abide by, and to ensure the effective implementation of the Group's rules and policies.

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

The risk management system of the Group is designed to manage and reduce rather than to eliminate the risk of failure to achieve business objectives, and can only provide reasonable other than absolute assurance that there will be no significant misstatement or loss.

(II) Risk Management Organisational Structure

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

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

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

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

(III) Construction of Risk Management System

Under the vertical and horizontal risk management structure within the whole system, the Group continued to optimize the construction of the risk management system and improve the risk management ability. Under the Group's unified risk management system framework, each subsidiary has established the corresponding risk management mechanism and risk management system in accordance with the Group's risk management policies and relevant management requirements. At present, the Group has established a more comprehensive hierarchical risk management system, with comprehensive risk management measures, solvency management regulations as the overall regulatory requirements, the Group's relevant specific risk management measures and seven special risk management measures as the regulatory requirements of each specific field, and further refined and regulated relevant risk management requirements in relevant measure requirements covering the investment, insurance, accounting and other segmental fields.

In 2023, the Company continued to strengthen the construction of risk management system. Taking regulation of the rectification of the assessment opinions on the "C-ROSS" risk management ability as an opportunity, and on the basis of performance assessment on the Group's comprehensive risk management action plan, the Company, by means of grassroot research, continued to promote the Group's comprehensive risk management to vertically advance, to extend to the grassroots level, and to form a comprehensive, sustainable and effective risk management system. The Company further improved the system and measures related to risk management, improved the top-level design of the system; further improved the management mechanism of credit guarantee insurance business, risk accumulation, investment review and other professional fields, strengthened the control of key areas and key links, particularly guarded the risk entrance pass; further optimised the operating mechanism of the risk compliance committee, made deployment according to the requirements of "attaching greater importance to the comprehensive risk management"; further improved the risk compliance performance assessment system, increased the proportion of risk compliance assessment, guided the implementation of risk responsibility; conducted in-depth research on grassroots risk control, identified the weak links in risk control and compliance, put forward the opinions and measures to solve the difficulties and promoted their implementation, constantly consolidated the grassroots risk control foundation; updated the recovery and disposal plan, improved the crisis response capacity; strengthened the concentration risk management, improved the construction of the concentration risk management system; established the Group's supervision integration working committee, promoted human resources, accounting, risk, internal control, compliance, audit, inspection and other classes of supervision to make concerted efforts to form the supervision integration efficiency; and organised professional trainings in risk management, and strengthened the construction of professional personnel team and talent training, etc.

(IV) Key Methods and Procedures of Risk Management

The Company has established a complete set of relatively mature risk monitoring and assessment mechanism, which is conducive to ensuring the effectiveness of risk management. In 2023, the Company continued to optimize the professional tools and methods of risk management, constantly improved the whole process of risk identification, evaluation, analysis and reporting, and improved the efficiency of risk management.

In terms of risk management environment construction, the Company continued to optimise the risk preference model, updated the annual risk preference statement, enhanced the forward-looking and appropriateness of risk preference setting, making it an effective tool to unify the risk management policies of the Group; continuously improved the daily operation mechanism of the risk preference system, including risk preference preparation and update, transmission and execution, monitoring and assessment, review and adjustment, tracked the risk preference implementation on a quarterly basis, promoted the transmission and implementation of risk preference to branches and business departments, so that the risk preference system could be effectively implemented and played the role of risk constraint; continued to improve the hierarchical audit mechanism of insurance products, focused on business authorization approval management, important actuarial policies and critical actuarial assumptions management, guided product research and development, business development being consistent with the Group's overall strategies and risk management requirements; continued to improve the investment decision-making mechanism, established a unified investment asset classification system and standards of the Group, carried out the classification and valuation management of investment assets on a regular basis, and provided a strong way for the full-cycle investment risk management before, during and after investment.

In terms of risk information management, the Company has completed the construction and acceptance of the intelligent risk control platform, realised automatic risk scanning and forward-looking early warning, strengthened active risk monitoring, optimised and improved the risk indicators database and basic risk data, and further improved the information and intelligence level of risk management.

In terms of risk monitoring and investigation, the Company formed a dynamic risk monitoring mechanism with different frequencies, such as on daily, weekly, monthly or annual basis, according to different business characteristics and monitoring objectives, to monitor and track the investment business, key risk indicators, key business concerned, important risk matters and risk management in the system, keep abreast of the risk changes in a timely manner, enhance the risk early-warning capacity, and uphold the bottom line of risk; established a risk investigation mechanism combining regular investigation with special investigation in key risk areas, and carried out the normalization and special risk investigation of investment assets and insurance business according to the market risk monitoring and the changes in the business environment, effectively prevented related risks.

In terms of comprehensive risk assessment, the Company regularly organized and carried out comprehensive risk assessment throughout the Group, and evaluated the construction of the Group's risk management system, the actual risk profile and the effectiveness of risk management, so as to ensure the effectiveness of the implementation of risk management. In 2023, the management of the Company continued to organize and lead the comprehensive risk assessment, carried out the annual risk assessment, and submitted the annual risk assessment report to the Board of Directors, its Risk Management & Consumers' Rights and Interests Protection Committee and the Audit Committee of the Group for consideration. The Board of Directors was of the opinion that the risk management system of the Company was sound and effective, and no major risks affecting the normal business activities of the Company were found, and that the relevant control measures during the reporting period were sufficient to guarantee the actual needs of the Company's risk management. In addition to the annual report to the Board of Directors, the Company also conducted an in-depth assessment of the overall risk profile semiannually and reported to the Risk Management and Consumers' Rights & Interests Protection Committee under the Board of Directors. Furthermore, the Company, in combination with the risk monitoring and investigation mechanism, regularly conducted special assessments and reports on overseas institutions and overseas investment risks.

(V) Risk Analysis and Control

In 2023, the Group has sufficient solvency, the risk preference was implemented well in general, the matching of assets and liabilities was basically stable, the risk management work was progressed steadily, and the implementation of all aspects of risk management was effective. In terms of specialized risks, the Group strictly implemented relevant requirements and managed the four unique risks and seven specialized risks of the Group.

1. Unique risks of the Group

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

In terms of risk contagion, the Group continued to strengthen the system construction, improved the organizational structure, refined the control rules to prevent risk contagion. A specialized system for the prevention of risk contagion has been established, and the internal transaction management measures have been formulated, which strengthened the internal transaction risk control, clarified the management requirements of internal transaction review and control of related party transactions of non-insurance subsidiaries, and enhanced the daily management of related party transactions and internal transactions. The Board of Directors, the Related Party Transactions Control Committee and the management of the Company managed and approved related party transactions according to their respective authority, and carried out monitoring and statistics of related party transactions and internal transactions on a quarterly basis. In terms of the firewall, the Group constantly improved the management measures and improved the working mechanism in the legal person, finance and capital, business, information, personnel and other management fields.

In terms of the organisational opacity risk, the Group continued to optimize the set up of functional institutions, strengthened the management of the equity structure, and effectively prevented the embedded risks caused by the organisational opacity. Also, the Group continued to carry out the annual supervision and inspection of state-owned property rights, carried out comprehensive inspection on subsidiaries at all levels, comprehensively investigated the organisational structures of subsidiaries, shareholding percentage, capital increase or decrease and other major equity matters, and fully identified and evaluated the organisational opacity risk of each subsidiary.

In terms of concentration risk, the Group attached great importance to the prevention and control of concentration risk. The Group constantly strengthened the concentration risk management and control, and set the concentration risk indicators and limits from four aspects of counterparties, industry, customers and business.

In terms of non-insurance field risk, the Group continued to strengthen risk management in the non-insurance field, formulated management measures for non-insurance subsidiaries, equity management measures for non-insurance subsidiaries and relevant systems, and prevented the business activities of non-insurance subsidiaries from having adverse impact on the solvency of the Group and insurance subsidiaries. The Group strengthened the internal control management and post-investment risk management of non-insurance subsidiaries, continuously carried out risk monitoring and regular reporting work, and improved the Group's risk control level in the non-insurance field.

2. Specialized risks

In terms of strategic risk, the Group formed an effective closed loop of strategic risk control based on the four steps of strategy formulation, implementation, evaluation and adjustment, continuously strengthened policy and business analysis, accomplished strategic project and process management, and effectively identified strategic risk status. In 2023, the Group pragmatically promoted the optimization and implementation of "To be Prominent Strategy", proactively strengthened the capability building, enhanced the matching between the strategies and the Company's capabilities, and strived to build a new insurance business model of "insurance + service + technology", and constantly improved the management mode and system and mechanism. Furthermore, the Group actively paid attention to the matching between the strategies and the market environment, effectively grasped the favorable conditions in the development of the macro economy and the industry, made steady progress in the business development, achieved continuous improvement of the quality structure, the innovation-driven progress as well as vigorous and effective risk prevention.

In terms of insurance risk, with a focus on the key businesses of each subsidiary, the Group constantly deepened the liability-side coordinated management, continuously strengthened insurance risk control from product management, actuarial management, risk monitoring, evaluation and reporting, optimised the product structure, reduced the debt cost, improved the authorization of key businesses, and laid a solid foundation for high-quality development. Furthermore, the Group further strengthened the insurance risk accumulation and net retention control from the group level, improved the classification audit of insurance products, strengthened the monitoring and analysis of key businesses, strengthened limit control of insurance risk, and ensured high-quality business development. In 2023, the implementation of insurance risk indicators of major insurance subsidiaries was relatively stable, the combined ratio was effectively controlled, the lapse rate was relatively stable, and the persistency ratio of premiums continued to improve. Please refer to Note 44 to the consolidated financial statements of this annual report for details of the insurance risk.

In terms of market risk, the Group closely monitored the macro situation and changes in the domestic and overseas capital markets, constantly strengthened the tracking and analysis of investment risk exposure and evaluated and analysed market risk regularly by using sensitivity analysis, value at risk and stress testing, and scenario analysis. The Company also promptly adjusted the allocation strategy according to changes in the market, increased efforts for post-investment management, conducted penetrating analysis of underlying assets, reinforced management for matching assets and liabilities, improved risk response capability and investment management capability. In 2023, the domestic interest rate continued to decline, the capital market was volatile, resulted in the rising trend of the market risk. The Group attached great importance to the market risk exposure of the investment portfolio, constantly strengthened the investment research of securities in the portfolio, optimized the allocation of major assets, continued to implement the daily monitoring and early warning of risk indicators, and carried out regular risk assessment and stress tests. Please refer to Note 44 to the consolidated financial statements of this annual report for details of the market risk.

In terms of credit risk, in respect of its insurance business, the Group focused on the management of premiums receivables and reinsurance counterparties. In respect of premiums receivables, the Group continuously strengthened front control and credit management, and strictly focused on process management and control with conducts of regular monitoring analysis and risk warnings, vigorously promoted the settlement of premiums receivables. In respect of the credit risk of reinsurance counterparties, the Group continued to improve the credit management of reinsurance counterparties, strengthened the monitoring and analysis of the credit risk and financial condition of the main reinsurance counterparties, promoted the insurance subsidiaries to continuously improve the quota allocation management mechanism of reinsurance counterparties, and prevent related credit risks. As of the end of 2023, the credit rating of the main reinsurers of insurance subsidiaries was basically maintained A- or above, with sufficient solvency, and met the requirements of the regulatory authorities and the internal regulations of the Company. In respect of investment business, the Group continuously paid attention to the changes in the credit market environment, attached importance to the change in credit risk relating to the real estate and municipal investment, improved the guarantee of main responsibility of subsidiaries, credit risk monitoring and warnings, and strengthened the post-investment management of investment projects. As of the end of 2023, the internal credit rating of the investment assets of major subsidiaries was at grade BBB- or above, and no investment credit risk events have occurred. Please refer to Note 44 to the consolidated financial statements of this annual report for details of the credit risk.

In terms of liquidity risk, the Group attached great importance to liquidity risk management, and continued to carry out liquidity risk monitoring, early warning, cash flow forecast and retrospective analysis, to improve the liquidity risk management level. In 2023, the overall liquidity coverage rate of the Group was sufficient, the financing channels were smooth, and there were no liquidity risk events. Please refer to Note 44 to the consolidated financial statements of this annual report for details of the liquidity risk.

In terms of operational risk, the Group continued to strengthen the construction of operational risk management system, organised operational risk monitoring and assessment, promoted the application of operational risk management tools, continued to improve the database of the Company's loss, regularly conducted information collection and analysis of operational risk loss events, continuously improved the internal control system, combined with internal evaluation to strengthen the identification, analysis, prevention and control of operational risk, effectively carried out training and promotion of operational risk management, and promoted the construction of operational risk management culture. At present, the monitoring of key indicators of operational risks has covered related party transactions, anti-money laundering, administrative penalties, data errors, system security, customer complaints, personnel management and other aspects, and the monitoring objects have penetrated to institutions at all levels. In 2023, the monitoring data of key indicators of the operational risk basically remained within the normal range.

In terms of reputational risk, the Group attached great importance to reputational risk management and related training, and actively carried out reputational risk management. In 2023, special training courses on reputation risk management were held to comprehensively improve the reputational risk management ability. The Group continued to carry out 7×24-hour public opinion monitoring covering all media, real-time early warning of sensitive information that may cause the reputational risk, conducted advance risk investigation, timely and properly dealt with sensitive public opinions, formulated countermeasure proposals in advance for events that may cause public opinion risks to reduce reputational risk factors from the origin.

V. FUTURE PROSPECTS

(I) Industry Landscape and Trend

2024 is the first year for the implementation of the spirit of the Central Financial Work Conference, and the effect of economic stabilization policies will continue to be released. It is expected that the trend of economic recovery will be further consolidated and enhanced, creating a favorable external environment for the development of the insurance industry. The central government requires the development of five target areas: technology finance, green finance, inclusive finance, pension finance and digital finance. In the construction of Chinese-style modernization, there is a huge room for development in such aspects as serving the construction of modern industrial system, serving the rural revitalization, serving technological self-reliance and self-improvement, serving the improvement in living standard, serving the green development, serving the safety development, serving the regional development and serving the "Belt and Road". The 2024 Government Work Report of the State Council requires a sound mechanism to safeguard the income of grain farmers, the active development of the third pillar pension insurance and the promotion of the establishment of a long-term care insurance system, which will provide new development opportunities for the industry. The profound changes in customer demands, as well as the application of new technologies such as artificial intelligence, big data and the Internet of Things, will profoundly change various aspects of insurance operation and management and enhance the effectiveness of technology empowering the insurance industry. The new business model of "insurance + service + technology" will promote a deep transformation of the organizational structure, product technology and business management model of insurance companies.

(II) Development Strategy of the Company

The Group will adhere to the corporate values of integrity, innovation, professionalism and responsibility, and will be committed to focusing on major businesses, pursuing excellence, leading innovation and modern governance, so as to build a global excellent insurance group. In 2024, we will persist in the general working principle of seeking progress while maintaining stability, continue to promote the implementation of "To be Prominent Strategy", and promote our own high-quality development in serving the construction of Chinese-style modernization.

(III) Operation Plan

The **insurance segment** will maintain a reasonable growth in business scale while optimizing structure and improving quality. **PICC P&C** will improve individual customer business capabilities by making efforts on improvement, enhancement and demonstration; innovate the development of corporate business, and increase protection and support in key areas of serving the real economy; develop high-quality government business and inclusive finance business to consolidate leading advantages. **PICC Life** will improve the sales capacity of guaranteed products and continuously optimize product structure and profit source structure by making efforts on strengthening effective manpower and high-performance team; strengthen institutional management, enhance independent operating capabilities, and minimize the loss of expense margin. **PICC Health** will actively develop new social insurance projects, continue to upgrade the "group insurance + medical" model, and focus on the development of new Internet products, upgrading of old products and expansion of new tracks by making efforts on consolidation and deepening of business development pattern and cultivation of health management service capacity. **PICC Reinsurance** will actively participate in the construction of the Shanghai International Reinsurance Center, deepen market development, and continuously optimize business structure. **PICC Hong Kong** will deeply develop the Hong Kong local market, stabilize international business foundation, improve overseas service network, and gradually strengthen the production capacity of Macau branch.

The **investment segment** will integrate the Group's investment and research resources, dynamically optimize investment strategies, and strengthen process tracking, so as to make greater contributions to the stable profitability of the Group. **PICC AMC** will enhance proactive management capability and strengthen equity investment capacity; stabilize fixed income fundamentals and strengthen trading capacity; explore growth opportunities of alternative investment; and continuously optimize overseas asset allocation. **PICC Pension** will steadily improve investment performance, increase the scale of assets under management, improve the ranking of return on investment of assets under management in the second pillar, and explore commercial pension business. **PICC Investment Holding** will focus on the construction and operation management of pension industry projects, actively carry out asset management within the system, unified workplace operation management and data center project management, increase the income from pension services, and expand the scale of property services. **PICC Capital** will vigorously develop equity and asset-backed scheme businesses based on new investment fields and new investment logic.

The **technology segment** will provide higher quality technology services for the Group and major businesses. It will improve the planning and layout of data centers, organize and promote the construction of the North Center (Phase II) and the Western Data Center; further promote the basic work of data governance of the Group and accelerate data interconnection; accelerate the transformation of core systems and actively respond to the needs of grassroots and customers; and implement and optimize the technology sharing operation services of the Group.

(IV) Major Potential Risks and Countermeasures

The first is the risk in macro environment. At present, the global economy has entered a new period of turbulence, with insufficient domestic effective demand, excess capacity in some industries, many potential risks, and loopholes in existence in the domestic cycle; the rising complexity, severity and uncertainty of the external environment, and the growth differences, trade tensions and geopolitical conflicts between major economies may lead to the aggravation of the international financial market volatility. The future macroeconomic uncertainties and fluctuations in financial markets may have an impact on the development, operation and investment of the Group. The Group will attach great importance to the macroeconomic environment risk, strengthen the analysis and research on internal and external economic situation, fully respond to the uncertainty of the changing conditions, further optimise the Group's "To Be Prominent Strategy", adhere to seek improvement in stability, promote the high-quality development of the Group to a new level, and in addition to prudent management, the Group will continuously improve the level of serving national overall strategies and risk response ability, realise the dynamic balance between development and security.

The second is the risk in investment business. At present, the internal impetus of domestic economic recovery is weak, the monetary policy margin tends to become loose, the interest rate is moving downward, the lack of supply of high-quality assets makes the credit spread continue to narrow, and the decline of reinvestment income of fixed income assets will increase the pressure of medium and long-term allocation. Although the equity market has the bottom characteristics, attention shall be still paid to the supporting effect of economic data and policy measures on the market trends, as well as the impact of the Federal Reserve's interest rate and geopolitics on the capital market. In terms of credit risk, continuing attention shall be paid to credit risks in real estate and urban investment. The Group will continue to focus on the risk in investment business, pay close attention to domestic and foreign capital market changes, continuously strengthen asset allocation research ability and ability of serving national strategies, optimize investment decisions, strengthen dynamic monitoring and early warning of the market risk and credit risk, regularly conduct risk classification and valuation of investment assets, continue to carry out risk inspection of capital utilisation, continuously strengthen and improve the post investment risk management, prevent and resolve the risks in key investment fields, and maintain the capital security.

The third is the risk in insurance business. In terms of property insurance, the complex and changeable global climate and environment, frequent occurrence of natural disasters result in increasing pressure of catastrophe claims and risk management; local debts cause intensified financial pressure, and the control of premiums receivables of policy business of insurance companies is also affected to a certain extent. In terms of life and health insurance, the downward interest rate brings development opportunities for savings and pension products, as well as certain challenges to the matching management of the Company's assets and liabilities. The Group will pay close attention to the risk management of insurance business and formulate targeted measures according to different risk characteristics. The Group will strengthen the control of risk accumulation and net retention, actively explore the construction of diversified risk dispersion mechanisms such as reinsurance and insurance risk securitization, scientifically and reasonably control the retention risks; continuously strengthen the front-end control and credit management of premiums receivables, effectively promote the collection of premiums receivables; strengthen product management, actively adjust the business structure, and simultaneously deepen the linkage between assets and liabilities, initiatively strengthen the management of assets and liabilities and take multiple measures to reduce insurance business risks.

The fourth is the compliance risk. In 2023, a new round of financial institutions reform was completed. The Central Financial Work Conference proposed to improve the effectiveness of financial supervision and emphasize the five major regulations, and the frequency of supervision and inspection and the intensity of penalties for violations of laws and regulations are expected to be intensifying. In this regard, the Group attaches great importance to the internal control and compliance control at the grassroots level, continuously optimises the construction of long-term mechanism for case risk prevention and control, and improves the effectiveness of internal control; strengthens the assessment of compliance indicators according to laws, strengthens the warning education, further enhances the compliance awareness of all staff and creates compliance culture, strengthens the governance of non-compliance in key areas, establishes and improve the supervision and rectification mechanism, and constantly consolidates the responsibility of compliance governance at the grassroots level.

Embedded Value

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

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

Ernst & Young (China) Advisory Limited, independent consulting actuaries, have prepared actuarial consultants' review reports on the estimates of the embedded value of PICC Life and PICC Health, respectively, as at 31 December 2023, and the value of one year's new business of PICC Life and PICC Health, respectively, in respect of our new life and health insurance businesses written as at 31 December 2023, on a range of assumptions. Copies of consulting actuaries' review reports are included in our annual report. These reports do not constitute an audit opinion of the financial information used in the report.

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

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

INDEPENDENT ACTUARIES REVIEW OPINION REPORT ON EMBEDDED VALUE OF PICC LIFE

Ernst & Young (China) Advisory Limited ("EY", "we" or "our") has been entrusted by PICC Life Insurance Company Limited ("PICC Life", the "company") to review its valuation of embedded value as at 31 December 2023. This report is prepared and to be enclosed in the 2023 annual report of the People's Insurance Company (Group) of China Limited. It summarizes EY's work scope, the valuation methodology of the embedded value, valuation results and assumptions on which the valuation depends.

SCOPE OF WORK

Our scope of work covered:

- Review the valuation methodology for the embedded value and the value of one year's new business as at 31 December 2023;
- Review the assumptions used in the valuation of embedded value and value of one year's new business as at 31 December 2023;
- Review the various valuation results of the embedded value as at 31 December 2023, i.e. the embedded value, value of one year's new business, analysis of embedded value movement from 31 December 2022 to 31 December 2023 and the sensitivity tests results of value of in-force business and value of one year's new business under alternative assumptions;
- Review the breakdown of value of one year's new business as at 31 December 2023 by distribution channels.

BASIS OF OPINION, RELIANCE AND LIMITATION

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

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

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

This report is addressed solely to PICC Life in accordance with the engagement letter signed by PICC Life and us. We have agreed that PICC Life provides the review opinion report to the People's Insurance Company (Group) of China Limited to be disclosed in its 2023 annual report. To the fullest extent permitted by applicable law, we do not accept or assume any responsibility, duty of care or liability to anyone other than PICC Life for or in connection with our review work, the opinions we have formed, or for any statement set forth in this report.

REVIEW OPINION

Based on our review, we concluded that:

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

On behalf of Ernst & Young (China) Advisory Limited

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

31 DECEMBER 2023 EMBEDDED VALUE REPORT OF PICC LIFE INSURANCE COMPANY LIMITED

1. DEFINITION AND METHODOLOGY

1.1. Definition

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

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

1.2. Methodology

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

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

2. RESULTS SUMMARY

In this section PICC Life has shown the results of this year as well as those of last year for comparison purpose. All figures shown in this section are based on risk discount rate at 9%.

2.1. Overall Results

Table 2.1.1 Embedded Value of PICC Life as at 31 December 2023 and 31 December 2022 (Unit: RMB Million)

	31/12/2023	31/12/2022
Risk Discount Rate	**9.0%**	**9.0%**
Adjusted Net Worth	71,080	70,773
Value of In-Force Business before CoC	46,968	40,880
Cost of Required Capital	(16,578)	(12,128)
Value of In-Force Business after CoC	30,390	28,752
Embedded Value	**101,470**	**99,525**

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

2. In the table above, the embedded value as at 31 December 2022 is recalculated based on the investment and risk discount rate assumptions as at 31 December 2023 while the other assumptions remain unchanged.

Table 2.1.2 Value of One year's New Business of PICC Life as at 31 December 2023 and 31 December 2022 (Unit: RMB Million)

	31/12/2023	31/12/2022
Risk Discount Rate	**9.0%**	**9.0%**
Value of One year's New Business before CoC	7,100	4,019
Cost of Required Capital	(3,437)	(1,860)
Value of One year's New Business after CoC	**3,664**	**2,160**

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

2. In the table above, the value of one year's new business as at 31 December 2022 is recalculated based on the investment and risk discount rate assumptions as at 31 December 2023 while the other assumptions remain unchanged.

2.2. Results by Distribution Channels

The results of the value of one year's new business by distribution channel as at 31 December 2023 and 31 December 2022 are summarized in the table below.

Table 2.2.1 Value of One year's New Business of PICC Life as at 31 December 2023 and 31 December 2022 by Distribution Channel (Unit: RMB Million)

Risk Discount Rate	**9.0%**			
Distribution Channel	**Bancassurance**	**Individual insurance agent**	**Group sales**	**Total**
Value of One year's New Business after CoC (2023)	**1,001**	**2,578**	**84**	**3,664**
Value of One year's New Business after CoC (2022)	293	1,825	42	2,160

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

2. In the table above, the value of one year's new business as at 31 December 2022 is recalculated based on the investment and risk discount rate assumptions as at 31 December 2023 while the other assumptions remain unchanged.

3. ASSUMPTIONS

The assumptions below are used for the valuation of the embedded value and value of one year's new business as at 31 December 2023.

3.1. Risk Discount Rate

A 9% risk discount rate has been used to calculate the embedded value and value of one year's new business.

3.2. Rate of Investment Return

A 4.5% p.a. investment return assumption has been used for traditional insurance. A 4.75% p.a. investment return assumption has been used for participating insurance and universal insurance.

3.3. Policy Dividend

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

3.4. Mortality and Morbidity

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

3.5. Claim Ratio

The claim ratio assumptions are applied to the short-term health, short-term accident and long-term guaranteed renewable health business. The claim ratio assumptions are set based on PICC Life's own experience. They are in the range from 40% to 85% of gross premium depending on the lines of business.

3.6. Lapse Rates

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

3.7. Expenses and Commissions

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

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

3.8. Tax

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

4. SENSITIVITY TESTS

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

Table 4.1 Value of In-Force Business and Value of One year's New Business of PICC Life as at 31 December 2023 under Alternative Assumptions (Unit: RMB Million)

Scenarios	Value of In-Force Business after CoC	Value of One year's New Business after CoC
Base Scenario	30,390	3,664
Risk Discount Rate at 8%	36,105	4,680
Risk Discount Rate at 10%	25,725	2,831
Rate of investment return increased by 50 bps	45,512	6,325
Rate of investment return decreased by 50 bps	15,285	980
Expenses increased by 10%	29,437	3,567
Expenses decreased by 10%	31,343	3,761
Lapse rate increased by 10%	30,272	3,551
Lapse rate decreased by 10%	30,514	3,781
Mortality increased by 10%	29,857	3,603
Mortality reduced by 10%	30,921	3,726
Morbidity increased by 10%	29,090	3,607
Morbidity reduced by 10%	31,710	3,721
Short-term business claim ratio increased by 10%	30,343	3,511
Short-term business claim ratio decreased by 10%	30,437	3,816
Participating Ratio (80/20)	29,023	3,586

Note: Except for the sensitivity scenarios on risk discount rate, the risk discount rate used for other scenarios is 9%.

5. MOVEMENT ANALYSIS

Table 5.1 shows the analysis of embedded value movement from 31 December 2022 to 31 December 2023.

Table 5.1 Analysis of Embedded Value Movement from 31 December 2022 to 31 December 2023 (Unit: RMB Million)

Item	Description	Amount
1	Embedded Value as at 31 December 2022	103,772
2	New Business Contribution	3,960
3	Expected Return	7,435
4	Investment Return Variance	-8,392
5	Other Experience Variance	-4,210
6	Model and Assumption Modification	-6,488
7	Capital Change and Market Value Adjustment	5,392
8	Embedded Value as at 31 December 2023	101,470

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

Explanations on items 2 to 7 above:

2. The contribution of new business sold in 2023 to the embedded value at 31 December 2023;
3. The expected return in 2023 arising from the in-force business and adjusted net worth as at 31 December 2022;
4. Change in embedded value arising from variances between the actual investment return and the related investment return assumption in 2023;
5. Change in embedded value arising from variances between the actual experiences and assumptions other than the related investment return in 2023;
6. The impact on embedded value due to model enhancement and the changes in assumptions during 2023;
7. The impact on embedded value due to dividend distributed to shareholders, capital changes and the changes in market value of held-to-maturity financial assets caused by interest rate fluctuations during 2023.

INDEPENDENT ACTUARIES REVIEW OPINION REPORT ON EMBEDDED VALUE OF PICC HEALTH

Ernst & Young (China) Advisory Limited ("EY", "we" or "our") has been entrusted by PICC Health Insurance Company Limited ("PICC Health", the "company") to review its valuation of embedded value as at 31 December 2023. This report is prepared and to be enclosed in the 2023 annual report of the People's Insurance Company (Group) of China Limited. It summarises EY's work scope, the valuation methodology of the embedded value, valuation results and assumptions on which the valuation depends.

SCOPE OF WORK

Our scope of work covered:

- Review the valuation methodology for the embedded value and the value of one year's new business as at 31 December 2023;
- Review the assumptions used in the valuation of embedded value and value of one year's new business as at 31 December 2023;
- Review the various valuation results of the embedded value as at 31 December 2023, i.e. the embedded value, value of one year's new business, analysis of embedded value movement from 31 December 2022 to 31 December 2023 and the sensitivity tests results of value of in-force business and value of one year's new business under alternative assumptions;
- Review the breakdown of value of one year's new business as at 31 December 2023 by distribution channels.

BASIS OF OPINION, RELIANCE AND LIMITATION

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

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

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

This report is addressed solely to PICC Health in accordance with the engagement letter signed by PICC Health and us. We have agreed that PICC Health provides the review opinion report to the People's Insurance Company (Group) of China Limited to be disclosed in its 2023 annual report. To the fullest extent permitted by applicable law, we do not accept or assume any responsibility, duty of care or liability to anyone other than PICC Health for or in connection with our review work, the opinions we have formed, or for any statement set forth in this report.

REVIEW OPINION

Based on our review, we concluded that:

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

On behalf of Ernst & Young (China) Advisory Limited

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

31 December 2023 EMBEDDED VALUE REPORT OF PICC HEALTH INSURANCE COMPANY LIMITED

1. DEFINITION AND METHODOLOGY

1.1. Definition

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

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

1.2. Methodology

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

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

2. RESULTS SUMMARY

In this section PICC Health has shown the results of this year as well as those of last year for comparison purpose. All figures shown in this section are based on risk discount rate at 9%.

2.1. Overall Results

Table 2.1.1 Embedded Value of PICC Health as at 31 December 2023 and 31 December 2022 (Unit: RMB Million)

	31/12/2023	31/12/2022
Risk Discount Rate	**9.0%**	**9.0%**
Adjusted Net Worth	8,103	6,052
Value of In-Force Business before CoC	15,560	12,785
Cost of Required Capital	(1,169)	(961)
Value of In-Force Business after CoC	14,392	11,824
Embedded Value	**22,495**	**17,877**

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

2. In the table above, the embedded value as at 31 December 2022 is recalculated based on the investment and risk discount rate assumptions as at 31 December 2023 while the other assumptions remain unchanged.

Table 2.1.2 Value of One year's New Business of PICC Health for the 12 months up to 31 December 2023 and 31 December 2023 (Unit: RMB Million)

	31/12/2023	31/12/2022
Risk Discount Rate	**9.0%**	**9.0%**
Value of One year's New Business before CoC	3,331	1,359
Cost of Required Capital	(505)	(360)
Value of One year's New Business after CoC	**2,826**	**999**

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

2. In the table above, the value of one year's new business as at 31 December 2022 is recalculated based on the investment and risk discount rate assumptions as at 31 December 2023 while the other assumptions remain unchanged.

2.2. Results by Distribution Channels

PICC Health split the value of one year's new business by distribution channel. The results of the value of one year's new business by distribution channel as at 31 December 2023 and 31 December 2022 are summarised in the table below.

Table 2.2.1 Value of One year's New Business of PICC Health for the 12 months up to 31 December 2023 and 31 December 2022 by Distribution Channel (Unit: RMB Million)

Risk Discount Rate **9.0%**

Distribution Channel	Bancassurance	Individual insurance agent	Group sales	Total
Value of One year's New Business after CoC (2023)	**425**	**2,878**	**(477)**	**2,826**
Value of One year's New Business after CoC (2022)	26	1,542	(569)	999

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

2. In the table above, the value of one year's new business as at 31 December 2022 is recalculated based on the investment and risk discount rate assumptions as at 31 December 2023 while the other assumptions remain unchanged.

3. ASSUMPTIONS

The assumptions below are used for the valuation of the embedded value and value of one year's new business as at 31 December 2023.

3.1. Risk Discount Rate

A 9% risk discount rate has been used to calculate the embedded value and value of one year's new business.

3.2. Rate of Investment Return

A 4.5% p.a. investment return assumption has been used.

3.3. Policy Dividend

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

3.4. Mortality and Morbidity

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

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

3.5. Claim Ratio

The claim ratio assumptions are applied to the short-term health, short-term accident and long-term guaranteed renewable health business. The claim ratio assumptions are set based on PICC Health's own experience. They are in the range from 7% to 99% of gross premium depending on the lines of business.

3.6. Lapse Rates

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

3.7. Expenses and Commissions

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

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

3.8. Tax

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

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

4. SENSITIVITY TESTS

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

Table 4.1 Value of In-Force Business and Value of One year's New Business of PICC Health as at 31 December 2023 under Alternative Assumptions (Unit: RMB Million)

Scenarios	Value of In-Force Business after CoC	Value of One year's New Business after CoC
Base Scenario	14,392	2,826
Risk Discount Rate at 8%	15,544	3,131
Risk Discount Rate at 10%	13,404	2,567
Rate of investment return increased by 50 bps	15,738	3,337
Rate of investment return decreased by 50 bps	13,040	2,318
Expenses increased by 10%	14,243	2,651
Expenses decreased by 10%	14,541	3,001
Lapse rate increased by 10%	14,166	2,771
Lapse rate decreased by 10%	14,612	2,881
Mortality increased by 10%	14,399	2,812
Mortality reduced by 10%	14,385	2,840
Morbidity increased by 10%	14,743	2,611
Morbidity reduced by 10%	14,019	3,035
Short-term business claim ratio increased by 5%	14,370	2,323
Short-term business claim ratio decreased by 5%	14,417	3,328
Participating Ratio (80/20)	14,305	2,789

Note: Except for the sensitivity scenarios on risk discount rate, the risk discount rate used for other scenarios is 9%.

5. MOVEMENT ANALYSIS

Table 5.1 shows the analysis of embedded value movement from 31 December 2022 to 31 December 2023 based on risk discount rate at 9%.

Table 5.1 Analysis of Embedded Value Movement from 31 December 2022 to 31 December 2023 (Unit: RMB Million)

Item	Description	Amount
1	Embedded Value as at 31 December 2022	18,239
2	New Business Contribution	3,056
3	Expected Return	1,585
4	Investment Return Variance	(1,312)
5	Other Experience Variance	1,097
6	Model and Assumption Modification	(562)
7	Capital Change and Market Value Adjustment	392
8	Embedded Value as at 31 December 2023	22,495

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

Explanations on items 2 to 7 above:

2. The contribution of new business sold in 2022 to the embedded value at 31 December 2023;
3. The expected return in 2023 arising from the in-force business and adjusted net worth as at 31 December 2022;
4. Change in embedded value arising from variances between the actual investment return and the related investment return assumption in 2023;
5. Change in embedded value arising from variances between the actual experiences and assumptions other than the related investment return in 2023;
6. The impact on embedded value due to model enhancement and the changes in assumptions during 2023;
7. The impact on embedded value due to dividend distributed to shareholders, capital changes and the changes in market value of held-to-maturity financial assets caused by interest rate fluctuations during 2023.

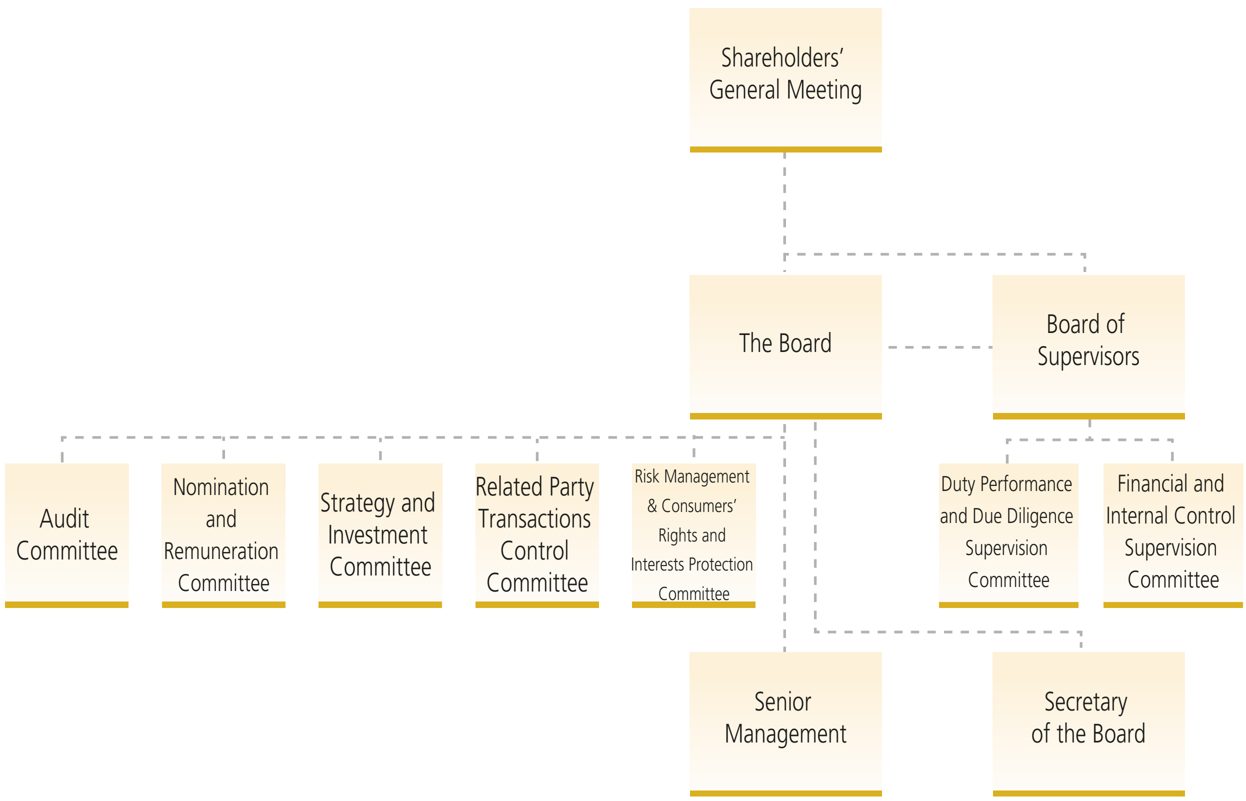
I. CORPORATE GOVERNANCE REPORT

(I) Overview

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

In 2023, the Company has complied with the relevant provisions of the SSE on corporate governance for listed companies and Appendix C1 the Corporate Governance Code of the Listing Rules of the Stock Exchange, and the Company has a complete corporate governance structure. The shareholders' general meeting, the Board, Board of Supervisors and senior management earnestly performed their respective duties pursuant to the aforesaid provisions and the Articles of Association, and operated in compliance with laws and regulatory requirements. There is no material discrepancy between the actual situation of corporate governance of the Company and the laws, regulations and the rules on the governance of listed companies of the CSRC.

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



(II) Shareholders' General Meeting

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

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

No.	Session of the meeting	Date of the meeting	Location of the meeting
1	2023 First Extraordinary General Meeting	27 April 2023	PICC Building, No. 88 West Chang'an Avenue, Xicheng District, Beijing
2	2022 Annual General Meeting	19 June 2023	PICC Building, No. 88 West Chang'an Avenue, Xicheng District, Beijing
3	2023 Second Extraordinary General Meeting	4 September 2023	PICC Building, No. 88 West Chang'an Avenue, Xicheng District, Beijing

Major issues for approval in shareholders' general meetings included:

- Election of Executive Directors, Non-executive Directors and Independent Non-executive Directors;
- Consideration and approval of the report of the Board of Directors and the report of the Board of Supervisors of the Company for the year 2022;
- Consideration and approval of the final financial accounts of the Company for the year 2022;
- Consideration and approval of the profit distribution plan of the Company for the year 2022;
- Consideration and approval of the 2023 annual charity donation plan of the Group;
- Consideration and approval of the budget of fixed assets investment of the Company for the year 2023;
- Consideration and approval of the resolution on the engagement of the accounting firm of the Company for the year 2023;
- Consideration and approval of the remuneration settlement schemes of Directors and Supervisors of the Company for the year 2021.

In addition, the performance report of the Directors of the Company for the year 2022, and the work report (and performance report) of the Independent Non-executive Directors for the year 2022, the report on the overall related party transactions and the evaluation of internal transactions of the Group for the year 2022, the report on the solvency-related condition of the Group for the year 2022, the conditions for the renewal of the liability insurances for Directors, Supervisors and senior management of the Company from 2022 to 2023 were also received at the shareholders' general meeting.

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

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

Methods of Convening Extraordinary General Meetings

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

Procedures for Proposing Resolutions at General Meetings

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

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

(III) The Board

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

1. Composition

As at the date of this report, the Board of the Company comprised 14 Directors (please refer to the section headed "Directors, Supervisors, Senior Management and Employees" in this annual report for the profiles of Directors), consisting of four Executive Directors, five Non-executive Directors and five Independent Non-executive Directors, among which there are two female Directors on the Board of Directors. Directors serve a term of three years and are eligible for re-election, but Independent Non-executive Directors shall not serve consecutively for more than six years.

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

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

Name	Position(s)	Date of Appointment
Executive Directors		
Wang Tingke	Chairman, Executive Director	11 August 2020
Zhao Peng	Vice Chairman, Executive Director	8 November 2023
Li Zhuyong	Executive Director	9 December 2020
Xiao Jianyou	Executive Director	28 December 2022
Non-executive Directors		
Wang Qingjian	Non-executive Director	13 July 2017
Miao Fusheng	Non-executive Director	9 December 2020
Wang Shaoqun	Non-executive Director	9 December 2020
Yu Qiang	Non-executive Director	19 August 2021
Song Hongjun	Non-executive Director	21 August 2023
Independent Non-executive Directors		
Shiu Sin Por	Independent Non-executive Director	14 May 2018
Ko Wing Man	Independent Non-executive Director	14 May 2018
Cui Li	Independent Non-executive Director	2 September 2021
Xu Lina	Independent Non-executive Director	23 November 2021
Wang Pengcheng	Independent Non-executive Director	28 August 2023

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

On 16 January 2023, due to work reasons, Mr. Wang Zhibin resigned as a Non-executive Director and a member of the Risk Management & Consumers' Rights and Interests Protection Committee of the Board of Directors of the Company. On the same date, the Company convened the 13th meeting of the fourth session of the Board of Directors, at which Mr. Song Hongjun was nominated as a candidate for Non-executive Director of the fourth session of the Board of Directors of the Company, and Mr. Wang Zhibin will continue to perform his duties as a Non-executive Director and a member of the relevant Board committee until Mr. Song Hongjun formally assumes his duties.

On 1 March 2023, Mr. Chen Wuzhao resigned as an Independent Non-executive Director, the chairman of the Audit Committee, a member of the Nomination and Remuneration Committee and a member of the Related Party Transactions Control Committee of the Company in accordance with the relevant regulatory requirements, as he had served as an Independent Non-executive Director of the Company for six consecutive years. Mr. Chen Wuzhao will continue to perform the duties and responsibilities of an Independent Non-executive Director and a member of the relevant Board committees until the new Independent Non-executive Director formally assumes office.

On 16 March 2023, Mr. Luo Xi resigned as an Executive Director, the Chairman of the Board of Directors and the chairman of the Strategy and Investment Committee of the Board of Directors of the Company due to his age.

On 27 April 2023, the Company convened the 2023 first extraordinary general meeting, at which Mr. Song Hongjun was elected as a Non-executive Director of the Company. On 21 August 2023, Mr. Song Hongjun's qualification for appointment as a director was approved by the NFRA, from the same date, Mr. Song Hongjun has served as a member of the Risk Management & Consumers' Rights and Interests Protection Committee of the Board. Mr. Wang Zhibin no longer performed the responsibilities of a Non-executive Director and a member of the relevant Board committee.

On 27 April 2023, the Company convened the 15th meeting of the fourth session of the Board, at which Mr. Wang Pengcheng was nominated as a candidate for Independent Non-executive Director of the fourth session of the Board of the Company. On 19 June 2023, the Company convened the 2022 annual general meeting, at which Mr. Wang Pengcheng was elected as an Independent Non-executive Director of the fourth session of the Board of the Company. On 28 August 2023, Mr. Wang Pengcheng's qualification for appointment as an Independent Non-executive Director was approved by the NFRA, from the same date, Mr. Wang Pengcheng has served as the chairman of the Audit Committee and a member of each of the Nomination and Remuneration Committee and the Related Party Transactions Control Committee of the Board. Mr. Chen Wuzhao no longer performed the responsibilities of an Independent Non-executive Director and members of the relevant Board committees.

On 11 May 2023, Mr. Wang Tingke resigned as the President of the Company due to work adjustment. From 5 May 2023 to 11 May 2023, the Company convened the 16th meeting of the fourth session of the Board by way of written resolutions, at which Mr. Wang Tingke was elected as the Chairman of the Company. On 29 June 2023, Mr. Wang Tingke's qualification for appointment as the chairman was approved by the NFRA, from the same date, Mr. Wang Tingke has served as the chairman of the Strategy and Investment Committee of the Board.

On 19 June 2023, the Company convened the 17th meeting of the fourth session of the Board, at which Mr. Li Zhuyong was elected as the chairman of the Risk Management & Consumers' Rights and Interests Protection Committee of the fourth session of the Board.

On 20 July 2023, the Company convened the 18th meeting of the fourth session of the Board, at which Mr. Zhao Peng was nominated as an Executive Director, elected as the Vice Chairman and appointed as the President of the Company. On 4 September 2023, the Company convened the 2023 second extraordinary general meeting, at which Mr. Zhao Peng was elected as an Executive Director of the Company. On 8 November 2023, Mr. Zhao Peng's qualification for appointments as the Director and President was approved by the NFRA, from the same date, Mr. Zhao Peng has served as a member of the Strategy and Investment Committee of the Board.

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

2. Duties and Responsibilities

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

3. Summary of Work Undertaken

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

	Attendance/scheduled attendance								
	Shareholders' General Meeting		The Board		Board Committees				
Directors	Shareholders' General Meeting	Attendance	The Board	Percentage of attendance in person	Audit Committee	Nomination and Remuneration Committee	Strategy and Investment Committee	Related Party Transactions Control Committee	Risk Management & Consumers' Rights and Interests Protection Committee
Executive Directors									
Wang Tingke	3/3	100%	9/10	90%	–	–	6/6	–	4/4
Zhao Peng	0/0	–	1/1	100%	–	–	1/1	–	–
Li Zhuyong	2/3	66.7%	10/10	100%	–	–	–	5/5	3/3
Xiao Jianyou	3/3	100%	10/10	100%	–	–	6/6	–	–
Non-executive Directors									
Wang Qingjian	3/3	100%	10/10	100%	6/6	–	6/6	–	–
Miao Fusheng	3/3	100%	10/10	100%	–	9/9	–	–	7/7
Wang Shaoqun	3/3	100%	10/10	100%	–	–	6/6	–	7/7
Yu Qiang	3/3	100%	10/10	100%	6/6	–	–	5/5	–
Song Hongjun	1/1	100%	4/4	100%	–	–	–	–	2/2
Independent Non-executive Directors									
Shiu Sin Por	3/3	100%	10/10	100%	6/6	–	–	5/5	7/7
Ko Wing Man	2/3	66.7%	9/10	90%	–	9/9	–	–	7/7
Cui Li	3/3	100%	10/10	100%	–	9/9	6/6	5/5	–
Xu Lina	3/3	100%	9/10	90%	6/6	9/9	–	–	–
Wang Pengcheng	0/0	–	3/3	100%	2/2	3/3	–	1/1	–
Resigned Directors									
Luo Xi	0/0	–	1/1	100%	–	–	1/1	–	–
Wang Zhibin	0/2	0%	5/6	83.3%	–	–	–	–	5/5
Chen Wuzhao	3/3	100%	7/7	100%	6/6	7/7	–	4/4	–

During the reporting period, the Board convened three shareholders' general meetings in which 11 resolutions were submitted for consideration and approval with 4 reports presented; convened 10 Board meetings in which 80 resolutions were considered and reviewed.

No.	Session of the meeting	Date of the meeting	Location of the meeting
1	the 13th meeting of the fourth session of the Board of Directors	16 January 2023	PICC Building, No. 88 West Chang'an Avenue, Xicheng District, Beijing
2	the 14th meeting of the fourth session of the Board of Directors	24 March 2023	PICC Building, No. 88 West Chang'an Avenue, Xicheng District, Beijing
3	the 15th meeting of the fourth session of the Board of Directors	27 April 2023	PICC Building, No. 88 West Chang'an Avenue, Xicheng District, Beijing
4	the 16th meeting of the fourth session of the Board of Directors	5 May 2023 to 11 May 2023	meeting via written resolutions
5	the 17th meeting of the fourth session of the Board of Directors	19 June 2023	PICC Building, No. 88 West Chang'an Avenue, Xicheng District, Beijing
6	the 18th meeting of the fourth session of the Board of Directors	20 July 2023	PICC Building, No. 88 West Chang'an Avenue, Xicheng District, Beijing
7	the 19th meeting of the fourth session of the Board of Directors	29 August 2023	PICC Building, No. 88 West Chang'an Avenue, Xicheng District, Beijing
8	the 20th meeting of the fourth session of the Board of Directors	7 October 2023 to 12 October 2023	meeting via written resolutions
9	the 21st meeting of the fourth session of the Board of Directors	30 October 2023	PICC Building, No. 88 West Chang'an Avenue, Xicheng District, Beijing
10	the 22nd meeting of the fourth session of the Board of Directors	29 December 2023	PICC Building, No. 88 West Chang'an Avenue, Xicheng District, Beijing

The main tasks accomplished by the Board included:

- Convened 3 shareholders' general meetings;
- Considered and approved the operating plan for the year 2023, fixed asset investment plan, asset allocation plan, charity donation plan, the capital planning (2023-2025) and the risk appetite statement and the audit plan for the year 2023 of the Group;
- Considered and approved the final financial account and the profit distribution plan of the Company for the year 2022;
- Considered and approved the annual report, annual results announcement, report of the Board, corporate social responsibility report, solvency report, internal control evaluation report and internal control audit report, risk evaluation report, compliance report, corporate governance report, work report and evaluation result of performance of duties of Directors, assessment report on the implementation of business planning, evaluation and audit report of internal control on the insurance capital use, for the year 2022, and the first quarterly report, interim report, interim results announcement, third quarterly report for the year 2023, and solvency report for the first half of 2023 of the Company;

- Considered and approved the resolutions on the transfer of financial products of the Company, optimization of the establishment of institutions of the Company, amendments to the enterprise annuity plan of the Group, update of recovery plan of the Group and the renewal of the liability insurances for the Directors, Supervisors and senior management of the Company;
- Considered and approved the amendment to the Capital Management Measures and the Code of Professional Ethics for Directors, Supervisors and Senior Management and other related systems;
- Nominated and elected Directors and the chairman of the Board, elected members of relevant Board committees, and appointed the compliant responsible officer, chief risk officer and the secretary of the Board of the Company;
- Considered and approved the settlement schemes on total salary of the Group for the year 2022, financial budget on total salary of the Group for the year 2023, remuneration settlement scheme of the Company's responsible officers and other senior management members for the year 2022, and remuneration settlement scheme for Directors and Supervisors of the Company for the year 2022;
- Considered and approved resolutions on the recommendation of chairman, vice chairman of the Board and non-executive directors to the subsidiaries, amendments to the articles of association by subsidiaries and the profit distribution;
- Received the work report of the Independent Non-executive Directors of the Company for the year 2022, the report on the overall related party transactions and the evaluation of internal transactions of the Group for the year 2022, the report on the results of the special audit of related party transactions for the year 2022, the report on the assessment of the behavior of major shareholders for the year 2022, the report on the results of the special audit of the solvency risk management system for the year 2023, the report on the implementation of the rectification focusing on the main business and compressing the hierarchy in the second half of 2022 and the first half of 2023, and the report on consumers' rights and interests protection work for the years 2022 and 2023.

4. Directors

(1) Responsibility with respect to Financial Statements

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

(2) Securities Transactions

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

(3) Independence of Independent Non-executive Directors

The Company has received annual confirmation letters from each of the Independent Non-executive Directors to confirm their independence. As at the latest practicable date prior to the issue of this annual report, the Company considers that all Independent Non-executive Directors are independent.

(4) Training of Directors

All Directors are actively involved in continuing professional development, and participated in various kinds of training activities relating to corporate governance, the SSE Listing Rules and the Listing Rules of the Stock Exchange which were organised by the shareholding organisations, regulators, industry and the Company, so as to provide them with comprehensive and relevant information to update their knowledge and skills and improve their performance ability, with an aim of making positive contributions to the Board.

Wang Tingke: attended trainings and meetings organised by the Group in relation to the performance of directors' duties, and gained a deeper understanding of the domestic and foreign laws and regulations, and regulatory requirements in respect of information disclosure, related party transactions, directors' continuous liability obligations, and corporate governance, etc.

Zhao Peng: attended trainings and meetings organised by the Group in relation to the performance of directors' duties, and gained a deeper understanding of the domestic and foreign laws and regulations, and regulatory requirements in respect of information disclosure, related party transactions, directors' continuous liability obligations, and corporate governance, etc.

Li Zhuyong: attended trainings and meetings organised by the Group in relation to the performance of directors' duties, and gained a deeper understanding of the domestic and foreign laws and regulations, and regulatory requirements in respect of information disclosure, related party transactions, directors' continuous liability obligations, and corporate governance, etc.

Xiao Jianyou: attended trainings and meetings organised by the Group in relation to the performance of directors' duties, and gained a deeper understanding of the domestic and foreign laws and regulations, and regulatory requirements in respect of information disclosure, related party transactions, directors' continuous liability obligations, and corporate governance, etc.

Wang Qingjian: attended trainings and meetings organised by the MOF, the IAC, the LCAB, China Business Executives Academy, Dalian, China Investment Corporation and the Company in relation to the performance of directors' duties, and gained a deeper understanding of the domestic and foreign laws and regulations, and regulatory requirements in respect of information disclosure, related party transactions, directors' continuous liability obligations, and corporate governance, etc.

Miao Fusheng: attended trainings and meetings organised by the MOF, the IAC, the LCAB, China Business Executives Academy, Dalian, China Investment Corporation and the Company in relation to the performance of directors' duties, and gained a deeper understanding of the domestic and foreign laws and regulations, and regulatory requirements in respect of information disclosure, related party transactions, directors' continuous liability obligations, and corporate governance, etc.

Wang Shaoqun: attended trainings and meetings organised by the MOF, the IAC, the LCAB, China Business Executives Academy, Dalian, China Investment Corporation and the Company in relation to the performance of directors' duties, and gained a deeper understanding of the domestic and foreign laws and regulations, and regulatory requirements in respect of information disclosure, related party transactions, directors' continuous liability obligations, and corporate governance, etc.

Yu Qiang: attended trainings and meetings organised by the MOF, the IAC, the LCAB, China Business Executives Academy, Dalian, China Investment Corporation and the Company in relation to the performance of directors' duties, and gained a deeper understanding of the domestic and foreign laws and regulations, and regulatory requirements in respect of information disclosure, related party transactions, directors' continuous liability obligations, and corporate governance, etc.

Song Hongjun: attended trainings and meetings organised by the IAC, the SSF and the Company in relation to the performance of directors' duties, and gained a deeper understanding of the domestic and foreign laws and regulations, and regulatory requirements in respect of information disclosure, related party transactions, directors' continuous liability obligations, and corporate governance, etc.

Shiu Sin Por: attended trainings and meetings organised by the SSE and the Group in relation to the performance of directors' duties, and gained a deeper understanding of the domestic and foreign laws and regulations, and regulatory requirements in respect of information disclosure, related party transactions, directors' continuous liability obligations, and corporate governance, etc.

Ko Wing Man: attended trainings and meetings organised by the SSE and the Group in relation to the performance of directors' duties, and gained a deeper understanding of the domestic and foreign laws and regulations, and regulatory requirements in respect of information disclosure, related party transactions, directors' continuous liability obligations, and corporate governance, etc.

Cui Li: attended trainings and meetings organised by the SSE and the Group in relation to the performance of directors' duties, and gained a deeper understanding of the domestic and foreign laws and regulations, and regulatory requirements in respect of information disclosure, related party transactions, directors' continuous liability obligations, and corporate governance, etc.

Xu Lina: attended trainings and meetings organised by the SSE and the Group in relation to the performance of directors' duties, and gained a deeper understanding of the domestic and foreign laws and regulations, and regulatory requirements in respect of information disclosure, related party transactions, directors' continuous liability obligations, and corporate governance, etc.

Wang Pengcheng: attended trainings and meetings organised by the SSE and the Group in relation to the performance of directors' duties, and gained a deeper understanding of the domestic and foreign laws and regulations, and regulatory requirements in respect of information disclosure, related party transactions, directors' continuous liability obligations, and corporate governance, etc.

5. Chairman/Vice Chairman/President

As at the date of this report, the Chairman of the Board of the Company is Mr. Wang Tingke. The Chairman is responsible for leading the Board, approving the agenda for each Board meeting, ensuring the Company has good corporate governance practices and procedures, and maintaining the effective operation of the Board. The Vice Chairman will perform the duties of the Chairman if the Chairman cannot or does not perform his duties. During the reporting period, a special meeting was convened by the Chairman and all the Independent Non-executive Directors to communicate in depth on the strategic implementation and corporate governance of the Company over the year.

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

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

6. Board Committees

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

(1) Audit Committee

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

① Composition

Chairman: Wang Pengcheng (Independent Non-executive Director)

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

On 1 March 2023, Mr. Chen Wuzhao resigned as the chairman of the Audit Committee; Mr. Chen Wuzhao continued to perform the duties and responsibilities of the chairman of the Audit Committee until the new Independent Non-executive Director formally assumes office.

On 28 August 2023, Mr. Wang Pengcheng assumed the position of the chairman of the Audit Committee and Mr. Chen Wuzhao ceased to perform the corresponding duties and responsibilities.

② Duties and Responsibilities

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

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

③ Auditor's Fees

In 2023, the fees in respect of the services including interim financial report review, annual financial report audit and agreed-upon procedures regarding quarterly financial information provided to the Company and its subsidiaries by PricewaterhouseCoopers Zhong Tian LLP/PricewaterhouseCoopers ("PwC") were RMB40.94 million in total, and the fees in respect of internal control audit, other special audit and other assurance engagement were RMB9.57 million in total. In addition, PwC also provided non-assurance services to the Company and its subsidiaries for a fee of RMB0.64 million in total.

④ Summary of Work Undertaken

In 2023, the Audit Committee of the Board held six meetings on 10 January, 21 March, 24 April, 24 August, 27 October and 22 December, respectively, in which 29 proposals were reviewed and discussed. During the year, the main tasks accomplished by the Audit Committee included:

- Reviewed and discussed the annual report, annual results announcement, relevant final account report, internal control evaluation report, internal control audit report, evaluation and audit report of internal control on the insurance capital use, reports on related party transactions and the implementation of its management system and evaluation of internal transactions for the year 2022, and report on audit findings and corrective actions for the year 2022 and the first half of 2023;
- Reviewed and discussed the first quarterly report, interim report, interim results announcement and third quarterly report for the year 2023;
- Reviewed and discussed the audit plan for the year 2023, internal audit report for the year 2022 and internal audit reports for the first quarter, half year and the third quarter of 2023 of the Group;
- Received and discussed the report on special audit results of the solvency risk management system for 2023, report on special audit results of related party transactions for the first half of 2023, report on audit results of the use of proceeds for 2022 and the first half of 2023, report on special audit results of significant financial information for 2022 and the first half of 2023 and report on the performance of the Audit Committee of the Board;
- Reviewed and discussed the resolution on appointment of accounting firms for the year 2023;
- Received the auditor's report on the annual audit work for 2022 and the interim review for 2023.

In addition, the Audit Committee of the Board and the Independent Non-executive Directors had a face-to-face communication respectively with PwC, the auditor, in respect of the annual audit work arrangement prior to the commencement of the 2023 annual audit work.

(2) Nomination and Remuneration Committee

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

① Composition

Chairman: Cui Li (Independent Non-executive Director)

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

On 1 March 2023, Mr. Chen Wuzhao resigned as a member of the Nomination and Remuneration Committee; Mr. Chen Wuzhao continued to perform the duties and responsibilities of a member of the Nomination and Remuneration Committee until the new Independent Non-executive Director formally assumes office.

On 28 August 2023, Mr. Wang Pengcheng assumed the position of a member of the Nomination and Remuneration Committee and Mr. Chen Wuzhao ceased to perform the corresponding duties and responsibilities.

② Duties and Responsibilities

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

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

③ Director Nomination

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

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

④ Remuneration of Directors and Other Senior Management

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

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

⑤ Summary of Work Undertaken

In 2023, the Nomination and Remuneration Committee of the Board held nine meetings on 10 January, 21 March, 24 April, 5-10 May, 19 June, 12-19 July, 7-11 October, 27 October and 22 December, respectively, in which 27 proposals were reviewed and discussed. During the year, the main tasks accomplished by the Nomination and Remuneration Committee included:

- Reviewed and discussed the matters in relation to the nomination of the Executive Directors, Non-executive Directors, Independent Non-executive Directors, members of the Board committees, compliance officer, chief risk officer and secretary of the Board of the Company, with recommendations made to and adopted by the Board;
- Reviewed and discussed the settlement schemes on total salary of the Group for the year 2022, financial budget on total salary of the Group for the year 2023, remuneration settlement scheme of the Company's responsible officers and other senior management for the year 2022, and remuneration settlement scheme for Directors and Supervisors of the Company for the year 2022;
- Reviewed and discussed the "Incentive and Restraint Mechanism" section of the corporate governance report for the year 2022;
- Reviewed and discussed performance report and appraisal of performance of the Directors of the Company for the year 2022, and the work report of the Independent Non-executive Directors for the year 2022;
- Reviewed and discussed the resolutions on the recommendation of candidates of director of related subsidiaries.

(3) Strategy and Investment Committee

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

① Composition

Chairman: Wang Tingke (Chairman, Executive Director)

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

On 16 March 2023, Mr. Luo Xi resigned as the chairman of the Strategy and Investment Committee.

On 29 June 2023, Mr. Wang Tingke assumed the position of the chairman of the Strategy and Investment Committee.

On 8 November 2023, Mr. Zhao Peng assumed the position of a member of the Strategy and Investment Committee.

② Duties and Responsibilities

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

The primary duties and responsibilities of the Strategy and Investment Committee include the following: (1) consider the Company's general strategic development plans and specific strategic development plans, and make recommendations to the Board; (2) evaluate factors that may have an impact on the Company's strategic development plans and their implementation in light of domestic and international economic financial conditions and trend of market changes and make prompt development plans adjustment recommendations on the strategic development plans to the Board; (3) evaluate the overall development of the Company's businesses and make prompt adjustment recommendations on the strategic development plans to the Board; (4) review our annual financial budget and final accounts plans, and make recommendations to the Board; (5) review the matters relating to external investments which requires the Board's approval: ① external investment management systems; ② external investment management approaches; ③ decision-making procedures and authorisation mechanisms for external investments; ④ strategic asset allocation plans, annual investment plans, investment guidelines and relevant adjustment plans; ⑤ significant direct investments; ⑥ strategy and operation plans for new investment categories; ⑦ systems for evaluating and examining the performance of external investments;

(6) explain the Company's external investment proposals at shareholders' general meetings and Board meetings upon their request; (7) formulate and revise policies related to our corporate governance, and make recommendations to the Board; (8) supervise the Directors and senior management's training and continuing professional development; (9) develop, amend and supervise the internal code of conduct for the Company's staff and Directors; (10) supervise the Company's disclosure on corporate governance in compliance with the relevant requirements of the securities regulatory authority at the place where the Company's shares are listed; (11) develop and amend the Company's policies on corporate social responsibility in regard to environmental, social and governance, consider the following matters, and report and make recommendations to the Board: ① suggestions on the Company's environmental, social and governance management system, including the governance approach and strategy, assessing, prioritising and managing issues related to significant environmental, social and governance (including the process for business risks); ② studies and assessments of factors related to environmental, social and governance that may affect the Company's development; ③ review of planning and implementation of the Company's environmental, social and governance activities; ④ the Company's corporate social responsibility disclosures such as environmental, social and governance information; and (12) perform other duties as required by applicable laws, regulations, other regulatory documents, the Articles of Association, the relevant requirements of the securities regulatory authority at the place where the Company's shares are listed, and other matters as authorised by the Board.

③ Summary of Work Undertaken

In 2023, the Strategy and Investment Committee of the Board held six meetings on 10 January, 21 March, 24 April, 24 August, 27 October and 22 December, respectively, in which 31 proposals were studied and considered. During the year, the main tasks accomplished by the Strategy and Investment Committee included:

- Reviewed and discussed the resolutions on the 2023 charity donation plan of the Group;
- Reviewed and discussed relevant report on the final account for the year 2022, profit distribution plan for the year 2022 of the Company;
- Reviewed and discussed the resolutions on the operating plan and fixed asset investment plan for the years of 2023 and 2024, capital plan (2023-2025), overall asset allocation plan for 2023 to 2025 and asset allocation plan for the year 2023 of the Group;
- Reviewed and discussed the first section "Corporate Governance Operations" under the corporate governance report of the Company for the year 2022, the Corporate Social Responsibility Report, the assessment report on the implementation of the development plan, the Report of the Board of Directors, the corporate governance report, president's report and management report of 2022;

- Reviewed and discussed the "Rules for Capital Management of Group Companies" and the "Code of Ethics for Directors, Supervisors and Senior Management" of the Group Companies;
- Reviewed and discussed the capital increase, profit distribution and amendment of articles of association of subsidiaries.

(4) Related Party Transactions Control Committee

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

① Composition

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

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

On 1 March 2023, Mr. Chen Wuzhao resigned as a member of the Related Party Transactions Control Committee; Mr. Chen Wuzhao continued to perform the duties and responsibilities of a member of the Related Party Transactions Control Committee until the new Independent Non-executive Director formally assumes office.

On 28 August 2023, Mr. Wang Pengcheng assumed the position of a member of the Related Party Transactions Control Committee and Mr. Chen Wuzhao ceased to perform the corresponding duties and responsibilities.

② Duties and Responsibilities

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

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

③ Summary of Work Undertaken

In 2023, the Related Party Transactions Control Committee of the Board held five meetings on 10 January, 21 March, 24 April, 23 August and 27 October, respectively, in which 9 proposals were reviewed and discussed. During the year, the main tasks accomplished by the Related Party Transactions Control Committee included:

- Reviewed and discussed the report on the overall related party transactions of the Company and the evaluation of internal transactions of the Group for the year 2022;
- Reviewed and discussed the report on special audit results of related party transactions of the Company for the year 2022;
- Reviewed and discussed the resolutions on the formulation of the Regulations on the Management of Internal Related Party Transactions of PICC Group, capital increase to subsidiaries and the work report of the Committee in 2022.

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

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

① Composition

Chairman: Li Zhuyong (Executive Director)

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

On 16 January 2023, Mr. Wang Zhibin resigned as a member of the Risk Management & Consumers' Rights and Interests Protection Committee; Mr. Wang Zhibin continued to perform the duties and responsibilities of a member of the Risk Management & Consumers' Rights and Interests Protection Committee until the new Non-executive Director formally assumes office.

On 19 June 2023, Mr. Wang Tingke ceased to serve as the chairman of the Risk Management & Consumers' Rights and Interests Protection Committee, and Mr. Li Zhuyong assumed the position of the chairman of the Risk Management & Consumers' Rights and Interests Protection Committee.

On 21 August 2023, Mr. Song Hongjun served as a member of the Risk Management & Consumers' Rights and Interests Protection Committee, and Mr. Wang Zhibin ceased to perform the corresponding duties and responsibilities.

② Duties and Responsibilities

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

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

③ Summary of Work Undertaken

In 2023, the Risk Management & Consumers' Rights and Interests Protection Committee of the Board held seven meetings on 10 January, 21 March, 24 April, 14 June, 24 August, 27 October and 22 December, respectively, in which 22 proposals were reviewed and discussed. During the year, the main tasks accomplished by the Risk Management & Consumers' Rights and Interests Protection Committee included:

- Reviewed and discussed the report on the anti-insurance fraud management of the Group in 2022, and the work report on the protection of consumers' rights and interests in 2022 and 2023;
- Reviewed and discussed the resolution on the renewal of the liability insurances for the Directors, Supervisors and senior management;
- Reviewed and discussed the Group's Compliance Report, Risk Evaluation Report and Internal Control Evaluation Report for the year 2022 (and the 2022 Corporate Governance Report: Part III "Evaluation of Internal Control"), the Risk Evaluation Report and Non-insurance Risk Evaluation Report for the first half of 2023;
- Reviewed and discussed the solvency report of the Group for the year 2022 and the solvency report of the Group for the first half of 2023;

- Reviewed and discussed the work report on the protection of consumers' rights and interests of the Group, report on the evaluation of the conduct of major shareholders and report on the implementation of rectification focusing on main businesses and streamlining management hierarchies for the year 2023;
- Reviewed and discussed the Resolution on the Renewal of the Recovery Plan of the Group;
- Reviewed and discussed the risk appetite statement of the Group for the year 2023.

(IV) Board of Supervisors

During the year, the Board of Supervisors performed its duties of supervision according to laws, enhanced the supervision of the performance of the respective duties by the Directors and senior management and the supervision of the financial conditions, internal control and significant risks of the Company, stressed on carrying out special investigation and studies, and made proposals with respect to the further improvement the efficiency of capital utilization and the prevention of business risks to the Board and the management. The Board of Supervisors had no objection to the supervisory matters during the reporting period.

1. Composition

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

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

There were no changes in the members of the Board of Supervisors of the Company during the year.

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

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

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

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

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

2. Duties and Responsibilities

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

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

3. *Summary of Work Undertaken*

During the year, the Board of Supervisors earnestly fulfilled its supervisory duties, and protected the interests of the Company, shareholders and employees pursuant to the relevant provisions of the Company Law and the Articles of Association. During the year, the Board of Supervisors convened seven meetings, including six on-site meetings, one meeting via written resolutions, and considered, studied and received 61 resolutions. The Duty Performance and Due Diligence Supervision Committee of the Board of Supervisors convened five meetings, all of which were meetings via written resolutions, and the Financial and Internal Control Supervision Committee of the Board of Supervisors convened seven meetings, of which six were on-site meetings and one was a meeting via written resolutions. The attendance of physical meetings of the Board of Supervisors was as follows:

Name	Xu Yongxian	Starry Lee Wai King	Wang Yadong	He Zuwang
Attendance in person/scheduled attendance	12/12	9/12	12/12	6/6
Percentage of attendance in person	100%	75%	100%	100%
Attendance by proxy/scheduled attendance	0/12	3/12	0/12	0/6
Percentage of attendance by proxy	0%	25%	0%	0%

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

(V) Risk Management and Internal Control

For other relevant information on the Group's risk management, please refer to "IV. Risk Management" of "Management Discussion and Analysis" in this annual report.

The Group established an internal control system with full coverage, key focuses, mutual restrictions, accommodation on the actual conditions, cost efficiency and risk orientation of the Group. The internal control system of the Group covers the whole process from decision-making, implementation to supervision across all businesses and matters of the Company and all subsidiaries. On such basis, it focuses on key business matters and industries with high risks. It conducts mutual restriction and supervision on the governance structure, the organisation structuring, the division of powers and responsibilities as well as business processes while balancing the operation efficiency to adapt to the operation size, business scope, competition situation and risk standards of the Group. It also makes adjustments in time to achieve effective control with appropriate cost and effectively identify, appraise and manage risks and analyse, design and implement internal control. The purpose of the internal control of the Group is to reasonably guarantee the compliance of the operation and management, assets safety, the truthfulness and completeness of financial reports and relevant information, improve the operation efficiency and results and promote the realisation of development strategies. Due to the inherent restrictions on the internal control, it can only provide reasonable guarantee to the realisation of the above targets. The internal control systems of the Group are designed to manage and reduce rather than to eliminate the risk of failure to achieve business objectives, and can only provide reasonable other than absolute assurance that there will be no significant misstatement or loss.

The Group has, pursuant to the requirements of internal control standards such as the Basic Norms for Internal Controls of Enterprises and its supporting guidance jointly issued by five ministries and commissions, the Principal Rules for the Internal Control of Insurance Companies and Second-generation Solvency Regulatory Rules issued by the former CIRC, and the Listing Rules of the Stock Exchange of Hong Kong as well as other regulations on internal control, improved the internal control system, executed internal control with governing documents such as the Internal Control Administration Measures, the Internal Control Manual and the Internal Control Evaluation Manual, and guided its subsidiaries to promote the construction of internal control systems in accordance with the foregoing supervisory regulations.

In 2023, the Group continued to promote in-depth construction of the internal control system at the grassroots level, carried out research, supervision and inspection, conducted in-depth investigation of weak points in internal control compliance, optimized the construction of internal control and evaluation mechanism, promoted the construction of a long-term mechanism for the prevention and control of internal control cases as well as the development of a model for the prevention and control of cases, carried out evaluation and audit of internal control over the use of funds, organized professional training on internal control, and strengthened the construction of the professional team and the cultivation of talents, and enhanced the standard of internal control. **PICC P&C** continued to improve its internal control system, increased the weight of risk compliance assessment, launched business risk inspection, highlighted risk prevention and control in key areas, standardized underwriting and claims handling for key businesses, promoted exchange of positions in key positions, improved the mechanism for building and evaluating internal control at the grassroots level, developed the case prevention and control model, and continued to improve the standard of internal control management. **PICC Life** promoted the full integration of grassroots governance initiatives into the requirements of grassroots internal control construction, focused on key areas, launched penetrating inspections, upgraded operational procedures, continued to improve the construction of grassroots internal control, and launched a trial run of the internal control evaluation and optimization mechanism. **PICC AMC** continued to improve the internal control system, gradually improved the internal control management tools, and solidly launched internal control compliance inspections, and formed a closed loop of internal control management. **PICC Health** improved the case prevention and control mechanism, continued to strengthen the risk compliance assessment and accountability mechanism, strengthened grassroots internal control management research, regulated the compliance behavior of organizations at all levels, and intensified the promotion of internal control and compliance culture. **PICC Pension** strengthened its internal control system, improved its operating procedures and internal control evaluation tools, updated its authorization list, and explored the two-way integration of internal control evaluation and audit and rectification mechanism to enhance supervision. **PICC Investment Holding** promoted the construction and improvement of the internal control system, refined and improved internal control requirements, optimized the risk compliance and performance assessment mechanism, and strengthened its primary responsibility. **PICC Capital** continued to optimize the construction of the internal control system, improved internal control management tools and actively cultivated an internal control compliance culture. **PICC Reinsurance** strengthened the internal control infrastructure, improved the internal control system, enriched internal control measures and enhanced the effectiveness of internal control management. **PICC Hong Kong** implemented internal control management in an orderly manner, focused on key areas and critical links and strengthened the coordination of the three lines of defense. **PICC Financial Services** continued to strengthen the foundation of internal control management, developed operational procedures, improved the internal control evaluation system and promoted closed-loop internal control management. **PICC Technology** strengthened the foundation of internal control management, comprehensively sorted out processes and internal control requirements, and launched internal control evaluation.

In 2023, the Group carried out a comprehensive internal control evaluation and the Board of Directors conducted one review of the effectiveness of the internal control system. The Board is responsible for the internal control system and considers that, in respect of internal control, the Group's internal control system involving all material internal controls, including financial controls, operational controls and compliance controls, is adequate and effective. There were no factors affecting the conclusion of the evaluation of the effectiveness of internal control between the base date of the internal control evaluation report and the date of issuance of the internal control evaluation report, and the Board is not aware of any matters requiring attention that would directly affect the quality of the operating activities or the achievement of the financial reporting objectives. The operation of the Group's internal control system is adequate and effective.

(VI) Company Secretary

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

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

(VII) Amendments of the Articles of Association

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

(VIII) Corporate Culture and Management and Control of Subsidiaries

The corporate culture of the Group is as following:

Vision: To be Prominent Strategy; mission: people's insurance serving the people; and core values: Integrity, Innovation, Professionalism and Commitment. For details of the Company's corporate culture, please refer to the Company's Sustainability Report of 2023, which is published in conjunction with this annual report.

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

The Group strictly complies with relevant laws and regulations, resolutely eliminates gender and other discriminatory behaviors, and safeguards the equal rights and interests of female employees in recruitment, employment and training. The proportion of female employees (including senior management) in the Group reached 48%. The Group has achieved gender diversity in its workforce.

(IX) Information Disclosure and Investor Relationship

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

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

In 2023, the Company strictly abided by the principle of "as much as possible, as strict as possible, as early as possible" for disclosing information for A share and H share, continuously enhancing the level of transparency of information disclosure, protecting the legitimate rights and interests of investors, and maintaining information disclosure in a fair, just and open manner. At the same time, the Company continued to safeguard the bottom line of "no significant risks for information disclosure", completed disclosure of results announcements, periodic reports and interim reports in accordance with laws and regulations, and carefully identified price-sensitive information. There were no cases of non-compliance disclosure, and the Company ensured that information was disclosed timely, fairly, truthfully, accurately and completely.

The Company carried out its investor relations management in accordance with the regulatory requirements of the place where it is listed, always focusing on investors and continuously improving and enriching the methods and contents of investor communication. During the reporting period, the Company held results conferences for the year 2022, the first quarter of 2023, the interim period of 2023 and the third quarter of 2023, and held an investor open day with the theme of "Risk Reduction Services for High-Quality Development". Through various communication channels such as investor surveys, domestic and overseas non-trading roadshows, investment forums and strategy meetings, investor hotlines, investor relations mailboxes, investor relations websites and the "SSE e-Interaction" online platform, the Company strengthened day-to-day exchanges with investors and endeavored to enhance services standard.

During the reporting period, the Company was recognized as the "Best Listed Company" in the 13th China Securities "Golden Bauhinia" Awards, was awarded the "Grade A" in information disclosure of listed companies on the SSE for the years 2022-2023, and was awarded the "Best Practices for Annual Report Presentations of 2022" by China Association for Public Companies, and the "Best Capital Market Communication Award" and the "Best Information Disclosure Award" at the Seventh China Excellence IR.

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

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

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

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

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

II. REPORT OF THE BOARD OF DIRECTORS

(I) Business Review

A review of the Group's business during the year, description of future business development, and description of possible risks and uncertainties that the Group may face, are set out in "Chairman's Statement" and "Management Discussion and Analysis" in this annual report. The risk management policies of the Group are set out in "Management Discussion and Analysis" in this annual report. The "Management Discussion and Analysis" also contains business overview and performance analysis of the Group, using financial key indicators to analyse the Group's performance during the year. Events which happened subsequent to the balance sheet date and have a significant effect to the Company are set out in Note 52 "Event After the Reporting Period" to the consolidated financial statements of this annual report. In addition, descriptions of the environmental protection policies of the Group, relationship with major customers and employees and compliance with relevant laws and regulations which have significant effect to the Group, are set out in the Sustainability Report of the Company and the "Report of the Board of Directors" and "Significant Events" in this annual report.

(II) Environmental Issues

During the reporting period, the Group continued to comply with and continuously promoted a number of related measures involving energy use, emission treatment and environmental changes, consistently implementing a range of environmentally-friendly policies across the Group. The Group strove to reduce the consumption of paper, water and electricity resources; implemented energy conservation management measures to achieve a reduction in greenhouse gases emission, conducted separate treatment of sewage, domestic waste and various types of waste generated in the office process, and followed the management principle of waste classification, to achieve recycling of resources. In accordance with regulatory requirements, the Company will issue its 2023 Sustainability Report, which specifies the Group's performance of social responsibilities (including environmental, social and governance).

(III) Principal Activities

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

(IV) Formulation and Implementation of Profit Distribution Policy

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

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

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

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

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

3. Profit distribution proposed for 2023

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

Pursuant to the profit distribution plan for 2023 approved by the Board on 26 March 2024, a cash dividend of RMB1.56 (tax inclusive) per 10 shares is proposed to be distributed on the basis of the total share capital of 44,223,990,583 shares after the withdrawal of statutory surplus reserves at 10% of the net profit in the parent company's financial statements in 2023, amounting to a total distribution of RMB6,899 million. The profit distribution plan for the year 2023 shall become effective upon the approval of the shareholders' general meeting. As at the date of this report, the Company is not aware of any arrangement under which any shareholder has waived or agreed to waive any dividend.

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

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

(V) Changes in Accounting Policies

For the changes in the Company's accounting policies during the reporting period, please refer to Notes 2 and 3 to the consolidated financial statements of this report.

The Company has implemented the new standard for insurance contracts and the new standard for financial instruments since 1 January 2023, and disclosed the relevant announcement on 28 April 2023. Please refer to the "Announcement on Changes in Accounting Policies of PICC" (http://static.sse.com.cn/disclosure/listedinfo/announcement/c/new/2023-04-28/601319_20230428_C08B.pdf) for details.

(VI) Financial Highlights

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

(VII) Buildings, Equipment and Investment Properties

Changes in the buildings, equipment and investment properties of the Group during the year are set out in Notes 28 and 27 to the consolidated financial statements of this annual report respectively. As at 31 December 2023, the Group did not own any properties for investment purposes or held for development and/or sale where one or more percentage ratios (as defined under Rule 14.07 of the Listing Rules of the Stock Exchange) exceed 5%.

(VIII) Share Capital

Changes in the share capital of the Company in 2023 and the share capital of the Company as of 31 December 2023 are set out in "Movements in Ordinary Shares and Shareholders" in this annual report.

(IX) Pre-Emptive Rights

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

(X) Repurchase, Disposal and Redemption of Listed Securities

On 7 June 2023, the Company redeemed in full the RMB18 billion 10-year capital supplemental bonds issued in 2018.

On 18 May 2023, PICC Life Insurance redeemed in full the RMB12 billion 10-year capital supplemental bonds issued in 2018.

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

(XI) Reserves

Details of reserves of the Group are set out in Note 42 to the consolidated financial statements, and the consolidated statement of changes in equity of this annual report.

(XII) Distributable Reserves

As of 31 December 2023, the distributable reserves of the Company amounted to RMB6,907 million.

(XIII) Charitable and Other Donations

Charitable and other donations made by the Company and its subsidiaries in 2023 were RMB56.00 million.

(XIV) Equity-Linked Agreement

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

(XV) Major Customers and Employees

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

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

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

(XVI) Directors, Supervisors and Senior Management

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

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

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

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

(XVIII) Highest Paid Individuals

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

(XIX) Indemnity for Directors

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

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

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

(XXI) Management Contracts

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

(XXII) Contracts of Significance with Controlling Shareholder

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

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

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

(XXIV) Interests of Directors and Supervisors in Competing Business

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

(XXV) Public Float

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

(XXVI) Connected Transactions

During the reporting period, the Company had no connected transactions required to be disclosed pursuant to Chapter 14A of the Listing Rules of the Stock Exchange. Please refer to Note 49 to the consolidated financial statements of this annual report for particulars of the related party transactions defined under domestic laws and accounting standards of the PRC; such transactions are not connected transactions or continuing connected transactions as defined under Chapter 14A of the Listing Rules of the Stock Exchange.

(XXVII) Corporate Governance

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

(XXVIII) Audit Committee

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

(XXIX) Auditors

As considered and approved by the 2022 annual general meeting, PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers (Certified Public Accountants and Registered Public Interest Entity Auditor) were appointed during the year as the Company's financial reporting auditors for the year 2023 under the China Accounting Standards for Business Enterprises and the International Financial Reporting Accounting Standards, respectively. The Company did not change the auditors in the past three years.

(XXX) Issued Debentures

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

By order of the Board
Wang Tingke
Chairman

III. REPORT OF THE BOARD OF SUPERVISORS

In 2023, the Board of Supervisors of the Company and its all members earnestly implemented the spirit of the Central Government's policies and, in accordance with the requirements of laws, regulations, regulatory requirements and the Articles of Association, and under the leadership and support of the Group's Party Committee and the general meeting, earnestly fulfilled duties of supervision, which effectively safeguarded the interests of the shareholders, the Company and the employees and other stakeholders.

(I) Performance of the Board of Supervisors

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

In 2023, the Board of Supervisors convened seven meetings and considered and received 61 resolutions. Among which, 19 resolutions were considered and approved, including the Resolution on Relevant Report of 2022 Final Financial Accounts, the Resolution on Profit Distribution in 2022, the Resolution on the A Shares and H Shares Periodic Report in 2022, the Resolution on Solvency Reports of the Group for 2022, the Resolution on 2022 Corporate Social Responsibility Report, the Resolution on Internal Control Evaluation Report of the Group in 2022 (and the Corporate Governance Report in 2022: Part III "Internal Control Evaluation" and Internal Control Audit Report), the Resolution on Internal Control Evaluation and Audit Related Report of Utilisation of Insurance Funds for 2022, the Resolution on Risk Evaluation Report of the Group for 2022, the Resolution on the Work Report of Board of Supervisors for 2022, the Resolution on Evaluation Report of the Board of Supervisors for Performance of Duties of the Board of Directors, the Management and its Members in 2022, the Resolution on Evaluation Report for Performance of Duties of the Supervisors in 2022, the Resolution on the First Quarterly Report of A Shares and H Shares in 2023, the Resolution on the Evaluation Report on the Implementation of Plan of the Group in 2022, the Resolution on Corporate Governance Report in 2022, the Resolution on Compliance Report in 2022, the Resolution on the Interim Periodic Report of A Shares and H Shares in 2023, the Resolution in relation to the Solvency Report of the Group for the First Half of 2023, the Resolution on the Third Quarterly Report of A Shares and H Shares in 2023, and the Resolution on Formulating the Code of Ethics for Directors, Supervisors and Senior Management of Group Companies. In addition, the Board of Supervisors studied and received 42 resolutions on operation, finance, internal control, risk and compliance of the Company.

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

During the year, in accordance with the requirements of the responsibilities, the Duty Performance and Due Diligence Supervision Committee and the Financial and Internal Control Supervision Committee of the Board of Supervisors held five meetings and seven meetings, respectively, to provide advice on relevant resolutions and report to the Board of Supervisors. The Board of Supervisors also convened five special meetings, received reports from external auditors on the auditing and review of financial reports and internal control audits, regularly received the work of the Company's internal supervisory department, and paid close attention to the risks associated with the Company's operation and development.

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

During the year, the Company convened 3 shareholders' general meetings and 10 Board meetings (including 8 on-site meetings). All Supervisors attended the shareholders' general meetings, on-site Board meetings, supervising the form of convening, procedures and content of the meetings as well as the performance of duties of Directors, etc. The Board committees convened 33 meetings (including 30 on-site meetings), and the Company also convened 10 resolution communication meetings. The Board of Supervisors delegated Supervisors to attend on-site meetings, to keep aware of and understand the background, decision-making procedures, content of resolutions regarding major matters of operation and management of the Company, and put forward relevant opinions and recommendations. In addition, the members of the Board of Supervisors also attended meetings in operation and management, such as the annual work meeting and semi-annual work meeting, strategic seminars of the Company, and conducted oversight on the implementation of the Board's decision-making process and the performance of duties by the management.

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

During the year, in accordance with laws and regulations, regulatory requirements of the insurance industry and listed companies, as well as the Articles of Association and other relevant provisions, and with the target of promoting high-quality development of the Company, the Board of Supervisors focused on major risks as the main work idea, proactively carried out supervision work in aspects such as performance of duties, finance, development planning, internal control, compliance, risk, internal audit, related party transactions, information disclosure, and protection of consumer rights and interests.

Performance supervision. In terms of daily supervision, the Board of Supervisors continuously paid attention to the Company's operation and management through participating in management meetings, studying and reviewing documents related to the Company's operation and management, considering and receiving resolutions and conducting research, etc., continuously paid attention to the performance of duties of the Board of Directors by reviewing resolutions of the Board meeting, and attending relevant Board meetings, and supervised the compliance of the work of the Board of Directors and management. In terms of performance evaluation, the Board of Supervisors conducted evaluation of the performance of the Board, management and its members, and formed a performance evaluation report of the Board and management, and its opinions on the performance evaluation of Directors and senior management. The Board of Supervisors believed that the Board of the Company strictly abided by the laws and regulations, and industry rules in 2023, operated in compliance with laws and regulations, and earnestly fulfilled the duties stipulated in the Articles of Association. All Directors earnestly performed and fulfilled their duties in compliance with laws and regulations in 2023, and their annual appraisals of performance were all "competent". Under the leadership of the Party Committee of the Company and the decision-making and guidance of the Board, the management of the Company strictly abided by the Articles of Association and the Proposal for Delegation of the Board to the Management in 2023, and carried out relevant operation and management in compliance with laws and regulations. All senior management duly and diligently performed their duties in compliance with laws and regulations in 2023.

Financial supervision. The Board of Supervisors considered or received resolutions relating to the Company's finance, paid attention to the budget and final account of the Group, continuously tracked the performance of the Company, and conducted serious research and analysis in changes in the Group's and its major subsidiaries' key financial and business indicators, operation of important types of insurance, investment and financing, and solvency, and put forward opinions and recommendations from the perspectives of capital planning and management and credit risk prevention.

Development planning supervision. The Board of Supervisors reviewed the Evaluation Report on the Implementation of Development Plan of the Group in 2022, and reminded on the issues in existence in the process of promoting the implementation of the Group's strategies by relevant subsidiaries. Supervisors continued to pay attention to the high-quality development of the Group and its subsidiaries and the progress of strategic projects by attending corporate meetings and conducting research, tracking the promotion and implementation of strategic planning, and putting forward opinions and recommendations.

Internal control supervision. The Board of Supervisors continuously understood the effectiveness of the Company's internal control, paid attention to existing internal control deficiencies, and put forward rectification recommendations by reviewing and receiving the Company's 2022 internal control evaluation report, internal control evaluation report and related audit report of utilisation of insurance funds, receiving the report of external auditors, and tracking the rectification of internal control audit.

Risk management supervision. The Board of Supervisors continued to pay close attention to the Company's overall risk management condition. By reviewing the risk evaluation report of the Company for 2022 and receiving the risk evaluation report for the first half of 2023, the Board of Supervisors paid close attention to the significant risks exposed to the Company and the effectiveness of risk management, paid attention to the management of reputation risk and credit risk, and made relevant recommendations. The Board of Supervisors gained a timely understanding of the Group's risk management situation through regular special meetings of the Board of Supervisors.

Internal audit guidance and supervision. The Board of Supervisors received the internal audit work report and reports on categorization, analysis and rectification of issues identified in the audit, discussed on the rectification of issues concerned by the Board of Supervisors; regularly communicated with the audit department through special meetings of the Board of Supervisors and other forms, and provided guidance on enhancing communication between internal and external auditors and sharing of audit results.

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

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

4. Performing Special Research

During the year, the Board of Supervisors of the Company conducted special research on premiums receivable with PICC P&C, selected a number of provincial, municipal and county-level companies to gain an in-depth understanding of the situation, analyzed and formed a research report from the perspective of the Board of Supervisors, and put forward advice to the Board of Directors and management for the reference.

5. Continuously Strengthening Professional Capacity Building

The Board of Supervisors encourages and organizes Supervisors to participate in various internal and external trainings. During the year, the Board of Supervisors organized 16 Supervisors to participate in trainings to continuously improve their ability to perform their duties. Firstly, it organised Supervisors to participate in various external trainings held by the Party School of the Central Committee of the PRC, the People's Bank of China, the Listed Companies Association of the PRC, and the Beijing Listed Companies Association, including special training on the Spirit of the Central Financial Work Conference, special training on the initial appointment of directors and supervisors and senior management, special training on the enhancement of the standard of market value management, special training on the rules for the management of independent directors and others. Secondly, it organised Supervisors to participate in the "Excellence Lecture Hall" organized internally by the Company and the thematic training launched by various business departments.

(II) Work Performance of the Supervisors

Based on the performance of the Supervisors throughout the year, the Board of Supervisors is of the view that during the year 2023 all Supervisors were able to perform their duties in accordance with the requirements of the Company Law and other laws and regulations, departmental rules and regulations, and the Articles of Association and other internal rules and policies, and are able to perform the duties as Supervisors earnestly and diligently in compliance with laws and regulations to actively facilitate the high-quality development of the Company and effectively safeguard the interests of the shareholders, the Company, employees and other stakeholders. The annual appraisals of performance of all Supervisors were "competent".

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

1. Operation of the Company in Accordance with the Law

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

2. Facts about the Financial Statements

The annual financial statements of the Company are true and objective presentation of the financial position and operating results of the Company. The financial report of the Company for the year 2023 has been audited by PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers respectively in accordance with the corresponding independent auditing standards, which have issued audit reports with standard unqualified opinions.

3. Material Investments and Significant Financing

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

4. Related Party Transactions

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

5. Review of Internal Control Report

During the reporting period, the management of the Company attached great importance to the construction of an internal control system. The Company established a complete, reasonable and effective internal control system, which enhanced the level of internal control management. The Board of Supervisors considered the Internal Control Evaluation Report of the Company for the Year 2023 and had no objection to such report.

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

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

IV. MOVEMENTS IN ORDINARY SHARES AND SHAREHOLDERS

(I) Movements in Ordinary Share Capital

1. Statement of Movements in Ordinary Shares

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

Unit: Share

	31 December 2022		Movements during the reporting period					31 December 2023	
	Number	Proportion (%)	Issue of new shares	Bonus issue	Conversion from reserves	Others	Subtotal	Number	Proportion (%)
I. Shares subject to selling restriction	–	–	–	–	–	–	–	–	–
1. Shares held by the state	–	–	–	–	–	–	–	–	–
II. Shares not subject to selling restriction	44,223,990,583	100.00	–	–	–	–	–	44,223,990,583	100.00
1. Renminbi-denominated ordinary shares	35,497,756,583	80.27	–	–	–	–	–	35,497,756,583	80.27
2. Overseas listed foreign shares	8,726,234,000	19.73	–	–	–	–	–	8,726,234,000	19.73
III. Total number of ordinary shares	44,223,990,583	100.00	–	–	–	–	–	44,223,990,583	100.00

2. Movements in Restricted Shares

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

(II) Shareholders and De Facto Controller

1. Total Number of Shareholders

Total number of ordinary shareholders as at the end of the reporting period (Shareholder)	A Shares: 176,494; H Shares: 5,263
Total number of ordinary shareholders as at the end of the month prior to the disclosure date of the annual report (Shareholder)	A Shares: 172,326; H Shares: 5,245

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

Unit: Share

Shareholdings of the Top Ten Shareholders							
Name of shareholder	Increase/ decrease during the reporting period	Number of shares held as at the end of the period	Proportion (%)	Number of shares held subject to selling restrictions	Pledged, marked or frozen shares		Nature of shareholder
					Status of the share	Number	
MOF	–	26,906,570,608	60.84	–	Nil	–	The State
HKSCC Nominees Limited	610,100	8,702,753,475	19.68	–	Nil	–	Foreign legal person
SSF	–	5,605,582,779	12.68	–	Nil	–	The State
Hong Kong Securities Clearing Company Limited	-114,443,000	309,453,941	0.70	–	Nil	–	Foreign legal person
Kong Fengquan	16,001,963	50,957,185	0.12	–	Nil	–	Domestic natural person
Penghua Fund Management Co., Ltd. – Social Security Fund 16051	30,967,600	30,967,600	0.07	–	Nil	–	Others
Guosen Securities Company Limited – Fangzheng Fubon China Securities Insurance Themed Index Securities Investment Fund	-13,740,900	26,272,476	0.06	–	Nil	–	Others
Industrial and Commercial Bank of China Limited – Huatai-Pinebridge CSI 300 Exchange Traded Open-ended Index Securities Investment Fund	10,879,200	23,733,200	0.05	–	Nil	–	Others
Industrial and Commercial Bank of China Limited – Fullgoal CSI 300 Enhanced Securities Investment Fund	10,110,841	19,941,941	0.05	–	Nil	–	Others
Qiu Jiajun	2,533,300	18,650,300	0.04	–	Nil	–	Domestic natural person

Unit: Share

Shareholdings of the Top Ten Shareholders Not Subject to Selling Restrictions			
	Number of circulating shares held not subject to selling restrictions	Class and number of shares	
Name of shareholder		Class	Number
MOF	26,906,570,608	A shares	26,906,570,608
HKSCC Nominees Limited	8,702,753,475	H shares	8,702,753,475
SSF	5,605,582,779	A shares	5,605,582,779
Hong Kong Securities Clearing Company Limited	309,453,941	A shares	309,453,941
Kong Fengquan	50,957,185	A shares	50,957,185
Penghua Fund Management Co., Ltd. – Social Security Fund 16051	30,967,600	A shares	30,967,600
Guosen Securities Company Limited – Fangzheng Fubon China Securities Insurance Themed Index Securities Investment Fund	26,272,476	A shares	26,272,476
Industrial and Commercial Bank of China Limited – Huatai-PineBridge CSI 300 Trading Open-ended Index Securities Investment Fund	23,733,200	A shares	23,733,200
Industrial and Commercial Bank of China Limited – Fullgoal CSI 300 Enhanced Securities Investment Fund	19,941,941	A shares	19,941,941
Qiu Jiajun	18,650,300	A shares	18,650,300
Details of securities account designated for share repurchase of the top ten shareholders	Not applicable		
Details of the abovementioned shareholders' entrusting of voting rights, entrusted voting rights, and waiver of voting rights	Not applicable		
Details of the above shareholders who are connected to each other or acting in concert	The Company is not aware of any connected relationship among the above shareholders or any parties acting in concert as defined by the Measures for the Administration of the Takeover of Listed Companies		
Details of preferred shareholders with restored voting rights and the number of shares held by them	Not applicable		

Notes:

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

Unit: Share

Name of shareholder (full name)	Participation of Top Ten Shareholders in the Refinancing and Shares Lending							
	Shareholding in general account and credit account at the beginning of the period		Shares lent through refinancing but not yet returned at the beginning of the period		Shareholding in general account and credit account at the end of the period		Shares lent through refinancing but not yet returned at the end of the period	
	Total number	Percentage (%)	Total number	Percentage (%)	Total number	Percentage (%)	Total number	Percentage (%)
Industrial and Commercial Bank of China Limited – Huatai-PineBridge CSI 300 Trading Open-ended Index Securities Investment Fund	12,854,000	0.03	232,800	0.0005	23,733,200	0.05	183,000	0.0004

(III) Controlling Shareholder

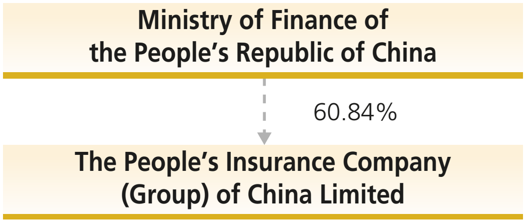
1. *Legal Person*

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

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

Name of company	Short name of the stock	Stock code	Percentage of equity interest of the Company	
			Percentage	Point of time
Industrial and Commercial Bank of China Limited	Industrial and Commercial Bank	601398.SH	31.14%	As of 30 September 2023
Agricultural Bank of China Limited	Agricultural Bank	601288.SH	35.29%	As of 30 September 2023
Bank of Communications Co., Ltd.	Bank of Communications	601328.SH	23.88%	As of 30 September 2023
China Cinda Asset Management Co., Ltd.	China Cinda	01359.HK	58.00%	As of 30 June 2023
China Reinsurance (Group) Corporation	China Reinsurance	01508.HK	11.45%	As of 30 June 2023

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



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

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

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

As far as the Directors of the Company are aware, as at 31 December 2023, the following shareholders (other than the Directors, Supervisors and senior management of the Company) had an interest or short position in the shares or underlying shares of the Company which is required to be disclosed to the Company pursuant to Sections 2 and 3 of Part XV of the Securities and Futures Ordinance, or is required to be recorded in the register to be kept by the Company under Section 336 of the Securities and Futures Ordinance:

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

Name of shareholder	Capacity	Number of H shares	Nature of interests	Percentage of total issued H shares	Percentage of total issued shares
BlackRock, Inc.	Interest of controlled corporation	603,854,174	Long position	6.92%	1.37%
		658,000	Short position	0.01%	–

Save as disclosed above, as at 31 December 2023, the Company is not aware of any other shareholders having any interest or short positions in the shares or underlying shares of the Company, that is required to be recorded in the register to be kept under Section 336 of the Securities and Futures Ordinance.

V. DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

(I) Directors, Supervisors and Senior Management

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

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

Name	Position(s)	Gender	Age	Date of appointment
Wang Tingke	Chairman	Male	59	June 2023
	Executive Director			August 2020
Zhao Peng	Vice Chairman, Executive Director	Male	51	November 2023
	President			November 2023
Li Zhuyong	Executive Director	Male	51	December 2020
	Vice President			November 2018
	Responsible Compliance Officer			July 2023
	Chief Risk Officer			June 2023
Xiao Jianyou	Executive Director	Male	55	December 2022
	Vice President			August 2019
Wang Qingjian	Non-executive Director	Male	59	July 2017

Name	Position(s)	Gender	Age	Date of appointment
Miao Fusheng	Non-executive Director	Male	59	December 2020
Wang Shaoqun	Non-executive Director	Male	54	December 2020
Yu Qiang	Non-executive Director	Male	50	August 2021
Song Hongjun	Non-executive Director	Male	58	August 2023
Shiu Sin Por	Independent Non-executive Director	Male	74	May 2018
Ko Wing Man	Independent Non-executive Director	Male	66	May 2018
Cui Li	Independent Non-executive Director	Female	50	September 2021
Xu Lina	Independent Non-executive Director	Female	64	November 2021
Wang Pengcheng	Independent Non-executive Director	Male	53	August 2023
Starry Lee Wai King	Independent Supervisor	Female	49	October 2021
Wang Yadong	Employee Representative Supervisor	Male	53	January 2021
He Zuwang	Employee Representative Supervisor	Male	55	October 2022
Yu Ze	Vice President	Male	52	April 2020
Cai Zhiwei	Vice President	Male	48	February 2021
Zhang Jinhai	Vice President	Male	52	November 2022
Han Kesheng	Assistant to the President	Male	58	April 2010
	Responsible Audit Officer			February 2018
Zhou Houjie	Responsible Financial Officer	Male	59	March 2010
	Chief Financial Officer			March 2010
Zeng Shangyou	Secretary of the Board	Male	54	March 2023

2. *Resigned Directors, Supervisors and Senior Management*

Name	Previous position	Date of appointment	Date of termination	Change and cause
Luo Xi	Chairman, Executive Director	December 2020	March 2023	Resignation due to age
Wang Zhibin	Non-executive Director	August 2016	August 2023	Resignation due to work arrangement
Chen Wuzhao	Independent Non-executive Director	March 2017	August 2023	Resignation due to six consecutive years of service as an Independent Non-executive Director of the Company
Xu Yongxian	Shareholder Representative Supervisor	September 2009	January 2024	Resignation due to age

Note: The date of appointment refers to the time after completion of the Company's corporate governance process and the approval of the regulatory authority which is responsible for qualification verification.

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

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

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

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

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

Name	Position in the Company	Name of other companies/ institutions	Position in other companies/institutions	Date of appointment
Wang Tingke	Chairman, Executive Director	Insurance Society of China	Vice Chairman	June 2019
		China Chamber of International Commerce	Vice Chairman	September 2020
Li Zhuyong	Executive Director, Vice President, Responsible Compliance Officer, Chief Risk Officer	China Association of Insurance Law of China Law Society	Vice Chairman	October 2017
		China Maritime Law Association	Chairman	July 2020
Xiao Jianyou	Executive Director and Vice President	China Foundation for Development of Financial Education	Director	November 2020
		Asian Financial Cooperation Association	Vice Chairman	June 2021
		National Internet Finance Association of China	Vice Chairman	March 2023
Wang Qingjian	Non-executive Director	Central Huijin Investment Company Limited	Director appointed	July 2017
Miao Fusheng	Non-executive Director	Central Huijin Investment Company Limited	Director appointed	January 2021
Wang Shaoqun	Non-executive Director	Central Huijin Investment Company Limited	Director appointed	February 2021
Yu Qiang	Non-executive Director	Central Huijin Investment Company Limited	Director appointed	September 2021
Song Hongjun	Non-executive Director	Founder Securities Co., Ltd.	Non-executive Director	January 2023
Shiu Sin Por	Independent Non-executive Director	New Paradigm Foundation	President	September 2017
		Chongyang Institute for Financial Studies at Renmin University of China	Senior Fellow	December 2017
		Academic Advisory Board of CITIC Foundation for Reform and Development Studies	Overseas Consultant	January 2018
		School of Public Policy and Management of Tsinghua University	Senior Visiting Fellow	January 2018
		Shanghai East Asia Research Institute	Consultant	April 2018
		CITIC Foundation for Reform and Development Studies	Consultant	August 2018
		Institute of Social Governance, University of Chinese Academy of Social Sciences	Research Analyst	March 2019
		Chinese Association of Hong Kong & Macao Studies	Consultant	September 2020

Name	Position in the Company	Name of other companies/ institutions	Position in other companies/institutions	Date of appointment
Ko Wing Man	Independent Non-executive Director	Dr. Ko Wing Man Clinic	Doctor	August 2017
		Governance Committee of St. Teresa's Hospital	Non-executive Member	December 2020
		Capital Medical Health Industry Group Limited	Honorary Chairman	September 2021
		EC Healthcare Group, Hong Kong	Chief Consultant	February 2022
		Strategic Healthcare Holdings Ltd. of New Frontier Group	Independent Non-executive Director	October 2022
		Vitalink Technology Co., Ltd.	Independent Non-executive Director	July 2023
Cui Li	Independent Non-executive Director	CCB International Securities Limited	Chief Economist, Head of Macro-research and Managing Director	February 2016
		China Finance 40 Forum	Special Invited Member	February 2016
		China Chief Economist Forum	Director	November 2012
Xu Lina	Independent Non-executive Director	Actuarial Department of Columbia University	Senior Academic Director	March 2019
Wang Pengcheng	Independent Non-executive Director	Beijing Technology and Business University	Professor	July 2022
		Accounting Society of China	Director	July 2015
		Enterprise Accounting Standards Professional Board of the Accounting Society of China	Chairman	February 2024
		ESG Specialized Committee of China Association for Public Companies	Expert Member	August 2022
		Financial Controller Professional Committee of China Association for Public Companies	Deputy Chairman	January 2023
		Banking Accounting Society of China	Director	October 2022
		ESG Specialized Committee of the Chinese Institute of Business Administration	Deputy Chairman	December 2023
		Strategic Advisory Committee of Xiamen National Accounting Institute	Member	February 2022
		MPAcc Advisory Committee of Renmin Business School	Member	March 2019
		Ernst & Young Research Institute	Consultant	July 2022
		China Management Accounting Review	Editorial Board Member	April 2020

Name	Position in the Company	Name of other companies/ institutions	Position in other companies/institutions	Date of appointment
Starry Lee Wai King	Independent Supervisor	Hong Kong University of Science and Technology	Council Member/ Advisor	August 2010
		KPMG Hong Kong	Consultant	March 2021
He Zuwang	Employee Representative Supervisor	Chinese Young Volunteers Association	Executive Director	May 2021
		History Records Professional Committee of Insurance Society of China	Chairman	May 2021
		Chinese Society of Financial Ideological and Political Work	Executive Director	November 2021
Yu Ze	Vice President	Insurance Association of China	Vice President	June 2022
Cai Zhiwei	Vice President	Hua Xia Bank Co., Limited	Non-executive Director	July 2022
Zhang Jinhai	Vice President	Specialized Committee on Information Technology of the IAC	Member	April 2021
Zhou Houjie	Responsible Financial Officer, Chief Financial Officer	China Association of Chief Financial Officers	Vice Chairman	June 2019
		Specialized Committee on Accounting of the IAC	Deputy Chairman	January 2021
		Banking Accounting Society of China	Vice Chairman	November 2022
Zeng Shangyou	Secretary of the Board	Specialized Committee on Corporate Governance and Auditing of the IAC	Deputy Chairman	May 2021
		Investors’ Relations Management Committee of the LCAB	Deputy Chairman	October 2022
		Overseas Listed Company Branch (in preparation) of China Association for Public Companies	Member	January 2024

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

Executive Directors

MR. WANG TINGKE

Chairman and Executive Director

Mr. Wang Tingke, is the Chairman, an Executive Director and a senior economist. From July 1995 to March 2009, Mr. Wang worked in China Everbright Bank. He worked in China Everbright Group from March 2009 to February 2015. He was the deputy general manager of China Taiping Insurance Group Ltd. (China Taiping Insurance Group (HK) Company Limited) from February 2015 to June 2018 and executive director from August 2016. He served as the vice chairman and general manager of China Export & Credit Insurance Corporation from June 2018 to April 2020. He was appointed as the Vice Chairman, an Executive Director and the President of the Company in April 2020, and he has been appointed as the Chairman since May 2023. Mr. Wang has also served as a non-executive director and the chairman of PICC P&C, a non-executive director and the chairman of PICC AMC, and a non-executive director and the chairman of PICC Hong Kong. Mr. Wang served as the Responsible Compliance Officer and Chief Risk Officer of the Company, and also served as a non-executive director and the chairman of PICC Health, and a non-executive director and the chairman of PICC Pension. Mr. Wang served as the vice president of Insurance Society of China since June 2019 and as the vice president of China Chamber of International Commerce since September 2020. Mr. Wang graduated from Shaanxi University of Finance and Economics (currently known as Xi'an Jiaotong Univerisity) in July 1995 and obtained a bachelor's degree, a master's degree and a doctoral degree in economics.

MR. ZHAO PENG

Vice Chairman, Executive Director and the President

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

MR. LI ZHUYONG

Executive Director,
Vice President,
Responsible Compliance Officer and
Chief Risk Officer

Mr. Li Zhuyong, is an Executive Director, Vice President, the Responsible Compliance Officer and Chief Risk Officer of the Company and a senior economist. Mr. Li joined the Company in August 1998. From September 2003 to March 2006, he was the leading officer and deputy general manager of the legal department. From March 2006 to March 2017, he was the general manager of the legal and compliance department, the risk management department/legal compliance department, and the legal compliance department. From August 2013 to July 2018, he served as the legal director. He was appointed as the Vice President of the Company since August 2018, and as an Executive Director since August 2020. Mr. Li has also served as a non-executive director and the chairman of China Credit Trust Company Limited, and a non-executive director and the vice chairman of PICC Hong Kong. Mr. Li served as the Secretary of the Board of the Company; he also served as the supervisor of PICC P&C, the chairman of PICC Financial Services and a director of Industrial Bank Co., Ltd. Mr. Li has served as the vice chairman of the China Association of Insurance Law of China Law Society since October 2017, and the chairman of China Maritime Law Association since July 2020. Mr. Li graduated from Anhui Normal University with a bachelor's degree in law in July 1994, graduated from the Capital University of Economics and Business with a master's degree in law in July 1998, and graduated from China University of Political Science and Law with a doctoral degree in law in June 2011.

MR. XIAO JIANYOU

Executive Director and Vice President

Mr. Xiao Jianyou, is an Executive Director, a Vice President of the Company and a senior economist. Mr. Xiao joined the Company in August 1994 until August 1996. From August 1996 to May 2019, he worked in China Life Insurance Company Limited (PICC Life Company Limited and China Life Insurance Company). Mr. Xiao was appointed as the assistant to the general manager of Jiangsu Branch in March 2008, the deputy general manager of Jiangsu Branch in August 2010, the person-in-charge of Jiangsu Branch in February 2013, the deputy general manager (presiding) in April 2013, and the general manager of Jiangsu Branch in January 2014. He was the assistant to the president in July 2015 and the vice president from October 2016 to May 2019 of China Life Insurance Company Limited. He has been appointed as a Vice President of the Company in June 2019 and as an Executive Director of the Company since July 2022. Mr. Xiao has also served as an executive director, the president and vice chairman of PICC Life, the chairman of PICC Reinsurance. Mr. Xiao previously served as a non-executive director and the chairman of PICC Life, a non-executive director and the vice chairman of PICC Hong Kong. Mr. Xiao has been a director of the China Foundation for Development of Financial Education since November 2020, the vice chairman of Asian Financial Cooperation Association since June 2021, and the vice chairman of National Internet Finance Association of China since March 2023. Mr. Xiao graduated from Jiangxi University of Chinese Medicine with a bachelor's degree in medicine in July 1991, and graduated from Nanjing University with a bachelor's degree in law in July 1994.

Non-executive Directors

MR. WANG QINGJIAN

Non-executive Director

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

MR. MIAO FUSHENG

Non-executive Director

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

MR. WANG SHAOQUN

Non-executive Director

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

MR. YU QIANG

Non-executive Director

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

MR. SONG HONGJUN

Non-executive Director

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

Independent Non-executive Directors

MR. SHIU SIN POR

Independent Non-executive Director

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

MR. KO WING MAN

Independent Non-executive Director

Mr. Ko Wing Man, is an Independent Non-executive Director of the Company. He is currently an orthopaedic surgeon at Dr. Ko Wing Man Clinic (高永文醫生診所). Mr. Ko is a member of the 13th National Committee of the Chinese People's Political Consultation Conference and a standing member of the 14th National Committee of the Chinese People's Political Consultation Conference. Mr. Ko served as a trainee doctor and hospital doctor of Princess Margaret Hospital from July 1981 to March 1989, the chief doctor and assistant director of former Health Services Panel in Hong Kong from April 1989 to November 1991, the Professional and Public Affairs director and the Professional and Human Resources director of the Hong Kong Hospital Authority from December 1991 to December 2004, the president and specialist of Congruence Orthopaedics & Rehabilitation Center from April 2005 to June 2012, the Secretary for Food and Health of Government of the Hong Kong Special Administrative Region from July 2012 to June 2017, and has been an orthopaedic surgeon at Dr. Ko Wing Man Clinic since August 2017. He served as an independent non-executive director of Bamboos Health Care Holdings Limited from August 2018 to August 2021; and the non-executive member of the Governance Committee of St. Teresa's Hospital since December 2020. He served as an independent non-executive director of Your Health Specialists Company and Your Health Specialists Medical Group Limited from March 2021 to September 2022; honorary chairman of Capital Medical Health Industry Group Limited since September 2021; and chief consultant of EC Healthcare Group, Hong Kong since February 2022; an independent non-executive director of Strategic Healthcare Holdings Ltd. of New Frontier Group since October 2022; and an independent non-executive director of Vitalink Technology Co., Ltd. since July 2023. Mr. Ko served as the president/chairman of The Hong Kong Anti-Cancer Society from December 2005 to June 2017, the director of the Hong Kong Red Cross from September 2008 to July 2012. Mr. Ko has been appointed as an Independent Non-executive Director of the Company since May 2018. Mr. Ko graduated from the University of Hong Kong with a bachelor degree in medicine and surgery in July 1981; he graduated from the Royal College of Surgeons of Edinburgh with a qualification of fellowship in January 1986; he graduated from the University of New South Wales in Australia with a master degree in health administration in May 1993; he was awarded a qualification of fellowship of Orthopaedics of the Hong Kong Academy of Medicine in December 1993 and a qualification of fellowship Community Medicine in October 2000; he became a fellow of Faculty of Public Health of the Royal College in the United Kingdom in February 2002. Mr. Ko was awarded the Bronze Bauhinia Star in Hong Kong in October 2008 and the Gold Bauhinia Star in Hong Kong in October 2017.

MS. CUI LI

Independent Non-executive Director

Ms. Cui Li, is an Independent Non-executive Director of the Company. She was a senior economist of the International Monetary Fund (IMF) in Washington, U.S. from June 2000 to August 2008; head of foreign affairs department of the Hong Kong Monetary Authority from September 2008 to December 2010; chief Chinese economist in the Royal Bank of Scotland from January 2011 to March 2012; managing director of global investment research department of Goldman Sachs Investment Bank from April 2012 to January 2015; vice president of International Finance Forum Research Institute from February 2015 to January 2016; and chief economist, head of macro-research and managing director of CCB International Securities Co., Ltd. since February 2016 and a specially invited member of China Finance 40 Forum. She has been a director of China Chief Economist Forum since November 2012. She was a visiting associate professor of the Business School of the University of Hong Kong from June to September 2016. Ms. Cui was appointed as an Independent Non-executive Director of the Company in September 2021. Ms. Cui graduated from Renmin University of China with a bachelor's degree in international economics in 1993; graduated from Northwestern University in the United States with a master's degree in economics in 1996; and graduated from Northwestern University in the United States with a doctoral degree in economics in 2000.

MS. XU LINA

Independent Non-executive Director

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

MR. WANG PENGCHENG

Independent Non-executive Director

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

Supervisors

MS. STARRY LEE WAI KING

Independent Supervisor

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

MR. WANG YADONG

Employee Representative Supervisor

Mr. Wang Yadong, is an Employee Representative Supervisor of the Company and an economist. Mr. Wang joined the Company in July 1995 and was the deputy director of the Property Insurance Department of Hubei Branch. He worked at PICC P&C, and was the general manager of the Underwriting Department of the Hubei Branch, the Property and Casualty Insurance Department/Major Commercial Risk Insurance Department/ Cargo Insurance Department/Reinsurance Department since July 2003. He was a senior manager of the business collaboration team of business development department and a senior manager of the infrastructure office of the Company since November 2007. He served as the deputy general manager of the infrastructure office of the Company of the second south information center of the Company since August 2013 and the general manager of the infrastructure office since March 2017. He served as the general manager of the audit department since June 2018 and the general manager of the audit centre since June 2021. He has served as the vice president of PICC Technology since August 2022. Mr. Wang has served as a supervisor of PICC P&C since September 2019, and a responsible audit officer of PICC Life from November 2021 to October 2022. Mr. Wang graduated from Hunan College of Finance and Economics with a bachelor's degree in economics in July 1995 and obtained an EMBA degree from Huazhong University of Science and Technology in December 2010.

MR. HE ZUWANG

Employee Representative Supervisor

Mr. He Zuwang, is an Employee Representative Supervisor of the Company and a senior economist. Mr. He joined the Company in June 2001 and worked at PICC P&C from March 2004 to February 2021. He served as the deputy director and director of the human resources management office of the human resources department system; the assistant general manager of the strategic development department since July 2009, the deputy general manager since March 2011, the deputy general manager (presiding) of the procurement center since April 2018, the deputy director of the office (presiding) since July 2019 and the director of the office since November 2019. He has served as the general manager of the Party construction department/Party committee of institutions/labour union/youth league committee/veteran cadre service department of the Company since February 2021. Mr. He has been an executive director of the China Youth Volunteer Association since May 2021, a chairman of the History Records Professional Committee of Insurance Society of China since May 2021, an executive director of the China Financial Ideological and Political Work Research Association since November 2021 and the secretary general of the PICC Charity Foundation since April 2023. Mr. He graduated from China University of Geosciences (Wuhan) with a bachelor's degree in engineering in July 1990 and obtained a master's degree in business administration from Beijing Institute of Technology in March 2006.

Senior Management

Mr. Wang Tingke. Please refer to the section headed "Executive Directors" for the biography of Mr. Wang Tingke.

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

Mr. Li Zhuyong. Please refer to the section headed "Executive Directors" for the biography of Mr. Li Zhuyong.

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

MR. YU ZE

Vice President

Mr. Yu Ze, is a Vice President of the Company. Mr. Yu joined the Company in July 1994. From July 2003 to October 2006, he worked in PICC P&C and was the executive deputy general manager of Motor Vehicle Insurance Business Department of Tianjin Branch. He worked at The Tai Ping Insurance Company Limited (Taiping General Insurance Company Limited) from October 2006 to November 2019 and served as general manager of the Tianjin Branch in February 2007, marketing director in May 2009, assistant general manager in April 2010, deputy general manager in October 2012, deputy general manager (presiding) in October 2015, and the general manager in September 2016. He has been appointed as the Vice President of the Company since December 2019. Mr. Yu has also served as an executive director, vice chairman and president of PICC P&C. He served as the Responsible Compliance Officer and the Chief Risk Officer of the Company; the chairman of PICC Investment Holding; a non-executive director and the chairman of PICC Financial Services; a non-executive director and the chairman of PICC Technology. Mr. Yu has served as the vice president of the IAC since June 2022. Mr. Yu graduated from Nankai University with a bachelor's degree in economics in July 1994.

MR. CAI ZHIWEI

Vice President

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

MR. ZHANG JINHAI

Vice President

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

MR. HAN KESHENG

Assistant to the President and Responsible Audit Officer

Mr. Han Kesheng, is an Assistant to the President of the Company, the Responsible Audit Officer and a senior economist. Mr. Han joined the National Ministry of Supervision in July 1991, the CPC Central Commission for Discipline Inspection in January 1993 and until May 2001, served successively as deputy division level inspector, division level inspector and supervisor of the General Office. Mr. Han joined the Company in May 2001 and served successively as assistant to the general manager and deputy general manager of the Human Resources Department of the Company, deputy general manager of the Human Resources Department of PICC P&C and general manager of the Supervisory Department/Auditing Department of the Company. Mr. Han has served as general manager of the Human Resources Department of the Company from September 2007 to January 2015 and Assistant to the President since March 2010 and Responsible Audit Officer since December 2017. Mr. Han is also the Chairman of the Board of Supervisors of PICC Health. Mr. Han graduated from Anhui Normal University with a bachelor's degree in literature in July 1985 and graduated from Nankai University with a master's degree in literature in July 1991.

MR. ZHOU HOUJIE

Responsible Financial Officer and Chief Financial Officer

Mr. Zhou Houjie, is the Responsible Financial Officer and Chief Financial Officer of the Company, and one of the China's first batch of Top Management Accountants. Mr. Zhou served as a teacher in Xinjiang Finance School from July 1984 to May 1992; he served as the deputy division director and the head of accounting department of the Bank of China (Xinjiang Branch) from May 1992 to March 2002. Mr. Zhou served as deputy general manager and general manager of the Finance Department of China UnionPay Company Limited, secretary of the communist party group and general manager of its Shanghai branch and general manager of its Banking Service Department from March 2002 to July 2008. Mr. Zhou served as vice president of China Huawen Investment Holding Company Limited and vice president of Shanghai Xin Huawen Investment Company Limited from July 2008 to July 2010 and has served as the Financial Responsible Officer and Chief Financial Officer of the Company since January 2010. Mr. Zhou also served as a non-executive director of Shanghai New Huang Pu Real Estate Co., Ltd (a listed company on the SSE, stock code: SH.600638). and a non-executive director of PICC Capital. Mr. Zhou has been appointed as the vice president of the China Association of Chief Financial Officers since June 2019, the deputy chairman of the Specialized Committee in Accounting of the IAC since January 2021 and the vice chairman of the Bank Accounting Society of China since November 2022. Mr. Zhou graduated from the Central Institute of Finance and Economics with a bachelor's degree in economics in June 1991 and the Shanghai National Accounting Institute with an Executive Master of Business Administration degree in June 2005.

MR. ZENG SHANGYOU

Secretary of the Board

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

(III) Remuneration of Directors, Supervisors and Senior Management

Name	Amount paid (RMB0'000)	Payments for various benefits, social insurance, housing fund, corporate annuities and others (RMB0'000)	Total pre-tax compensation received from the Company during the reporting period (RMB0'000)
Wang Tingke	67.26	31.57	98.83
Zhao Peng	33.63	16.02	49.65
Li Zhuyong	60.53	29.97	90.50
Xiao Jianyou	60.53	29.97	90.50
Wang Qingjian	/	/	/
Miao Fusheng	/	/	/
Wang Shaoqun	/	/	/
Yu Qiang	/	/	/
Song Hongjun	/	/	/
Shiu Sin Por	30.00	/	30.00
Ko Wing Man	25.00	/	25.00
Cui Li	30.00	/	30.00
Xu Lina	25.00	/	25.00
Wang Pengcheng	10.00	/	10.00
Starry Lee Wai King	30.00	/	30.00
Wang Yadong	/	/	/
He Zuwang	/	/	/
Yu Ze	60.53	29.97	90.50
Cai Zhiwei	60.53	29.97	90.50
Zhang Jinhai	60.53	24.61	85.14
Han Kesheng	105.50	29.13	134.64
Zhou Houjie	101.83	28.83	130.66
Zeng Shangyou	62.62	18.72	81.34

Remuneration of Resigned Directors, Supervisors and Senior Management

Name	Amount paid (RMB0'000)	Payments for various benefits, social insurance, housing fund, corporate annuities and others (RMB0'000)	Total pre-tax compensation received from the Company during the reporting period (RMB0'000)
Luo Xi	16.81	7.78	24.59
Wang Zhibin	/	/	/
Chen Wuzhao	22.50	/	22.50
Xu Yongxian	92.06	28.81	120.87

Notes:

1. Decision-making procedures for remuneration of directors, supervisors and senior management: Remuneration of directors and supervisors is approved by shareholders' general meeting, and remuneration of senior management is approved by the Board of Directors.
2. Basis for determining the remuneration of directors, supervisors and senior management: The remuneration of directors, supervisors and senior management is determined based on the Company's remuneration system, the Company's operating conditions and assessment results.
3. Actual payment of remuneration of directors, supervisors and senior management: After completion of the approval procedures for the remuneration of directors, supervisors and senior management, they shall be paid according to the regulations. During the reporting period, the total actual remuneration received by all directors, supervisors and senior management from the Company was RMB12.602 million. (Figures may not add up to total due to rounding, similarly hereinafter).
4. According to the relevant assessment results of the Company in 2022, the remuneration of the directors, supervisors and senior management of the Company in 2022 was adjusted, please see the disclosed information dated 29 December 2023 on the Company's website (https://www.picc.com/xwzx/gkxx/zxxx/jtqt/202312/P020231229556214665300.pdf).
5. Mr. Zhao Peng received remuneration from July 2023, Mr. Wang Pengcheng received fees from September 2023, and Mr. Zeng Shangyou received remuneration from April 2023.
6. Mr. Wang Yadong and Mr. He Zuwang are employee representative supervisors of the Company, and the Company has not granted any allowances to employee representative supervisors. Mr. Wang Yadong and Mr. He Zuwang, as employees of the Company or its subsidiaries, receive remuneration according to the employee compensation policy of the Group.
7. The data are rounded and therefore the total amount of pre-tax remuneration is not necessarily equal to the sum of the first two items.

(IV) Employees of the Company

1. *Employees*

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

Unit: person

Number of employees in the parent company	368
Number of employees in principal subsidiaries	175,513
Total number of employees	175,881
Number of employees to be retired for whom the parent company and principal subsidiaries have to pay pension	40,516
Category of specialty composition:	
Management personnel	2,629
Professional and technical personnel	106,947
Marketing and sales personnel	66,023
Others	282
Total	175,881
Category of education level:	
Master and above	10,780
Undergraduate	115,964
College graduate	41,703
Others	7,434
Total	175,881

2. *Employee Compensation Policy*

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

3. *Training Plan*

In 2023, the Company focused on promoting the implementation of the Group's educational training system, continuously improved the training management system, and coordinated the construction of the online training platform. The Company carried out various forms of training to the Group, including specialized trainings on actuarial, finance, auditing, centralized procurement, recruitment, legal compliance, reputational risk, grassroots Party building and the Communist Youth League, to help employees improve their overall competence and quality.

I. ENVIRONMENTAL INFORMATION

The Group is not a high pollution and high emissions enterprise and does not have significant impact on natural resources and the environment. The Group strictly complies with relevant laws and regulations and vigorously promotes exploration and innovation in the field of green operation. By promoting paperless office, constructing green data centers and building green buildings, the Group has embedded energy conservation and emission reduction into various departments and links of enterprise operation, so as to effectively reduce environmental impact. In 2023, the Group initiated two-level headquarters carbon inventory for the first time, measured carbon emissions at the operational level and organized pilot work for carbon neutrality business outlets, so as to strive to achieve carbon neutrality goals as soon as possible.

Strengthened energy-saving management. The headquarters office building of the Company implemented time-sharing operation of the power system. The time-sharing operation measures were implemented for the air conditioning system, lighting in public areas, elevators and other equipment, which were divided into working hours operation mode, non-working hours operation mode and holiday operation mode.

Enhanced energy-saving renovation. The Group adopted energy-saving technical transformation, replacement of energy-saving equipment and other consumption reduction measures to further control the overall energy expenses of the system, reduce operating costs, comprehensively strengthen the life cycle management of facilities and equipment, and promote energy conservation and consumption reduction of buildings for owners to reduce costs and increase efficiency.

Strengthened energy-saving promotion. The Group released a green and low-carbon lifestyle proposal for employees to stimulate internal motivation to protect the ecological environment and promote a green and low-carbon lifestyle. The Group also created energy-saving logo reminder cards, and carried out energy-saving image promotion activities during the National Energy Conservation Publicity Week, to cultivate employees' awareness of energy-saving.

The Group actively integrated into the national "dual carbon" strategic layout, actively implemented the concept of green development, vigorously developed green finance, and provided professional financial services in key areas such as energy transformation, pollution reduction and emission reduction, and carbon sequestration and sink enhancement, so as to help promote overall green transformation of the economy and society.

Actively served the development of green energy. The Group actively cooperated with large power construction groups such as Power China and Energy China, and increased its efforts in expanding clean energy projects such as hydropower, wind power, photovoltaic and pumped storage. In 2023, the Group provided risk coverage of RMB2.8 trillion for clean energy, such as wind power, photovoltaic, hydropower and so on. The Group strengthened cooperation with railway construction groups such as

CREC and CRCC, actively underwrote low-carbon rail transit projects such as high-speed rail and light rail, and underwrote rail transit lines and construction sections such as the Sichuan-Tibet Railway, North Yangtze River High-Speed Railway and Ningbo-Zhoushan High-Speed Railway.

Contributed to environmental protection and ecological improvement. The Group continued to follow up on the pilot work of national environmental pollution compulsory liability insurance, continuously enriched environmental pollution liability insurance products, launched new models of ecological and environmental green insurance, and provided pollution liability risk coverage of RMB19.1 billion. The Group served to mitigate the risk of ship pollution, and provided risk coverage of over RMB9.3 trillion, contributing to the development of green shipping. The Group supported green and energy-saving buildings by deepening cooperation with construction risk management service institutions, intervening in the green building application process in advance, inspecting engineering design, specifications, bill of quantities and other engineering related documents, and deeply participating in the construction process, to ensure that buildings are green and meet standards.

Supported the enhancement of carbon sequestration and sink capacity. The Group actively explored a new path of "carbon sink + insurance" and developed forestry carbon sink insurance special products. In 2023, the Group underwrote the coverage of forest areas exceeding 1.08 billion mu, providing strong guarantee for the enhancement of forest storage and carbon sequestration capacity. The Group explored the development path of green finance and increased the provision of insurance credit enhancement for green enterprises and enterprises' financing needs for energy-saving and emission reduction in dual carbon pilot areas such as Hubei, Jiangsu and Zhejiang. In 2023, the Group provided insurance coverage support for 331 green and low-carbon enterprises with a financing amount of RMB892 million.

II. SOCIAL RESPONSIBILITY PERFORMANCE

The Group adhered to sharing the value of resources with the society, continued to do a good job in providing assistance to targeted areas, devoted itself to public welfare, charity and volunteer services, constantly innovated work ideas and measures, increased resource investment, and continuously contributed to social undertakings such as poverty alleviation, improving well-being, promoting development and protecting the environment.

Solidly carried out assistance work. The Group provided targeted assistance to Huachuan County in Heilongjiang Province, Liuba County in Shaanxi Province, Ji'an County and Le'an County in Jiangxi Province, and Hongyuan County in Sichuan Province was added in 2023. In 2023, the Group invested RMB45 million in assistance funds and introduced RMB16 million of free assistance funds. The Group trained a total of 8,154 grassroots cadres, technician and wealth leaders for rural revitalization. In the 2023 targeted assistance assessment of central units, the Group was granted the highest-grade of "good" in the targeted assistance assessment of central units for five consecutive years.

Intensified efforts in poverty alleviation through consumption. The Group was committed to creating an "endogenous" assistance model for targeted areas, and building a consumption assistance platform of PICC to support the development of rural industries in targeted areas. The platform has a total of 155 suppliers covering 51 counties in 15 provinces, with 1,585 agricultural products listed for sale. In 2023, the platform completed direct purchase of and helped sell agricultural products from targeted assistance counties and other poverty-stricken areas with a total of RMB64.48 million.

Actively responded to disaster relief. In 2023, in the face of rainstorm in Hebei, the Group immediately implemented the relevant deployment of the CPC Central Committee and the State Council on rescue and disaster relief by donating RMB5 million to the flooded area in Zhuozhou, Hebei, and fully supporting the local reconstruction after the disaster. During the "Doksuri" disaster, PICC P&C donated group accident insurance to nearly 100 thousand emergency rescue personnel in Beijing, Tianjin, Hebei, Jilin and Heilongjiang, to cover the death, disability and medical expenses resulting from accidental injuries suffered by the emergency rescue personnel in the process of flood prevention and disaster relief such as emergency rescue, embankment inspection and disaster investigation.

Cared for women's physical and mental health. In 2023, the Group donated 10 "Mother's Health Express" vehicles to Hongyuan County and other poverty-stricken areas to help improve the health awareness of local residents and the medical and hygienic conditions of women and children, and to alleviate the difficulties of women who are impoverished due to illness. The Group carried out the "Mother's Health Express" charity free clinic activity, offered free clinics, lectures, training and home visits in impoverished areas, and provided direct and high-quality medical services to local residents.

Contributed to the development of education in impoverished areas. The Group donated RMB0.8 million to the Education Bureau of Dangchang County, Gansu Province, which was used specifically to support the construction project of the vocational education cooking training room in Dangchang County, and to help improve the vocational skills of local vocational education students. The Group donated RMB1 million to the China Youth Development Foundation to support the construction of canteens in 20 rural schools in Guangxi Zhuang Autonomous Region and Hubei Province, helping rural schools improve their food supply capacity.

III. CONSUMERS' RIGHTS AND INTERESTS PROTECTION

(I) Consumers' Rights and Interests Protection

In 2023, in accordance with regulatory requirements, the Group established a relatively complete consumer protection work system through cooperation and joint efforts of all levels of the system. The system is sound, the mechanism operates smoothly and the effectiveness of complaint management is evident.

Firstly, completed various consumers' rights and interests protection rectification. In view of the deficiencies of the Company and its subsidiaries in the protection of consumer rights and interests, the Group took various measures to formulate rectification measures, established a supervision follow-up mechanism, reasonably disposed of all transferred complaint cases, and comprehensively improved the shortcomings and weaknesses. Currently, all rectification work has been completed.

Secondly, better integrated consumer protection into the overall corporate governance. The Group continued to strengthen the effective performance of the "Three Committees and One Board". The boards of directors and special committee for consumer protection at all levels regularly received and reviewed important consumer protection resolutions such as annual reports, work plans, rectification reports and complaint analysis of consumer protection to guide consumer protection work; the Board of Supervisors convened or attended relevant meetings on consumer protection, and exercised supervisory functions; the management took the lead in implementing various consumer protection work mechanisms and held four meetings on consumer protection work during the year. The Company has also set up a consumer protection department and consumer protection office to further enhance the importance of consumer protection work and to implement all consumer protection work in a high standard.

Thirdly, ensured effective operation of the consumer work mechanism. The Group formulated and issued the Notice on Optimizing Mechanisms, Strengthening Management and Further Improving the Group's Consumer Protection Work, to further clarify the responsibilities of relevant departments and subsidiaries of the Company, and to ensure continuous implementation of the mechanism and process of consumer protection work. The Group regularly disclosed significant information and complaints on consumer protection, conducted complaint data analysis, promoted subsidiaries to comprehensively carry out complaint management, and implemented the expansion of 12378. The Group also played the roles of internal assessment and internal audit by incorporating consumer protection into the assessment system for leadership team and main responsible persons of subsidiaries, and conducting annual consumer protection audits of subsidiaries and branches.

Fourthly, carried out high-quality consumer rights publicity work. The Company took the lead in organizing the "3.15" Education and Publicity Week and the Financial Consumer Protection Education and Publicity Month activity, implemented the deployment of the "bring into five places (五進入)" activity, popularized financial and insurance knowledge at the Xiong'an Marathon site, and distributed publicity materials. During the two events, the Group organized all subsidiaries to carry out more than 27 thousand online and offline activities, reaching over 0.8 billion consumers in aggregate, representing an increase of 247% compared with last year.

(II) Annual Consumer Complaints

The Company has always attached great importance to consumer complaint work, regularly conducted complaint analysis, and organized subsidiaries to deepen complaint management focusing on weak areas. The subsidiaries adhered to the main responsibility of complaint management. In particular, they carried out special rectification in key areas of complaints, achieving significant results. In 2023, the proportion of PICC P&C's regulatory-transferred complaints in the industry further decreased by 1.38 percentage points, the number of PICC Life's regulatory-transferred complaints decreased by 32.3% year-on-year compared with that of last year, and the number of PICC Health's insurance with RMB100 million premium decreased by 9.7% year-on-year.

IV. WORK OF CONSOLIDATING AND EXPANDING THE ACHIEVEMENTS OF POVERTY ALLEVIATION AND RURAL REVITALIZATION

(I) Adhered to Organizational Leadership and Fully Implemented Central Decision-making and Deployment

The Group attaches great importance to rural revitalization and targeted assistance work, has always insisted on early planning, early deployment and early implementation, and made serving rural revitalization an important component of the Group's "Eight Strategic Services". **Convened special meetings to strengthen top-level design.** In March 2023, the Group convened the "Work Conference regarding Implementation of the 2023 No. 1 Central Document and Solidly Performance of Targeted Assistance and Promotion of Rural Revitalization" to deploy the task of targeted assistance and promoting rural revitalization throughout the year, and to ensure that the Group's targeted assistance and rural revitalization work reached a new level. **Issued a list of tasks to ensure stable implementation of work.** At the beginning of 2023, the Company issued the "Guiding Opinions on Sustainable and Extensive Services to Comprehensively Promote Rural Revitalization and to Support the Construction of Agricultural China" and the "Work Plan for Targeted Assistance and Promotion of Rural Revitalization in 2023" as well as the "Task List of Targeted Assistance and Promoting Rural Revitalization in 2023", which clarified a total of 66 specific tasks in four major aspects, and ensured "effective implementation and concrete results" of the key tasks relying on the five-tier promotion mechanism at the Company, subsidiary, provincial, municipal and county levels as well as the well-established "agriculture, rural areas and farmers" grassroots service system. **Leaders took the lead in conducting research and carried out supervision and guidance.** The Group conducted several on-site surveys and research in targeted assistance counties such as Huachuan County in Heilongjiang Province, Liuba County in Shaanxi Province, Ji'an County and Le'an County in Jiangxi Province and Hongyuan County in Sichuan Province, supervised and guided the specific work of targeted assistance, and coordinated the resolution of various problems. A total of 28 research guidance teams were dispatched throughout the year to conduct in-depth research in targeted assistance counties, with the number of participants reaching 192.

(II) Adhered to the Original Mission to Get Well-prepared for the Implementation of Work Tasks

The Group insisted on the implementation of the requirement of "shaking off poverty rather than responsibility, policies, assistance and supervision (四個不摘)" and maintained the strength of assistance. **In terms of fund investment,** the Group directly invested RMB45 million in free assistance funds and introduced RMB16 million in free assistance funds in 2023 based on the actual needs of targeted assistance counties, and provided RMB0.8 billion in agricultural financing. **In terms of cadre outpostings,** the Group has always insisted on selecting cadres with high political quality and strong professional abilities to the front line of targeted assistance, and has endeavoured to cultivate a group of leaders who lead the people in poverty-stricken areas towards common prosperity. At present, the Group has selected and dispatched 20 assistance cadres in targeted assistance counties, including 5 primary secretaries in the village. **In terms of consumption assistance,** the Group further expanded the sales network coverage of assistance products. In 2023, the amount of consumption assistance was RMB64.4806 million, of which the amount of direct purchase of agricultural products in targeted assistance counties and other poverty-stricken areas was RMB58.3749 million, and the amount of helped sell of agricultural products in targeted assistance counties and other poverty-stricken areas was RMB6.1057 million.

(III) Adhered to Precise Policy Implementation and Continuously Supported the "Five Major Revitalizations" of Rural Areas

The Group **assisted in industrial revitalization** by actively investing in assistance projects focusing, broadening the development boundaries, and extending industrial value, focusing on the areas of agricultural storage and processing, industrial chain extension, restructuring and upgrading, etc. and based on advantageous resource endowment of the four counties and actual situation of industrial development. In 2023, the Group supported 33 leading enterprises and 82 cooperatives in targeted assistance counties, further expanding rural industrial development and employment opportunities for the people. The Group **assisted in talent revitalization** by organically combining the cultivation of local talents with talent recruitment talent attraction, creating a strong team of rural revitalization talents, and helping to stimulate endogenous development momentum in poverty-stricken areas. In 2023, the Group trained a total of 8,154 grassroots cadres, technicians and wealth leaders for rural revitalization in targeted assistance counties. The Group **assisted in cultural revitalization** by adhering to the red culture, ethnic culture, rural folk culture and other characteristic cultures, strengthening the construction of rural cultural infrastructure, promoting the integration of culture and tourism resources, continuously improving the level of rural social civilization and contributing to the development of cultural tourism industry. The Group **assisted in ecological revitalization** by adhering to the development concept of "lucid waters and lush mountains are invaluable assets", focusing on the improvement of ecological and living environment, safety of drinking water and realisation of the value of ecological products, and contributing to the construction of beautiful rural areas to live and work.

I. MATERIAL LAWSUIT AND ARBITRATION

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

II. RELATED PARTY TRANSACTIONS

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

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

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

In accordance with the SSE Listing Rules and other regulatory requirements, the SSF constitutes a related party of the Company under the regulatory rules of the SSE. Since 2017, the SSF has entrusted PICC AMC to manage part of its assets. As of 31 December 2023, the assets under the management of PICC AMC were RMB6,881 million. During the reporting period, PICC AMC accrued assets management fee income of RMB14.1969 million. The above mentioned transactions do not constitute major related party transactions and do not meet the disclosure standard of related party transactions.

(III) Overall Situation of Related Party Transactions in 2023 under the Regulatory Standards of the NFRA

During the reporting period, the types of related party transactions of the Company under the regulatory standards of the NFRA mainly include: services, capital operation and insurance business. One of the transactions constitutes a major related party transaction: on 13 October 2023, the Company, PICC P&C and PICC Reinsurance entered into the Capital Increase Agreement, with a total capital increase of RMB1,999,999,986.00. The Company increased its capital by RMB1,019,999,992.86 based on the original shareholding ratio of 51%. The transaction, together with the workplace leasing and other transactions that occurred between the Company and PICC Reinsurance in 2023 amounting to more than RMB30 million in aggregate and accounting for more than 1% of the audited net assets of the Company as at the end of the previous year, constitute a major related party transaction under the standards of the NFRA. The Company has completed the approval, reporting and disclosure of such major related party transaction strictly in accordance with regulatory requirements.

According to the requirements of the Administrative Measures for Related Party Transactions of Banking and Insurance Companies, the types of related party transactions between the holding subsidiaries of the Company (excluding financial institutions that have been regulated by the industry) and related parties of the Company under the standards of the NFRA mainly include: services, capital operation and insurance business.

During the reporting period, in order to further implement the regulatory requirements and improve the level of information management and control of related party transactions of the Company, the Company completed the upgrade and renovation project of the related party transaction information management system. The Company carried out the identification, consideration, disclosure and reporting work of related party transactions in accordance with laws and regulations, and actively cooperated with the related party transaction monitoring system for recording and reporting. The pricing of related party transactions was in line with the fairness requirements.

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

Background	Commitment	Commitment party	Commitment	Time and term of commitment	Performance term or no	Performed in time and strictly or not
Commitments related to the initial public offering	Others	MOF	Shareholders' intention to hold shares and commitments in relation to reducing their holdings in the Company's Prospectus.	Effective from 16 November 2018	Yes	Yes
		SSF	Shareholders' intention to hold shares and commitments in relation to reducing their holdings in the Company's Prospectus.	Effective from 16 November 2018	Yes	Yes
	Dividend	The Company	The dividend commitment in the Company's Prospectus.	Effective from 16 November 2018	Yes	Yes
	Others	The Company	Commitment to take remedial measures for the dilution impact on immediate return in the Company's Prospectus.	Effective from 16 November 2018	Yes	Yes
		Directors and senior management	Commitment to take remedial measures for the dilution impact on immediate return in the Company's Prospectus.	Effective from 16 November 2018	Yes	Yes
	Others	The Company	Commitment in relation to the contents of the Prospectus in the Company's Prospectus.	Effective from 5 November 2018	Yes	Yes
		Directors and senior management	Commitment in relation to the contents of the Prospectus in the Company's Prospectus.	Effective from 5 November 2018	Yes	Yes

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

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

V. SUSPECTED VIOLATIONS OF LAWS AND REGULATIONS, PENALTIES AND RECTIFICATIONS OF THE COMPANY AND ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDERS AND ACTUAL CONTROLLER

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

The current Directors, Supervisors and senior management of the Company and those who resigned during the reporting period have not been punished by the securities regulatory authorities in the last three years.

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

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

VII. MATERIAL CONTRACTS

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

VIII. EXTERNAL GUARANTEES

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

IX. OTHER SIGNIFICANT EVENTS

(I) Repurchase, Disposal or Redemption of Securities of the Company

On 7 June 2023, the Company fully redeemed the 10-year capital supplementary bonds in an amount of RMB18 billion issued in 2018.

On 18 May 2023, PICC Life fully redeemed the 10-year capital supplementary bonds in an amount of RMB12 billion issued in 2018.

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

(II) Issuance of Capital Bonds

Approved by the former CBIRC and the People's Bank of China, the Company issued in public the capital supplementary bonds in an amount of RMB12 billion in the national inter-bank bond market on 1 June 2023, and completed the issuance on 5 June 2023. The capital supplementary bonds issued are 10-year fixed rate bonds, and the coupon rate is 3.29% per annum for the first five years with redemption right for the Company at the end of the fifth year.

Approved by the former CBIRC and the People's Bank of China, PICC Life issued in public the capital supplementary bonds in an amount of RMB12 billion in the national inter-bank bond market on 24 May 2023, and completed the issuance on 26 May 2023. The capital supplementary bonds issued are 10-year fixed rate bonds, and the coupon rate is 3.32% per annum for the first five years with redemption right for PICC Life at the end of the fifth year.

Approved by the NFRA and the People's Bank of China, PICC Health issued in public the undated capital bonds of insurance company in an amount of RMB2.5 billion in the national inter-bank bond market on 7 December 2023, and completed the issuance on 11 December 2023. The term of this bond issuance is consistent with the duration of the issuer, and the coupon rate is 3.5% per annum.

X. COMPLIANCE WITH LAWS AND REGULATIONS

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

Financial Report
Independent Auditor's Report

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

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

Opinion

What we have audited

The consolidated financial statements of The People's Insurance Company (Group) of China Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 183 to 348, comprise:

- the consolidated statement of financial position as at 31 December 2023;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

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

Basis for Opinion

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

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

Independence

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

Key Audit Matters

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

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

- Valuation of liability for remaining coverage ("LRC") of insurance contracts not measured under the premium allocation approach ("PAA")
- Valuation of liability for incurred claims ("LIC") of insurance contracts measured under the PAA
- Valuation of level 3 financial assets measured at fair value

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of LRC of insurance contracts not measured under the PAA Refer to note 2.5 (12) Material accounting policy information – Insurance contracts, note 3 Significant accounting judgements and estimates- Estimation of fulfillment cash flows to the consolidated financial statements, and note 38 Insurance contracts and reinsurance contracts held to the consolidated financial statements. Starting from 1 January 2023, the Group has adopted IFRS 17 with comparatives restated from 1 January 2022 (transition date). This is a new standard which requires significant judgement in the use of complex methodologies and assumptions in particular for valuation of LRC of insurance contracts not measured under the PAA.	We (including our actuarial experts) performed the following audit procedures over the valuation of LRC of insurance contracts not measured under the PAA, including transition approach at transition date: • We obtained an understanding of the management's assessment process and internal controls of valuating LRC of insurance contracts not measured under the PAA and assessed the inherent risk of material misstatement by considering the degree of estimation's uncertainty and level of other inherent risk factors such as complexity, subjectivity and susceptibility to management bias or fraud. • We evaluated and tested the key controls over valuation of LRC of insurance contracts not measured under the PAA including management's determination and approval process for actuarial assumptions setting, data collection and analysis, actuarial models change, etc.

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of LRC of insurance contracts not measured under the PAA (continued) As at 31 December 2023, the Group had significant LRC of insurance contracts not measured under the PAA stated at RMB591.0 billion, representing 48.29% of the Group's total liabilities. The valuation of LRC of insurance contracts not measured under the PAA involve complex models and a high degree of judgement by management in setting assumptions. Key assumptions used in measuring LRC of insurance contracts not measured under the PAA include discount rates, mortality and morbidity rates, lapse rates, expenses assumptions and policy dividend assumptions, etc. We focused on this area due to the significant quantum amount of LRC of insurance contracts not measured under the PAA to the consolidated financial statements, the relevant key assumptions applied in the valuation that were involved significant judgements and estimates, and the inherent risk in relation to the valuation of LRC of insurance contracts not measured under the PAA was considered significant. As part of our audit, we also focus on the Group's transition approach for LRC of insurance contracts not measured under the PAA.	• We assessed the appropriateness of the actuarial valuation methodologies adopted by the Group. • We evaluated key actuarial assumptions such as discount rates, mortality and morbidity rates, lapse rates, expense assumptions and policy dividend assumptions by considering management's rationale for the actuarial judgments applied along with comparison to the Group's historical data and applicable industry experiences. • We performed independent modelling checks on selected actuarial models, checked the estimation of future cash flows, and the measurement of relevant liabilities on a sample basis and compared the results to the results from the Group. Based on our audit work, we found methodologies applied were acceptable and key assumptions adopted were supportable by the evidence we gathered.

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of LIC of insurance contracts measured under the PAA Refer to note 2.5 (12) Material accounting policy information – Insurance contracts, note 3 Significant accounting judgements and estimates- Estimation of fulfillment cash flows to the consolidated financial statements, and note 38 Insurance contracts and reinsurance contracts held to the consolidated financial statements. As at 31 December 2023, the Group had LIC of insurance contracts measured under the PAA stated at RMB158.5 billion, representing 12.95% of the Group's total liabilities. We focused on this area because the valuation of LIC of insurance contracts measured under the PAA involved a high degree of judgement by management in selecting models and setting assumptions including expected loss ratios and future claim development pattern, and the inherent risk in relation to the valuation of LIC of insurance contracts measured under the PAA was considered significant.	We (including our actuarial experts) performed the following audit procedures over the valuation of LIC of insurance contracts measured under the PAA: • We obtained an understanding of the management's assessment processes and internal controls of the valuation of LIC of insurance contracts measured under the PAA and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity and susceptibility to management bias or fraud. • We evaluated and tested the key controls over the valuation of LIC of insurance contracts measured under the PAA including data collection and analysis, and approval processes for management's assumption setting, etc. • We performed independent modelling analysis for the valuation of LIC of insurance contracts measured under the PAA by performing below procedures. ➢ For the underlying data used in actuarial models, we compared the data to source systems, such as earned premiums and reported claims to the business data. ➢ We set up independent actuarial assumptions including expected loss ratios, future claim development pattern, etc., by considering both the Group's historical data and applicable industry experiences. ➢ We evaluated the overall reasonableness of the Group's valuation of LIC of insurance contracts measured under the PAA by comparing management's results to the results from our independent modelling analysis and calculation. Based on our audit work, we found management judgements in the valuation of LIC of insurance contracts measured under the PAA supportable by the evidence we gathered.

Key Audit Matters (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of level 3 financial assets measured at fair value Refer to note 3 Significant accounting judgements and estimates- Fair values of financial assets determined using valuation techniques and note 45 Classification and fair value of financial instruments to the consolidated financial statements. As at 31 December 2023, the Group's financial assets measured at fair value that were classified as level 3 stated at RMB84.4 billion, representing 5.42% of the Group's total assets. We focused on this area because level 3 financial assets measured at fair value were valued based on models and assumptions and inputs that are not observable. The valuation involved significant management judgement and the inherent risk in relation to the valuation of level 3 financial assets measured at fair value was considered significant.	We obtained an understanding of the management's assessment processes and internal controls of the valuation of level 3 financial assets measured at fair value and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity and susceptibility to management bias or fraud. We evaluated and tested the key controls over the valuation of level 3 financial assets measured at fair value including management's determination and approval of internally operated valuation models, methodologies and assumptions used in model-based calculations, controls over data integrity and data choice, and management's review of valuation inputs provided by data vendors. We (including our valuation experts) performed the following audit procedures over the valuation of level 3 financial assets measured at fair value on a sample basis: • We assessed valuation model methodologies and assumptions against industry practice and valuation guidelines. • We compared the significant unobservable inputs such as discount rates and liquidity discounts used in the valuation models with information available from appropriate third-party sources. • We independently developed fair value estimates and compared them to the management's valuation results. Based on our audit work, we found that the valuation methodologies applied were acceptable and that the inputs and assumptions used were supportable by the evidence we gathered.

Other Information

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

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

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

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

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Yuen Kwok Sun.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong
26 March 2024

Consolidated Income Statement

For the year ended 31 December 2023
(Amounts in millions of Renminbi, unless otherwise stated)

	Notes	2023	2022 (Restated)
Insurance revenue	5	503,900	468,802
Interest income (from financial assets not measured at fair value through profit or loss)	6	29,379	N/A
Net investment gains	6	1,407	39,475
Share of profits or losses of associates and joint ventures		14,939	15,466
Exchange gains		228	1,002
Other income	7	3,614	3,782
TOTAL OPERATING INCOME		553,467	528,527
Insurance service expenses	38	473,436	433,368
Net expenses from reinsurance contracts held		5,961	6,312
Finance expenses from insurance contracts issued	8	27,651	35,351
Finance income from reinsurance contracts held		(1,251)	(1,317)
Finance costs	9	3,461	4,249
Net impairment losses on financial assets	6	1,428	N/A
Other operating and administrative expenses	10	9,224	7,752
TOTAL OPERATING EXPENSES		519,910	485,715
Dilution loss arising on a reduced stake in an associate		–	(95)
PROFIT BEFORE TAX	11	33,557	42,717
Income tax expenses	12	(2,746)	(7,270)
PROFIT FOR THE PERIOD		30,811	35,447
Attributable to:			
Owners of the Company		22,322	25,382
Non-controlling interests		8,489	10,065
		30,811	35,447
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
– Basic (in RMB Yuan)	15(a)	0.50	0.57
– Diluted (in RMB Yuan)	15(b)	0.48	0.56

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2023
(Amounts in millions of Renminbi, unless otherwise stated)

	Notes	2023	2022 (Restated)
PROFIT FOR THE PERIOD		30,811	35,447
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss:			
Finance expenses from insurance contracts issued		(11,723)	9,809
Finance income from reinsurance contracts held		194	7
Changes in the fair value of debt instruments at fair value through other comprehensive income		8,616	N/A
Allowance for credit losses on debt instruments measured at fair value through other comprehensive income		153	N/A
Available-for-sale financial assets			
– Fair value losses		N/A	(33,236)
– Reclassification of losses to profit on disposals		N/A	2,222
– Impairment losses		N/A	1,615
Income tax effect	31	(1,509)	6,078
		(4,269)	(13,505)
Share of other comprehensive income of associates and joint ventures		(142)	(537)
Exchange differences arising on translating foreign operations		27	184
NET OTHER COMPREHENSIVE INCOME THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS		(4,384)	(13,858)
Items that will not be reclassified to profit or loss:			
Gains on revaluation of property and equipment and right-of-use assets upon transfer to investment properties	28	409	614
Changes in the fair value of equity instruments at fair value through other comprehensive income		1,165	N/A
Finance expenses from insurance contracts issued		(56)	–
Income tax effect	31	(429)	(141)
		1,089	473
Actuarial losses on pension benefit obligation	39	(79)	(50)
Share of other comprehensive income of associates and joint ventures		(19)	(32)
NET OTHER COMPREHENSIVE INCOME THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS		991	391
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		(3,393)	(13,467)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		27,418	21,980
Attributable to:			
– Owners of the Company		19,382	15,503
– Non-controlling interests		8,036	6,477
		27,418	21,980

Consolidated Statement of Financial Position

As at 31 December 2023
(Amounts in millions of Renminbi, unless otherwise stated)

	Notes	31 December 2023	31 December 2022 (Restated)	1 January 2022 (Restated)
ASSETS				
Cash and cash equivalents	17	28,835	40,599	33,276
Debt securities	18	N/A	536,254	494,550
Equity securities, mutual funds and investment schemes	19	N/A	258,022	262,357
Financial assets measured at amortized cost	20	318,605	N/A	N/A
Financial assets measured at fair value through other comprehensive income	21	435,258	N/A	N/A
Financial assets measured at fair value through profit or loss	22	383,020	N/A	N/A
Insurance contract assets	38	2,902	782	508
Reinsurance contract assets	38	39,259	37,329	30,726
Term deposits	23	81,487	101,180	94,341
Restricted statutory deposits		13,433	12,923	12,994
Investments classified as loans and receivables	24	N/A	176,082	144,603
Investments in associates and joint ventures	26	156,665	146,233	135,570
Investment properties	27	15,791	15,085	13,340
Property and equipment	28	32,702	34,130	33,357
Right-of-use assets	29	7,099	7,109	7,987
Intangible assets	30	3,544	3,523	3,471
Goodwill		198	198	198
Deferred tax assets	31	13,488	16,788	7,721
Other assets	32	24,396	30,050	26,513
TOTAL ASSETS		1,556,682	1,416,287	1,301,512

(Amounts in millions of Renminbi, unless otherwise stated)

	Notes	31 December 2023	31 December 2022 (Restated)	1 January 2022 (Restated)
LIABILITIES				
Financial liabilities measured at fair value through profit or loss	34	4,089	–	–
Securities sold under agreements to repurchase	35	108,969	100,890	77,598
Income tax payable		567	4,028	1,083
Bonds payable	36	37,992	43,356	43,804
Lease liabilities	37	2,270	2,291	2,993
Insurance contract liabilities	38	980,730	883,055	808,394
Reinsurance contract liabilities	38	118	362	203
Investment contract liabilities		7,985	7,629	6,090
Pension benefit obligation	39	2,720	2,776	2,872
Deferred tax liabilities	31	402	2,022	2,053
Other liabilities	40	77,937	64,985	63,789
TOTAL LIABILITIES		1,223,779	1,111,394	1,008,879
EQUITY				
Issued capital	41	44,224	44,224	44,224
Reserves	42	198,982	179,929	170,983
Equity attributable to owners of the Company		243,206	224,153	215,207
Non-controlling interests	43	89,697	80,740	77,426
TOTAL EQUITY		332,903	304,893	292,633
TOTAL EQUITY AND LIABILITIES		1,556,682	1,416,287	1,301,512

The consolidated financial statements on pages 183 to 348 were approved and authorised for issue by the board of directors on 26 March 2024 and are signed on its behalf by:

Wang Tingke
DIRECTOR

Zhao Peng
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023
(Amounts in millions of Renminbi, unless otherwise stated)

	Attributable to owners of the Company																
	Issued capital (Note 41)	Share premium account **	Revaluation reserve of financial assets at fair value through other comprehensive income **	Available-for-sale financial asset revaluation reserve **	Insurance finance reserve **	General risk reserve **	Catastrophic loss reserve **	Asset revaluation reserve **	Share of other comprehensive income of associates and joint ventures **	Foreign currency translation reserve **	Surplus reserve* **	Other reserves **	Actuarial losses on pension benefit obligation **	Retained profits **	Subtotal	Non-controlling interests	Total
Balance at 31 December 2022 (Restated)	44,224	23,973	–	1,072	(9,801)	18,442	59	3,987	(260)	11	14,938	(15,209)	(1,433)	144,150	224,153	80,740	304,893
Change of accounting policy	–	–	9,958	(1,072)	1,085	116	–	–	–	(1)	(16)	–	–	(3,041)	7,029	1,942	8,971
Balance at 1 January 2023 (Restated)	44,224	23,973	9,958	–	(8,716)	18,558	59	3,987	(260)	10	14,922	(15,209)	(1,433)	141,109	231,182	82,682	313,864
Profit for the year	–	–	–	–	–	–	–	–	–	–	–	–	–	22,322	22,322	8,489	30,811
Other comprehensive income for the year	–	–	5,654	–	(8,651)	–	–	239	(127)	24	–	–	(79)	–	(2,940)	(453)	(3,393)
Total comprehensive income for the year	–	–	5,654	–	(8,651)	–	–	239	(127)	24	–	–	(79)	22,322	19,382	8,036	27,418
Insurance of other equity instruments	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	2,500	2,500
Other comprehensive income transferred to retained earnings	–	–	279	–	–	–	–	–	–	–	–	–	–	(279)	–	–	–
Appropriations to general risk reserve and surplus reserve	–	–	–	–	–	1,881	–	–	–	–	775	–	–	(2,656)	–	–	–
Appropriations to catastrophic loss reserve	–	–	–	–	–	–	32	–	–	–	–	–	–	(32)	–	–	–
Dividends paid to shareholders (Note 16)	–	–	–	–	–	–	–	–	–	–	–	–	–	(7,341)	(7,341)	–	(7,341)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(3,515)	(3,515)
Others	–	–	–	–	–	–	–	–	–	–	–	(17)	–	–	(17)	(6)	(23)
Balance at 31 December 2023	44,224	23,973	15,891	–	(17,367)	20,439	91	4,226	(387)	34	15,697	(15,226)	(1,512)	153,123	243,206	89,697	332,903

* This reserve contains both statutory and discretionary surplus reserves.

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

(Amounts in millions of Renminbi, unless otherwise stated)

	Attributable to owners of the Company															Non -controlling interests	Total
	Issued capital (Note 41)	Share premium account **	Available-for-sale financial asset revaluation reserve **	Insurance finance reserve **	General risk reserve **	Catastrophic loss reserve **	Asset revaluation reserve **	Share of other comprehensive income of associates and joint ventures **	Portion of fair value changes attributable to policyholders **	Foreign currency translation reserve **	Surplus reserve* **	Other reserves **	Actuarial losses on pension benefit obligation **	Retained profits **	Subtotal		
Balance at 31 December 2021	44,224	23,973	18,067	-	15,751	212	3,681	135	(1,536)	(147)	14,187	(15,153)	(1,383)	117,245	219,256	77,637	296,893
Change of accounting policy	-	-	-	(16,898)	393	-	-	-	1,536	-	-	-	-	10,920	(4,049)	(211)	(4,260)
Balance at 1 January 2022 (Restated)	44,224	23,973	18,067	(16,898)	16,144	212	3,681	135	-	(147)	14,187	(15,153)	(1,383)	128,165	215,207	77,426	292,633
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	25,382	25,382	10,065	35,447
Other comprehensive income for the year	-	-	(16,995)	7,097	-	-	306	(395)	-	158	-	-	(50)	-	(9,879)	(3,588)	(13,467)
Total comprehensive income for the year	-	-	(16,995)	7,097	-	-	306	(395)	-	158	-	-	(50)	25,382	15,503	6,477	21,980
Appropriations to general risk reserve and surplus reserve	-	-	-	-	2,298	-	-	-	-	-	751	-	-	(3,049)	-	-	-
Appropriations to catastrophic loss reserve	-	-	-	-	-	41	-	-	-	-	-	-	-	(41)	-	-	-
Utilisations of catastrophic loss reserve	-	-	-	-	-	(194)	-	-	-	-	-	-	-	194	-	-	-
Dividends paid to shareholders (Note 16)	-	-	-	-	-	-	-	-	-	-	-	-	-	(6,501)	(6,501)	-	(6,501)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,143)	(3,143)
Others	-	-	-	-	-	-	-	-	-	-	-	(56)	-	-	(56)	(20)	(76)
Balance at 31 December 2022 (Restated)	44,224	23,973	1,072	(9,801)	18,442	59	3,987	(260)	-	11	14,938	(15,209)	(1,433)	144,150	224,153	80,740	304,893

* This reserve contains both statutory and discretionary surplus reserves.

** Consolidated reserves of RMB179,929 million in the consolidated statement of financial position as at 31 December 2022 comprise these reserve accounts.

Consolidated Statement of Cash Flows

For the year ended 31 December 2023
(Amounts in millions of Renminbi, unless otherwise stated)

	Notes	2023	2022 (Restated)
OPERATING ACTIVITIES			
Profit before tax		33,557	42,717
Adjustments for:			
Investment income	6	(1,407)	(39,475)
Interest income		(29,379)	N/A
Exchange gains		(228)	(1,002)
Share of profits or losses of associates and joint ventures		(14,939)	(15,466)
Dilution loss arising on a reduced stake in an associate	26	–	95
Finance costs		3,461	4,249
Net impairment losses on financial assets		1,428	N/A
Depreciation of property and equipment	28	2,560	2,626
Depreciation of right-of-use assets	29	1,260	1,519
Amortisation of intangible assets	30	1,236	1,007
Disposal gains from investment properties, property and equipment, intangible assets and land use rights	7	(209)	(321)
Recognition of impairment losses on receivables and other assets		190	245
Investment expenses		182	214
Operating cash flows before working capital changes		(2,288)	(3,592)
Changes in insurance and reinsurance contract assets/liabilities		80,310	76,779
Changes in investment contract liabilities		356	1,539
Increase in other assets, net		(5,214)	(416)
Increase in other liabilities, net		4,008	4,297
Cash generated from operations		77,172	78,607
Income tax paid		(6,623)	(7,486)
Net cash generated from operating activities		70,549	71,121
INVESTING ACTIVITIES			
Interest income		44,108	33,636
Dividends received		3,207	14,959
Purchases of investment properties, property and equipment, intangible assets and land use rights		(3,573)	(6,576)
Proceeds from disposals of investment properties, property and equipment, intangible assets and land use rights		298	464
Purchases of investments		(413,533)	(482,692)
Proceeds from disposals of investments		277,109	373,819
Payments for investment expenses		(215)	(397)
Rentals received		657	608
Decrease/(Increase) in term deposits, net		21,015	(6,576)
Net cash used in investing activities		(70,927)	(72,755)

(Amounts in millions of Renminbi, unless otherwise stated)

	Notes	2023	2022 (Restated)
FINANCING ACTIVITIES			
Increase in securities sold under agreements to repurchase, net	46	7,885	23,292
Issue of bonds payable	46	24,000	3,000
Proceeds from bank borrowings	46	292	215
Issue of other equity instruments		2,500	–
Repayment of bank borrowings and bonds payable	46	(30,238)	(3,804)
Interests paid		(3,723)	(4,195)
Dividends paid		(11,215)	(9,644)
Payments of lease liabilities	46	(1,170)	(1,149)
Cash received related to non-controlling interests of consolidated structured entities, net		186	842
Net cash (used in)/generated from financing activities		(11,483)	8,557
Net (decrease)/increase in cash and cash equivalents		(11,861)	6,923
Cash and cash equivalents at beginning of the year		40,599	33,276
Effects of exchange rate changes on cash and cash equivalents		97	400
Cash and cash equivalents at end of the year	17	28,835	40,599
Analysis of balances of cash and cash equivalents			
Securities purchased under resale agreements with original maturity of no more than three months	17	8,442	19,234
Deposits with banks with original maturity of no more than three months and money at call and short notice	17	20,393	21,365
Cash and cash equivalents at end of the year		28,835	40,599

1. CORPORATE INFORMATION

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

The Company is an investment holding company. During the year ended 31 December 2023, the Company's subsidiaries mainly provide integrated financial products and services and are engaged in property and casualty insurance, life and health insurance, asset management and other businesses. The Company and its subsidiaries are collectively referred to as the "Group".

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

2.1 STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with IFRS® Accounting Standards, the disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

IFRS Accounting Standards comprise the following authoritative:

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

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

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

2.2 BASIS OF PREPARATION

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

(Amounts in millions of Renminbi, unless otherwise stated)

2.3 APPLICATION OF NEW AND AMENDMENTS TO IFRSs

In current year, the Group has applied, for the first time, the following new standards and amendments which are mandatory effective for the annual period beginning on or after 1 January 2023 for the preparation of the Group's consolidated financial information:

IFRS 9	Financial Instruments[1]
IFRS 17	Insurance Contracts
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform—Pillar Two Model Rules

1 Effective for accounting periods beginning on or after 1 January 2018

Except for the application of IFRS 9 and IFRS 17, other amendments and interpretations mentioned above have had no material effect on the Group's financial performance and positions for the current and prior year and/or on the disclosures set out in the consolidated financial statements.

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

(1) Application of IFRS 9 – Financial Instruments

The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in International Accounting Standards ("IAS") 39 that relates to the classification and measurement of financial instruments, and introduces new requirements for the classification and measurement of financial assets and liabilities, general hedge accounting and impairment of financial assets.

IFRS 9 is effective for accounting periods beginning on or after 1 January 2018. The Group was previously eligible and elected to apply the temporary option to defer the effective date of IFRS 9 to 1 January 2023 under the amendments to IFRS 4.

In accordance with the transitional provisions in IFRS 9, the Group elected not to restate comparative figures. The carrying amounts of financial assets and financial liabilities as at 1 January 2023 with adoption of IFRS 9 are adjusted, which has an impact on the balances of reserves. The Group discloses the related information for this period in relation to the adjustments while the comparative period has not been restated. The adoption of IFRS 9 results in changes in accounting policies related to recognition, classification and valuation of financial assets and financial liabilities, and the loss allowances for financial assets. The specific accounting policies adopted in the current period are set out in Note 2.5 (5).

2.3 APPLICATION OF NEW AND AMENDMENTS TO IFRSs (continued)

(1) Application of IFRS 9 – Financial Instruments (continued)

Accounting policies applied until 31 December 2022

(a) Financial assets

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity financial assets, and available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchasing or selling the asset. Regular way purchases or sales are purchases or sales of financial assets require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

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

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are always measured at fair value through profit or loss unless they are designated as effective hedging instruments as defined by IAS 39.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as investment income in the income statement. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in the income statement.

Financial assets designated as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in IAS 39 are satisfied.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated as at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the income statement. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

2.3 APPLICATION OF NEW AND AMENDMENTS TO IFRSs (continued)

(1) Application of IFRS 9 – Financial Instruments (continued)

Accounting policies applied until 31 December 2022 (continued)

(a) Financial assets (continued)

Subsequent measurement (continued)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as loans and receivables, held-to-maturity financial assets or financial assets at fair value through profit or loss.

Measured at fair value

After initial recognition, available-for-sale financial assets are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale financial asset revaluation reserve until the asset is derecognised or impaired, at which time the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss. Interest and dividends earned whilst holding the available-for-sale financial assets are reported as investment income, respectively and are recognised in the income statement.

Measured at cost less impairment

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Group's financial assets that are classified as loans and receivables include cash equivalents, terms deposits, investments classified as loans and receivables and miscellaneous receivables. After initial measurement, such assets are subsequently measured at amortised cost, using the effective interest method, less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest method. The effective interest amortisation is included in investment income in the income statement.

Held-to-maturity financial assets

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates that are quoted in an active market are classified as held-to-maturity financial assets when the Group has the positive intention and ability to hold them to maturity, other than those the entity designates as at financial assets at fair value through profit or loss, available-for-sale financial assets or those meeting the definition of loans and receivables. Held-to-maturity financial assets are subsequently measured at amortised cost using the effective interest method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest amortisation is included in the income statement. The loss arising from impairment is recognised in the income statement.

2.3 APPLICATION OF NEW AND AMENDMENTS TO IFRSs (continued)

(1) Application of IFRS 9 – Financial Instruments (continued)

Accounting policies applied until 31 December 2022 (continued)

(a) Financial assets (continued)

Subsequent measurement (continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest income is recognised on an effective interest basis for debt instruments.

Derecognition of financial assets

A financial asset (or, when applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

(a) the rights to receive cash flows from the asset have expired; or

(b) the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either: (a) the Group has transferred substantially all the risks and rewards of the asset; or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

2.3 APPLICATION OF NEW AND AMENDMENTS TO IFRSs (continued)

(1) Application of IFRS 9 – Financial Instruments (continued)

Accounting policies applied until 31 December 2022 (continued)

(b) Impairment of financial assets

The Group assesses at the end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as arrears arising from defaults or economic conditions that correlate with defaults.

Available-for-sale financial assets

For available-for-sale financial assets, the Group assesses at the end of the reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is removed from other comprehensive income and recognised in the income statement.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. The determination of what is "significant" or "prolonged" requires judgement. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement – is reclassified from other comprehensive income and recognised in the income statement. Impairment losses on equity instruments classified as available-for-sale are not reversed through the income statement. Increases in their fair value after impairment are recognised directly in other comprehensive income.

2.3 APPLICATION OF NEW AND AMENDMENTS TO IFRSs (continued)

(1) Application of IFRS 9 – Financial Instruments (continued)

Accounting policies applied until 31 December 2022 (continued)

Available-for-sale financial assets (continued)

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost described below. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement. Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as investment income. Impairment losses on debt instruments are reversed through the income statement if the increase in fair value of the instruments can be objectively related to an event occurring after the impairment loss was recognised in the income statement.

Financial assets carried at amortised cost

If financial assets carried at amortised cost are impaired, the carrying amount of the financial assets is reduced to the present value of estimated future cash flows (excluding future credit losses that have not been incurred) and the reduction is recognised as an impairment loss in the income statement. The present value of estimated future cash flows shall be calculated with the financial asset's original effective interest rate and the related collateral value shall also be taken into account. For financial assets with floating interest rate, the present value of estimated future cash flows shall be calculated with the effective interest rate stipulated by the contract.

For a financial asset that is individually significant, the Group assesses the asset individually for impairment, and recognises the amount of impairment in profit or loss. For a financial asset that is not individually significant, the Group assesses the asset individually for impairment or includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether the financial asset is individually significant or not, the financial asset is included in a group of financial assets with similar credit risk characteristics and collectively assessed for impairment. Financial assets for which an impairment loss is individually recognised are not included in a collective assessment of impairment.

After the Group recognises an impairment loss of financial assets carried at amortised cost, if there is an objective evidence that the financial asset's value restores and the restoration can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss shall be reversed and recognised in profit or loss. However, the reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment was reversed.

(Amounts in millions of Renminbi, unless otherwise stated)

2.3 APPLICATION OF NEW AND AMENDMENTS TO IFRSs (continued)

(1) Application of IFRS 9 – Financial Instruments (continued)

Accounting policies applied until 31 December 2022 (continued)

Financial assets carried at cost

If there is an objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Impact of adoption of the IFRS 9

As at 1 January 2023, the financial assets represented in the Group's consolidated financial statements were classified and measured in accordance with IAS 39 and IFRS 9 as follows:

	IAS 39		IFRS 9	
Financial Instruments	**Measurement categories**	**Carrying Amount**	**Measurement categories**	**Carrying Amount**
Cash and cash equivalents	Amortized cost	40,599	Amortized cost	40,612
Term deposits	Amortized cost	101,180	Amortized cost	102,841
Restricted statutory deposits	Amortized cost	12,923	Amortized cost	13,421
Financial assets	Fair value through profit or loss (Held for trading)	31,197	Fair value through profit or loss	347,750
	Fair value through profit or loss (Designated)	7,104		
	Fair value through other comprehensive income (Available-for-sale)	557,582	Fair value through other comprehensive income	362,511
	Amortized cost (Held-to-maturity)	198,393	Amortized cost (Financial assets measured at amortized cost)	278,402
	Amortized cost (Investments classified as loans and receivables ("LR"))	176,082		

(Amounts in millions of Renminbi, unless otherwise stated)

2.3 APPLICATION OF NEW AND AMENDMENTS TO IFRSs (continued)

(1) Application of IFRS 9 – Financial Instruments (continued)

Impact of adoption of the IFRS 9 (continued)

Following the adoption IFRS 9, the adjustments to the carrying amounts of financial statement items are illustrated as follows:

	31 December 2022	Reclassification effects (i)	Remeasurement effects	1 January 2023
Cash and cash equivalents	40,599	13	–	40,612
From other assets		13	–	
Term deposits	101,180	1,867	(206)	102,841
From other assets		1,867	–	
Restricted statutory deposits	12,923	521	(23)	13,421
From other assets		521	–	
Financial assets measured at amortized cost	N/A	279,194	(792)	278,402
From Debt securities				
– From Held-to-maturity		83,487	(31)	
– From Available-for-sale		23,325	(424)	
From Investments classified as loans and receivables		170,417	(337)	
From other assets		1,965	–	
Financial assets measured at fair value through other comprehensive income	N/A	353,226	9,285	362,511
From Debt securities				
– From Held-to-maturity		108,398	9,285	
– From Available-for-sale		184,131	–	
From Equity securities, mutual funds, and investment schemes				
– From Available-for-sale		56,362	–	
From other assets		4,335	–	

(Amounts in millions of Renminbi, unless otherwise stated)

2.3 APPLICATION OF NEW AND AMENDMENTS TO IFRSs (continued)

(1) Application of IFRS 9 – Financial Instruments (continued)

Impact of adoption of the IFRS 9 (continued)

Following the adoption IFRS 9, the adjustments to the carrying amounts of financial statement items are illustrated as follows (continued):

	31 December 2022	Reclassification effects (i)	Remeasurement effects	1 January 2023
Investments classified as loans and receivables	176,082	(176,082)	–	N/A
To Financial assets measured at amortized cost		(170,417)	–	
To Financial assets measured at fair value through profit or loss		(5,665)	–	
Financial assets measured at fair value through profit or loss	N/A	346,719	1,031	347,750
From Debt securities				
– From Held-to-maturity		6,508	347	
– From Financial assets measured at fair value through profit or loss		19,440	–	
– From Available-for-sale		110,965	522	
From Equity securities, mutual funds, and investment schemes				
– From Financial assets measured at fair value through profit or loss		18,861	–	
– From Available-for-sale		182,799	–	
From Investments classified as loans and receivables		5,665	162	
From other assets		2,481	–	

(Amounts in millions of Renminbi, unless otherwise stated)

2.3 APPLICATION OF NEW AND AMENDMENTS TO IFRSs (continued)

(1) Application of IFRS 9 – Financial Instruments (continued)

Impact of adoption of the IFRS 9 (continued)

Following the adoption IFRS 9, the adjustments to the carrying amounts of financial statement items are illustrated as follows (continued):

	31 December 2022	Reclassification effects (i)	Remeasurement effects	1 January 2023
Debt securities	536,254	(536,254)	–	N/A
From Held-to-maturity				
– To Financial assets measured at fair value through profit or loss		(6,508)	–	
– To Financial assets measured at amortized cost		(83,487)	–	
– To Financial assets measured at fair value through other comprehensive income		(108,398)	–	
From Financial assets measured at fair value through profit or loss				
– To Financial assets measured at fair value through profit or loss		(19,440)	–	
From Available-for-sale				
– To Financial assets measured at fair value through profit or loss		(110,965)	–	
– To Financial assets measured at amortized cost		(23,325)	–	
– To Financial assets measured at fair value through other comprehensive income		(184,131)	–	
Equity securities, mutual funds, and investment schemes	258,022	(258,022)	–	N/A
From Financial assets measured at fair value through profit or loss				
– To Financial assets measured at fair value through profit or loss		(18,861)	–	
From Available-for-sale				
– To Financial assets measured at fair value through profit or loss		(182,799)	–	
– To Financial assets measured at fair value through other comprehensive income		(56,362)	–	

Note (i): The 'reclassification effects' includes the following representation effect with the adoption of IFRS 9:

(a) Interest accrued (but not yet due) on a financial instrument was no longer separately presented on the financial position, but together with the financial instrument on which the interest was accrued;

(b) The presentation of financial investments on the financial position was changed from 'by class' to 'by category'.

(Amounts in millions of Renminbi, unless otherwise stated)

2.3 APPLICATION OF NEW AND AMENDMENTS TO IFRSs (continued)

(1) Application of IFRS 9 – Financial Instruments (continued)

Impact of adoption of the IFRS 9 (continued)

Reconciliation from impairment provision for financial assets classified and measured under IAS 39 to impairment provision for financial assets classified and measured under IFRS 9:

Category of measurement	31 December 2022 IAS 39	Reclassification effects (ii)	Remeasurement effects	1 January 2023 IFRS 9
Held-to-maturity and LR/Financial assets measured at amortized cost	1,460	(120)	395	1,735
Available-for-sale/Debt instruments measured at fair value through other comprehensive income	4,217	(4,058)	340	499
Term deposits	–	–	206	206
Restricted statutory deposits	–	–	23	23
Other assets	2,151	–	247	2,398

Note (ii): The 'reclassification effects' includes impairment provision arising from available-for-sale equity instruments which are no longer subject to any impairment test under IFRS 9.

(2) Application of IFRS 17 – Insurance Contracts

(a) Transition Approaches

IFRS 17 establishes the principles of recognition, measurement, presentation, and disclosure of insurance contracts, and replaced IFRS 4 "Insurance Contracts".

Measurement methods of IFRS 17 include the general measurement model ("GMM"), the variable fee approach ("VFA"), and the premium allocation approach ("PAA") by the nature of insurance contracts. The VFA applies to insurance contracts with direct participation features; the GMM applies to other insurance contracts; and if certain criterias are met by measuring the liability, the PAA applies to insurance contracts.

For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the standard, and the transition date is the beginning of the annual reporting period immediately preceding the date of initial application. The Group adopted IFRS 17 on 1 January 2023 and the transition date is 1 January 2022, hence the comparative figures have been restated.

At transition date, identified as 1 January 2022, the Group has applied full retrospective approach to the extent practicable. To the extent where full retrospective approach was impracticable, the Group applied the modified retrospective or the fair value approach as at transition date.

2.3 APPLICATION OF NEW AND AMENDMENTS TO IFRSs (continued)

(2) Application of IFRS 17 – Insurance Contracts (continued)

(a) Transition Approaches (continued)

Modified retrospective approach

The Group has determined applying the modified retrospective approach for certain groups of insurance contracts issued where the full retrospective approach has not been applied because it was impracticable but the closest possible outcome could have been achieved using reasonable and supportable information. If the Group cannot obtain reasonable and supportable information necessary to apply the modified retrospective approach, the Group apply the fair value approach.

For contracts without direct participation features, the Group determines the the contractual service margin (CSM) or loss component of the the liability for remaining coverage (LRC) at the transition date as:

(a) the Group estimates the future cash flows at the date of initial recognition of a group of insurance contracts as the amount of the future cash flows at the transition date, adjusted by the cash flows that occurred between the date of initial recognition of a group of insurance contracts and the transition date.

(b) the risk adjustment for non-financial risk on initial recognition was determined by adjusting the amount at transition date for the expected release of risk before transition date. The expected release of risk was determined with reference to the release of risk for similar insurance contracts that the Group issued at transition date.

(c) When the Group recognises CSM at initial recognition, interest accreted on the carrying amount of the CSM during the period, measured at the discount rates determined on initial recognition. The amount of the CSM recognised in profit or loss before transition date was determined by comparing the remaining coverage units at transition date with the coverage units provided under the group of contracts before that date; and

(d) When the Group recognises the loss component at initial recognition, the amount allocated to the loss component before transition date is determined on a systematic and rational basis.

2.3 APPLICATION OF NEW AND AMENDMENTS TO IFRSs (continued)

(2) Application of IFRS 17 – Insurance Contracts (continued)

(a) Transition Approaches (continued)

Modified retrospective approach (continued)

For contracts with direct participation features, the Group determines the CSM or loss component of the LRC at the transition date as:

(a) based on the amount that fair value of the underlying items minus the fulfilment cash flows (FCF) at transition date and appropriately adjusted the relevant cash flow and non-financial risk adjustment before transition date;

(b) if (a) result in a CSM, the amount of the CSM recognised in profit or loss before transition day was determined by comparing the remaining coverage units at transition date with the coverage units provided under the group of contracts before that date;

(c) if (a) result in a loss component adjust the loss component to nil and increase the LRC excluding the loss component by the same amount.

(d) disaggregating insurance finance income or expenses between those included in profit or loss and those included in other comprehensive income. The amount recognized in other comprehensive income at transition date equal to the cumulative amount recognised in other comprehensive income from the underlying items.

Fair Value Approach

For the groups of contracts that are measured under the fair value approach, the Group determines the CSM or loss component of the LRC at transition date as the difference between the fair value of a group of contracts at that date and the FCF at that date.

When the group applies the fair value approach, the discount rates on initial recognition and subsequent measurement were determined at transition date.

For contracts with direct participation features, the Group disaggregates insurance finance income or expenses between those included in profit or loss and those included in other comprehensive income. The amount recognized in other comprehensive income at transition date equal to the cumulative amount recognised in other comprehensive income from the underlying items.

(Amounts in millions of Renminbi, unless otherwise stated)

2.3 APPLICATION OF NEW AND AMENDMENTS TO IFRSs (continued)

(2) Application of IFRS 17 – Insurance Contracts (continued)

(b) The impact on the Group's consolidated statement of financial position as at 1 January 2022 is as follows:

	31 December 2021	Impact of Changes in Accounting Policy	1 January 2022 (Restated)
ASSETS			
Insurance contract assets	N/A	508	508
Reinsurance contract assets	N/A	30,726	30,726
Insurance receivables, net	58,130	(58,130)	N/A
Reinsurance assets	40,263	(40,263)	N/A
Deferred tax assets	10,143	(2,422)	7,721
Other assets	32,277	(5,764)	26,513
TOTAL	140,813	(75,345)	65,468
LIABILITIES			
Payables to reinsurers	22,767	(22,767)	N/A
Insurance contract liabilities	773,098	35,296	808,394
Investment contract liabilities for policyholders	44,252	(44,252)	N/A
Reinsurance contract liabilities	N/A	203	203
Investment contract liabilities	N/A	6,090	6,090
Policyholder dividends payable	5,480	(5,480)	N/A
Other liabilities	103,964	(40,175)	63,789
TOTAL	949,561	(71,085)	878,476
EQUITY			
Reserves	175,032	(4,049)	170,983
Equity attributable to owners of the Company	219,256	(4,049)	215,207
Non-controlling interests	77,637	(211)	77,426
TOTAL	296,893	(4,260)	292,633

2.4 NEW AND AMENDMENTS TO IFRSs IN ISSUE BUT NOT YET EFFECTIVE

The Group has not applied the following key new and revised IFRSs that have been issued but are not yet effective in these condensed consolidated financial information:

Amendments to IAS 1	Classification of Liabilities as Current or Non-current[1]
Amendments to IAS 1	Non-current liabilities with covenants[1]
Amendments to IAS 16	Lease liability in a sale and leaseback[1]
Amendments to IAS 7 and IFRS 7	Financing Arrangements of Supplier[1]
Amendments to IFRS 21	Lack of Exchangeability[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associated or Joint Venture[3]

1 Effective for annual periods beginning on or after 1 January 2024

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

3 Effective for annual periods beginning on or after a date to be determined

None of these IFRSs is expected to have a significant effect on the consolidated financial statements of the Group.

2.5 MATERIAL ACCOUNTING POLICY INFORMATION

(1) Basis of consolidation

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

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

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(1) Basis of consolidation (continued)

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

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

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

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

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

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

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

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(1) Basis of consolidation (continued)

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

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

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

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

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

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

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

When the Group loses control of a subsidiary/structured entity, the assets and liabilities of that subsidiary/structured entity and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary/structured entity attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary/structured entity are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary/structured entity (i. e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary/structured entity at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(2) Investment in associates and joint ventures

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

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

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

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

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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

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

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of IFRS9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate or joint venture.

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

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

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

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(3) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments that are readily convertible into known amounts of cash, which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired.

(4) Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the Group's interests in associates/joint ventures.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of foreign currency translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the shareholders of the Company are reclassified to profit or loss.

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(5) Financial instruments

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

Financial assets

Classification and measurement

Based on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, financial assets are classified as: (i) financial assets at amortized cost; (ii) financial assets at fair value through other comprehensive income; (iii) financial assets at fair value through profit or loss.

At initial recognition, the financial assets are measured at fair value. Transaction costs that are incremental and directly attributable to the acquisition of the financial assets are included in the initially recognised amounts, except for the financial assets at fair value through profit or loss, the related transaction costs of which are expensed in profit or loss for the current period. Accounts receivable or notes receivable arising from sales of products or rendering of services (which have not contained or considered any significant financing components) are initially recognised at the consideration that is entitled to be received by the Group as expected.

Debt instruments

The debt instruments held by the Group refer to the instruments that meet the definition of financial liabilities from the perspective of the issuer, and are measured in the following three categories:

Measured at amortized cost:

The objective of the Group's business model is to hold the financial assets to collect the contractual cash flows, and the contractual cash flow characteristics are consistent with a basic lending arrangement, which gives rise on specified dates to the contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. The interest income of such financial assets is recognised using the effective interest rate method. Such financial assets mainly comprise cash and cash equivalents, financial assests measured at amortized cost, term deposits, restricted statutory deposits, and financial assets included in other assets etc.

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(5) Financial instruments (continued)

Financial assets (continued)

Classification and measurement (continued)

Debt instruments (continued)

Measured at fair value through other comprehensive income:

The objective of the Group's business model is to hold the financial assets for both collection of the contractual cash flows and selling such financial assets, and the contractual cash flow characteristics are consistent with a basic lending arrangement. Such financial assets are measured at fair value through other comprehensive income, except for the impairment gains or losses, foreign exchange gains or losses, and interest income calculated using the effective interest method which are recognised in profit or loss for the current period. Such financial assets are presented as financial assets measured at fair value through other comprehensive income.

Measured at fair value through profit or loss:

Debt instruments held by the Group that do not meet the criteria for amortized cost, or fair value through other comprehensive income, are measured at fair value through profit or loss.

Equity instruments

Investments in equity instruments over which the Group has no control, common control and significant influence are measured at fair value through profit or loss, and are presented as financial assets measured at fair value through profit or loss on the balance sheet. In addition, certain non-trading equity instruments were designated as financial assets measured at fair value through other comprehensive income at initial recognition, presented as financial assets measured at fair value through other comprehensive income on the balance sheet. The relevant dividend income of such financial assets is recognised in profit or loss.

Impairment

Expected credit loss refers to the weighted average amount of credit loss of financial instruments based on the probability of default. Credit loss refers to the difference between all contractual cash flows receivable and all cash flows that the entity expects to receive, discounted at the original effective interest rate. Among them, financial assets which are purchased or originated credit-impaired are discounted at credit-adjusted effective interest rate.

The Group assesses the expected credit losses ("ECL") for financial assets at amortized cost, investments in debt instruments at fair value through other comprehensive income, etc.

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(5) Financial instruments (continued)

Financial assets (continued)

Impairment (continued)

Giving consideration to reasonable and supportable information about past events, current conditions and forecasts of future economic conditions that is available, weighted by the probability of default, the Group recognises the ECL as the probability-weighted amount of the present value of the difference between the contractual cash flows receivable and the cash flows expected to be collected. A number of significant assumptions and judgements are required in applying the accounting requirements for measuring ECL, such as:

- Choosing appropriate models and assumptions for the measurement of ECL including exposure at default (EAD), probability of default (PD), loss given default (LGD), etc.;
- Criteria for significant increase in credit risk;
- Forward-looking information.

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

For those financial instruments in Stage 1 and 2, the Group calculates the interest income by applying the effective interest rate to the gross carrying amount (before netting off of any expected credit loss provision). For the financial instruments in Stage 3, the interest income is calculated by applying the effective interest rate to the amortized cost (net off of any expected credit loss provision).

The Group recognises or reverses the loss allowance through profit or loss. For debt instruments measured at fair value through other comprehensive income, impairment gains or losses are included in the net impairment losses on financial assets and corresponding by reduce the accumulated changes in fair value included in the OCI reserve of equity.

For account receivables, the Group calculates the ECL with reference to historical credit loss experience, current conditions and forecasts of future economic conditions, and based on the exposure at default and the 12-month or lifetime ECL rates.

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(5) Financial instruments (continued)

Financial assets (continued)

Derecognition of financial assets

Financial assets are derecognised when:

- the contractual rights to receive the cash flows from the financial assets have expired;
- they have been transferred and the Group transfers substantially all the risks and rewards of ownership;
- they have been transferred and the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

When an equity investment measured at fair value through other comprehensive income is derecognised, the difference between the carrying amount and the consideration received as well as any cumulative changes in fair value that were previously recognised directly in other comprehensive income is recognised in retained earnings. For other financial assets when they are derecognised, the difference between the carrying amount and the consideration received as well as any cumulative changes in fair value that were previously recognised directly in other comprehensive income is recognised in profit or loss for the current period.

Financial Liabilities

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

Financial liabilities of the Group mainly comprise securities sold under agreements to repurchase, investment contract liabilities, other payables in other liabilities and bonds payable, etc. Such financial liabilities are initially recognised at fair value, net of transaction costs incurred, and subsequently measured at amortized cost using the effective interest method.

The Group may, at initial recognition, designate a financial liability as at fair value through profit or loss when one of the following criteria is met:

(a) it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases;

(b) a group of financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity's key management personnel.

When all or part of the current obligations of a financial liability have been discharged, the Group derecognises the portion of the financial liability or obligation that has been discharged. The difference between the carrying amount of the derecognised liability and the consideration is recognised in profit or loss.

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(5) Financial instruments (continued)

Derivative financial instruments

The Group's derivative financial instruments mainly include forward exchange contracts and interest rate swaps. Such derivative financial instruments are initially recognised at fair value on the date of which the related derivative contracts are entered into and are subsequently measured at fair value. All derivatives are carried as assets when the fair values are positive and as liabilities when the fair values are negative.

The gains or losses arisen from fair value changes of derivatives are directly recognised in profit or loss.

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host-with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

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

- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host;
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- the hybrid contract is not measured at fair value with changes in fair value recognised in profit or loss (i. e. a derivative that is embedded in the hybrid contract at fair value through profit or loss is not separated).

For the above assets, the Group may bifurcate the embedded derivative and measured it at fair value through profit or loss, or designate the entire hybrid instrument to be measured at fair value through profit or loss.

Offsetting a financial asset and a financial liability

When the Group currently has the legally enforceable right to offset the recognised financial assets and financial liabilities, and the Group has the intention to settle on a net basis or realize the financial assets and settle the financial liabilities simultaneously, the financial assets and financial liabilities are offset in the balance sheet. Otherwise, financial assets and financial liabilities are presented separately in the balance sheet and are not offset.

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(5) Financial instruments (continued)

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Issuance (including refinance), repurchase, sale and cancellation of the Group's own equity instruments is recognised or deducted directly in equity. No fair value gain or loss is recognised for equity instruments. The transaction costs in relation to equity transaction is deducted from equity.

The Group treats distributions to equity instruments holders as profit distribution. Share dividends distributed does not influence the total equity amount.

Determination of fair value of financial instruments

The fair value of a financial instrument that is traded in an active market is determined at the quoted price in the active market. The fair value of a financial instrument that is not traded in an active market is determined by using a valuation technique. Such techniques should be appropriate in the circumstances for which sufficient data is available, and the input value should be consistent with the objective of estimating the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions, and maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The unobservable inputs can be used if the relevant observable input is not accessible or the acquisition is not practical.

(6) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are accounted for in accordance with IFRS 16 (since 1 January 2019) or IAS 17 (before application of IFRS 16), and measurements that have some similarities to fair value but are not fair value, such as value in use in IAS 36 Impairment of Assets.

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

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(6) Fair value measurement (continued)

For financial instruments and investment properties which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1,2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

(7) Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business.

Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, adjusted to exclude any prepaid or accrued operating lease income. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

Gains or losses arising from the retirement or disposal of investment property shall be determined as the difference between the net disposal proceeds and the carrying amount of the asset and shall be recognised in profit or loss (unless IFRS 16 requires otherwise on a sale and leaseback) in the period of the retirement or disposal.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(7) Investment properties (continued)

For a transfer from investment properties to owner-occupied properties, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If an owner-occupied property becomes an investment property that will be carried at fair value, the Group shall apply "Property and equipment and depreciation" for owned property and "Leases" for property held by a lessee as a right-of-use asset up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as an asset revaluation reserve. On disposal of the investment property, the asset revaluation reserve included in equity is transferred to retained profits as a movement in reserves.

(8) Property and equipment and depreciation

Property and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property and equipment, other than construction in progress, to its residual value over its estimated useful life. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The principal annual rates used for this purpose are as follows:

Land and buildings	1.50% to 19.40%
Office equipment, furniture and fixtures	7.50% to 32.33%
Motor vehicles	6.00% to 24.25%

Where parts of an item of property and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(9) Construction in progress

Construction in progress mainly represents buildings under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property and equipment when completed and ready for use.

(10) Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The estimated useful life and amortisation method for an intangible asset with a finite useful life are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

The useful lives of software are from 3 to 10 years.

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

(11) Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets and goodwill), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the period in which it arises or treated as a revaluation decrease, as appropriate.

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(11) Impairment of non-financial assets (continued)

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the income statement in the period in which it arises or treated as a revaluation increase, as appropriate.

(12) Insurance Contracts

Definition and classification

Insurance contracts are those contracts under which the Group has accepted significant insurance risk from the policyholders by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders.

Contracts that have a legal form of insurance but do not transfer significant insurance risk and expose the Group to financial risk are classified as investment contracts.

Some investment contracts issued by the Group contain discretionary participation features, whereby the investor has the right and is expected to receive, as a supplement to the amount not subject to the Group's discretion, potentially significant additional benefits determined by the Group's discretion and based on the return of specified pools of investment assets. The Group applies IFRS 17 – insurance contracts for these investment contracts. The Group applies IFRS 9 – Financial Instruments for investment contracts without discretionary participation features.

Insurance contracts with direct participation features refers to the insurance contracts which meet the following conditions:

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

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(12) Insurance Contracts (continued)

Definition and classification (continued)

Reinsurance contract held refers to an insurance contract agreed by the reinsurer (the issuer of reinsurance contract) and cedant on that the reinsurer to compensate cedant for claims arising from the underlying insurance contracts.

Unless otherwise specified, the insurance contracts mentioned in the consolidated financial statements of the Group generally refer to the issued insurance contracts (including reinsurance contracts ceded in), reinsurance contracts held, and investment contracts with discretionary participation features.

Combination and separation of insurance contracts

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

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

- embedded derivatives that should be separated in accordance with IFRS 9;
- distinct investment components in accordance with IFRS 9, except for those that can meet the definition of investment contract with discretionary participation features in accordance with IFRS 17; and

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

Investment component is the amounts that an insurance contract requires the Group to repay to a policyholder in all circumstances, regardless of whether an insured event occurs. Insurance revenue and insurance service expenses presented in profit or loss has excluded any investment components.

Level of aggregation of insurance contracts

The Group categorizes insurance contracts with similar risks and unified management into the same portfolio. The Group further subdivides a portfolio into contract groups based on the profitability level, degree of loss, or the possibility of future losses after initial recognition.

Except for the reinsurance contracts held, the Group divides a portfolio of insurance contracts issued into a minimum of:

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

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(12) Insurance Contracts (continued)

Level of aggregation of insurance contracts (continued)

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

- a group of contracts on which there is a net gain on initial recognition, if any;
- a group of contracts that at initial recognition have no significant possibility of generating a net gain subsequently, if any; and
- a group of the remaining contracts in the portfolio, if any.

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

Recognition

For insurance contracts issued by the Group (including the reinsurance contracts ceded in), the groups of insurance contracts are initially recognised from the earliest of the following:

- the beginning of the coverage period;
- the date when the first payment from the policyholder is due or actually received, if there is no due date; and
- when the Group determines that a group of contracts becomes onerous.

For reinsurance contracts held by the Group, the Group recognizes a group of reinsurance contracts held from the earlier of the following:

- the beginning of the coverage period of the group of reinsurance contracts held; and
- the date the Group recognizes an onerous group of underlying insurance contracts.

If a group of reinsurance contracts held provide proportionate coverage, the Group recognizes such group

- the later date of the beginning of the coverage period of the group of reinsurance contracts held and the date that any underlying insurance contract is initially recognized; and
- the date the Group recognizes an onerous group of underlying insurance contracts.

Measurement of insurance contracts

Insurance acquisition cash flows

The Group defines acquisition cash flows as cash flows that arise from costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) and that are directly attributable to the portfolio of insurance contracts to which the group belongs.

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(12) Insurance Contracts (continued)

Measurement of insurance contracts (continued)

FCF and Contract boundary

The FCF, which comprise:

- estimation of future cash flows directly related to the performance of insurance contracts;
- an adjustment to reflect the time value of money and the financial risks; and
- a risk adjustment for non-financial risk.

Risk adjustment for non-financial risk is the compensation the Group requires for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risk as the Group fulfils insurance contracts. The fulfilment cash flows do not reflect the non-performance risk of the Group.

The Group uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts. Estimates of cash flows in a scenario shall include all cash flows within the boundary of an existing contract and no other cash flows. The Group does not recognise as a liability or as an asset any amounts relating to expected premiums or expected claims outside the boundary of the insurance contract.

The methods and assumptions used in determining future cash flows that relate directly to fulfil insurance contract are set out in Note 3.

Contracts not measured under the PAA

Initial measurement

The Group measures the insurance contracts at group level.

On initial recognition, the Group measures a group of contracts as the total of the FCF and CSM. The CSM is the unearned profit that the Group will recognise as it provides insurance contract services in the future.

The Group calculates the total amount of below items on initial recognition of a group of insurance contracts, including the fulfilment cash flows, the derecognition at the date of initial recognition of any asset for insurance acquisition cash flows (if any) and any other asset or liability previously recognized for cash flows related to the group of contracts; and any cash flows arising from the contracts in the group at that date.

If the total amount represents net cash inflows, the Group recognizes it as CSM. If the total amount represents net cash outflows, the Group recognizes a loss in profit or loss.

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(12) Insurance Contracts (continued)

Measurement of insurance contracts (continued)

Contracts not measured under the PAA (continued)

Subsequent measurement

The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the LRC and the liability for incurred claims ("LIC").

The LRC comprises the fulfilment cash flows related to future service allocated to the group at that date and the CSM of the group at that date.

The LIC comprises the fulfilment cash flows related to past service allocated to the group at that date.

For insurance contracts without direct participation features, the carrying amount of the CSM of a group of contracts at the end of the reporting period equals the carrying amount at the start of the reporting period adjusted for:

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

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

(c) the changes in fulfilment cash flows relating to future service, except that such increases in the fulfilment cash flows exceed the carrying amount of the CSM, giving rise to a loss; or except that such decreases in the fulfilment cash flows are allocated to the loss component of the LRC;

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

(e) the amount recognized as insurance revenue because of the transfer of the insurance contract services in the period, determined by the allocation of CSM remaining at the end of the reporting period (before any allocation) over the current and remaining coverage period based on coverage units.

The changes in FCF related to current and past services are recognised in profit or loss in accordance with the following requirements:

- The Group recognises insurance revenue for the reduction in the LRC because of services provided in the period;
- The Group recognises insurance service expenses for the increase in the LIC because of claims and expenses incurred in the period and any subsequent changes in FCF relating to incurred claims and incurred expense;
- When the Group recognises insurance revenue or insurance service expenses, the investment components are excluded.

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(12) Insurance Contracts (continued)

Measurement of insurance contracts (continued)

Contracts not measured under the PAA (continued)

Insurance contracts with direct participation features

The Group measures its obligations under insurance contracts with direct participation features to be the net of the obligations to pay the policyholders an amount equal to the fair value of the underlying items and a variable fee in exchange for the future service provided by the insurance contracts.

Variable fee refers to the consideration obtained by the Group for managing underlying items on behalf of policyholders and providing investment-related services. It equals the Group's share in the fair value of the underlying items minus the cash flows that do not vary with the underlying item returns.

For insurance contracts with direct participation features, the carrying amount of the CSM of a group of contracts at the end of the reporting period equals the carrying amount at the start of the reporting period adjusted for:

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

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

- the decrease in the amount of the Group's share of the fair value of the underlying items exceeds the carrying amount of the CSM, giving rise to a loss; or
- the increase in the amount of the Group's share of the fair value of the underlying items reverses the loss component;

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

- such increases in the FCF exceed the carrying amount of the CSM, giving rise to a loss; or
- such decreases in the FCF are allocated to the loss component;

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

(e) the amount recognized as insurance revenue because of the transfer of the insurance contract services in the period, determined by the allocation of CSM remaining at the end of the reporting period (before any allocation) over the current and remaining coverage period based on coverage units.

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(12) Insurance Contracts (continued)

Measurement of insurance contracts (continued)

Contracts not measured under the PAA (continued)

Onerous contracts

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

A group of insurance contracts becomes onerous on subsequent measurement and the Group recongises the loss component of the LRC and insurance service expenses if the following amounts exceed the carrying amount of the CSM:

- unfavourable changes in the FCF allocated to the group arising from changes in estimates of future cash flows relating to future service; and
- for a group of insurance contracts with direct participation features, the Group's share of a decrease in the fair value of the underlying items.

The Group reverses the loss component of the LRC and insurance service expenses for the decrease of the estimates in future cash flow and non-financial risk adjustments relating to future services, and the Group's share of a increase in the fair value of the underlying items. If the decrease of the LRC exceeds the loss component amount, the CSM is recognised.

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

After the Group has recognized a loss on an onerous group of insurance contracts, the Group allocates below changes of the LRC on a systematic basis between the loss component of the LRC and the LRC excluding the loss component:

- estimates of the present value of future cash flows for claims and expenses released from the LRC because of incurred insurance service expenses;
- changes in the risk adjustment for non-financial risk recognized in profit or loss because of the release from risk;
- insurance finance income or expenses.

Any amounts allocated to the loss component of the LRC shall not be recognized as insurance revenue.

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(12) Insurance Contracts (continued)

Measurement of insurance contracts (continued)

Contracts measured under the PAA

The Group simplifies the measurement of a group of insurance contracts using the PAA if, and only if, at the inception of the group:

- the Group reasonably expects that the resulting measurement of the LRC would not differ materially from the result of applying the accounting policies for insurance contracts not measured under the PAA.
- The coverage period of each contract in the group is one year or less.

Initial measurement

For insurance contracts issued, the Group measures the carrying amount of the LRC on initial recognition as follows:

- the premiums, if any, received at initial recognition;
- minus any insurance acquisition cash flows at that date, if any; and
- minus or plus any amount arising from the derecognition at that date of any asset for insurance acquisition cash flows (if any) and any other assets or liabilities previously recognized for any cashs related to the group of contracts;

For the groups of contracts of which the coverage period is less than a year on initial recognition, the Group chooses not to recognize such a cost immediately in profit or loss as an expense when the insurance acquisition cash flow occurs.

Subsequent measurement

At the end of each reporting period, the carrying amount of the LRC is the carrying amount at the start of the reporting period:

- plus the premiums received in the period;
- minus insurance acquisition cash flows;
- plus any amounts relating to the amortization of insurance acquisition cash flows recognised as an expense in the reporting period;
- plus any adjustment to a financing component;
- minus the amount recognised as insurance revenue for services provided in that period;
- minus any investment component paid or transferred to the LIC.

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(12) Insurance Contracts (continued)

Measurement of insurance contracts (continued)

Contracts measured under the PAA (continued)

Subsequent measurement (continued)

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

Insurance revenue for the period is the amount of expected premium receipts (excluding any investment component and adjusted to reflect the time value of money and the effect of financial risk) allocated to the period. The Group allocates the expected premium receipts to each period of coverage on the basis of the passage of time.

If facts and circumstances indicate that a group of insurance contracts is onerous at initial recognition and subsequent measurement, the group recognises the amount that the FCF exceeds the carrying amount of the LRC to the insurance service expenses as onerous component and increase the LRC. In subsequent periods, unless facts and circumstances indicate that the group of insurance contracts is not onerous, the loss components are determined at each end of reporting period by the difference between the FCF of LRC and the carrying amount of the LRC that excludes loss components.

The Group measures the LIC for the group of insurance contracts at the FCF relating to incurred claims and other related expenses. FCF are adjusted for the time value of money and other financial risks.

Measurement of reinsurance contracts held

Reinsurance contracts held not measured under the PAA

On initial recognition, the Group measures a group of reinsurance contracts held as the total of: (a) the FCF; and (b) the CSM.

The CSM represents the net cost or net gain the Group will recognize as it receives insurance contract services from the reinsurer.

The Group uses consistent assumptions to measure the estimates of the present value of the future cash flows for the group of reinsurance contracts held. In addition, the Group includes in the estimates of the present value of the future cash flows for the group of reinsurance contracts held the effect of any risk of non-performance by the issuer of the reinsurance contract.

The Group determines the risk adjustment for non-financial risk so that it represents the amount of risk being transferred by the holder of the group of reinsurance contracts to the issuer of those contracts.

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(12) Insurance Contracts (continued)

Measurement of reinsurance contracts held (continued)

Reinsurance contracts held not measured under the PAA (continued)

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

- the FCF;
- the amount derecognized at that date of any asset or liability previously recognized for cash flows related to the group of reinsurance contracts held;
- any cash flows arising from the contracts at that date; and
- loss-recovery component of assets for remaining coverage of reinsurance contracts held.

The Group recognizes any net cost or net gain of the above total amounts as a CSM. If the net cost relates to events that occurred before the purchase of the group of reinsurance contracts held, the Group recognizes such a cost immediately in profit or loss as an expense.

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

- the remaining coverage, comprising:
  (a) the FCF related to future service allocated to the group at that date; and
  (b) the CSM of the group at that date; and
- the incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.

The Group adjusts the CSM of the group to which a reinsurance contract held belongs and as a result recognises income when it recognises a loss on initial recognition of onerous underlying contracts, if the reinsurance contract held is entered into before or at the same time as the onerous underlying contracts are recognised. The adjustment to the CSM, whereby a loss-recovery component is established, is determined by multiplying:

- the loss recognised on the underlying insurance contracts; and
- the percentage of claims on the underlying insurance contracts the Group expects to recover from the group of reinsurance contracts held.

The Group adjusts the same amount calculated above to CSM and recognizes as amount recovered from reinsurer in profit or loss.

The Group adjusts the loss-recovery component to reflect changes in the loss component of an onerous group of underlying insurance contracts. The carrying amount of the loss-recovery component does not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the Group expects to recover from the group of reinsurance contracts held.

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(12) Insurance Contracts (continued)

Measurement of reinsurance contracts held (continued)

Reinsurance contracts held not measured under the PAA (continued)

The Group measures the CSM at the end of the reporting period for a group of reinsurance contracts held as the carrying amount determined at the start of the reporting period, adjusted for:

- the effect of any new contracts added to the group;
- the interest accreted on the carrying amount of the CSM, measured at the weighted average discount rates determined at the date of initial recognition of a group of contracts, applying to the cash flows that do not vary based on the returns on any underlying items;
- income recognised in profit or loss when the Group recognises a loss on addition of onerous underlying insurance contracts to a group of underlying insurance contracts. A loss-recovery component is established or adjusted within the remaining coverage for reinsurance contracts held for the amount of income recognized;
- Reversals of a loss-recovery component other than changes in FCF of reinsurance contracts held;
- changes in the FCF, to the extent that the change relates to future service, unless the change results from a change in the FCF allocated to a group of underlying insurance contracts that does not adjust the CSM for the group of underlying insurance contracts;
- the effect of any currency exchange differences, if any; and
- the amount recognised in profit or loss because of services received in the period, determined by the allocation of the CSM remaining at the end of the reporting period (before any allocation) over the current and remaining coverage period of the group of reinsurance contracts held.

Reinsurance contracts held measured under the PAA

The Group applies the same accounting principles to measure a group of insurance contracts or reinsurance contracts held under the PAA.

If a loss-recovery component is established for a group of reinsurance contracts held measured under the PAA, the Group adjusts the carrying amount of the asset for remaining coverage, and recognises the reinsurer's insurance service expense in profit or loss.

Derecogniton

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

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(12) Insurance Contracts (continued)

Presentation

Insurance contract asset and liability

If the book value of a portfolio of insurance contracts (including reinsurance contracts ceded in) is held in an asset position, the portfolio would be classified as insurance contract assets. The portfolio would be classified as insurance contract liabilities if its book value is held in a liability position. If the book value of a portfolio of reinsurance contracts is held in an asset position, the portfolio would be classified as reinsurance contract assets. The portfolio would be classified as reinsurance contract liabilities if its book value is held in a liability position.

Insurance revenue

The amount of insurance revenue recognised in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration that the Group expects to be entitled to in exchange for those services.

For a group of insurance contracts not measured under the PAA, insurance revenue comprises the relevant amount arising from changes of LRC and the amortization of insurance acquisition cash flows, the details are as follows:

- Amounts relating to the changes in the LRC:
  - (a) Insurance service expenses related to insurance contract services incurred in the period measured at the amounts expected at the beginning of the period, excluding:
    - – amounts allocated to the loss component;
    - – repayments of investment components;
    - – amounts of transaction-based taxes collected in a fiduciary capacity;
    - – amortization of insurance acquisition cash flows;
    - – the amount related to the risk adjustment for non-financial risk;
  - (b) changes in the risk adjustment for non-financial risk, excluding:
    - – changes of insurance finance income/(expenses);
    - – changes that relate to future services (which adjust the CSM); and
    - – amounts allocated to the loss component;
  - (c) amounts of the CSM amortized;
  - (d) other amounts, eg. experience adjustments – arising from premiums received in the period other than those that relate to future service.

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(12) Insurance Contracts (continued)

Presentation (continued)

Insurance revenue (continued)

- Amounts relating to insurance acquisition cash flows: The amortization of insurance acquisition cash flows are systematically amortized over time, insurance service expenses in each period of coverage are recognized in the same amount as insurance acquisition cash flows recovery reflected within insurance revenue;
- For contracts measured under the PAA, the Group recognises insurance revenue based on the passage of time over the coverage period of a group of contracts.

Insurance service expenses

Insurance service expenses include the following:

- incurred claims and other expenses, excluding the repayment of investment components;
- insurance acquisition cash flows amortization;
- changes in the FCF relating to the LIC; and
- recognitions or reversals of loss components.

Net income/(expenses) from reinsurance contracts held

The Group presents financial performance of groups of reinsurance contracts held on a net basis in net income/(expenses) from reinsurance contracts held, comprising the following amounts:

- reinsurance expenses;
- incurred claims recovery, excluding investment components reduced by loss-recovery component allocations;
- other incurred directly attributable expenses;
- effect of changes in the risk of reinsurers' non-performance;
- amounts relating to the recognition and reversal of the loss-recovery components; and
- changes that relate to past service – changes in the FCF relating to incurred claims recovery.

The Group treats amounts from the reinsurer that it expects to receive that are not contingent on claims of the underlying contracts as the reduction to the allocation of reinsurance premiums paid. Allocation of reinsurance premiums paid and amount recovered from reinsurer presented in profit or loss has excluded any investment components.

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(12) Insurance Contracts (continued)

Presentation (continued)

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

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

- on the basis of the passage of time; but
- if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then on the basis of the expected timing of incurred insurance service expenses recovery.

Insurance finance income or expenses

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- the effect of the time value of money and changes in the time value of money; and
- the effect of financial risk and changes in financial risk.

The Group disaggregates insurance finance income or expenses for the period between profit or loss and other comprehensive income. The amount included in profit or loss is determined by a systematic allocation of the expected total insurance finance income or expenses over the duration of the group of contracts. The difference between it and insurance finance income or expenses is recognized in other comprehensive income.

Transition Approaches

At transition date, identified as 1 January 2022, the Group has applied IFRS 17 retrospectively.

The specific transition approaches adopted at the transition date are set out in note 2.3 (2).

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

(13) Provisions

Except for contingent considerations derived from or contingent liabilities assumed in business combinations, contingent liabilities are recognised as provisions if the following conditions are met:

- an entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(13) Provisions (continued)

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the end of the reporting period with the consideration of risks, uncertainties and the time value of money. Provisions shall be reviewed at the end of the reporting period and adjusted to reflect the current best estimate.

(14) Employee benefits

Retirement benefits cost

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined contribution plans, the Group pays contributions to basic retirement insurance, annuity scheme and unemployment insurance. The Group has made annuity contributions in proportion to its employees' wages. Employees who leave the scheme prior to vesting fully in the annuity scheme shall return part of the interests. The forfeited contributions can not be used by the Group to reduce the existing level of the annuity scheme contributions. The purpose of the forfeited contributions will be determined in due course. There are no forfeited contributions in the basic retirement insurance and unemployment insurance.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement arising from actuarial gains and losses is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur, and will not be reclassified to profit or loss.

The remeasurements arising from actuarial gains and losses recognised in other comprehensive income are accumulated in the Group's reserve headed 'actuarial gains/losses on pension benefit obligation' and is transferred to retained profits when the defined benefit plans terminates. Past service cost is recognised in profit or loss in the period of a plan amendment. Interest expense is calculated by applying the discount rate at the beginning of the period to the defined benefit liability. Defined benefit costs are categorised as follows:

- service costs (including past service costs, gains and losses on curtailment and settlements);
- interest expenses; and
- remeasurement.

The Group presents the first two components of its defined benefit costs in profit or loss in "Other Operating and Administrative Expenses" and "Finance Costs". Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficits in the Group's defined benefit plan.

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(14) Employee benefits (continued)

Termination benefits

A liability for a termination benefit is recognised at the earlier of when the Group can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

Short-term employee benefits refer to employee wages, bonuses, social security contributions such as medical insurance, work injury insurance, maternity insurance and housing fund, measured at the amount incurred or at the applicable benchmarks and rates.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another IFRS requires or permits their inclusion in the cost of an asset.

(15) Leases

Definition of a lease

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

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as lessee

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the financial statements would not differ materially from individual leases within the portfolio.

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(15) Leases (continued)

The Group as lessee (continued)

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of motor vehicles, machinery and equipment and other assets, other than leases of office premises, that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities other than adjustments to lease liabilities resulting from Covid-19-related rent concessions in which the Group applied the practical expedient.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item in the consolidated statement of financial position.

For payments of a property interest which includes both leasehold land and building elements, the entire property is presented as property and equipment of the Group when the payments cannot be allocated reliably between the leasehold land and building elements, except for those that are classified and accounted for as investment properties.

Land leases are also in the scope of IFRS 16. The Group recognises any prepaid premium for leasehold lands as right-of-use assets which are depreciated over the relevant lease terms.

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(15) Leases (continued)

The Group as lessee (continued)

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

Lease payments include fixed payments, variable lease payment based on an index or a rate, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease and others.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item in the consolidated statement of financial position.

The Group as lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

(16) Revenue recognition

Insurance revenue

The accounting policies related to the recognition of insurance revenue have been disclosed in note 2.5 (12).

Interest income

Interest income is calculated based on the time and effective interest rate of the Group's monetary funds used by others.

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(16) Revenue recognition (continued)

Revenue from services and labor provided

The Group recognizes revenue when it satisfies performance obligations as the customer obtains control of a related good or service.

(17) Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Government grants relating to compensation of expenses are deducted from the related expenses, other government grants are presented under "other income".

(18) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit/loss before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(18) Taxation (continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted by facts and circumstances. The presumption is rebutted when the investment properties are depreciable and are held within the context of a business model whose objective is to substantially consume over time the economic benefits embodied in the investment properties, rather than through sale, except for freehold land, which is always presumed to be recovered entirely through sale.

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right exists to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(18) Taxation (continued)

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be use by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

(19) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares.
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury share.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Instruments issued by a subsidiary, joint venture or associate that enable their holders to obtain ordinary shares of the subsidiary, joint venture or associate are included in calculating the diluted earnings per share data of the subsidiary, joint venture or associate. Those earnings per share are then included in the Company's earnings per share calculations based on the Company's holding of the instruments of the subsidiary, joint venture or associate.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The following are the critical judgements, significant assumptions and estimation uncertainty, which the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Estimation of fulfillment cash flows

At the end of the reporting period, when measuring the insurance contract liabilities, the Group needs to make reasonable estimates of payments which the Group is required to make in fulfilling the obligations under the insurance contracts, based on information currently available at the end of the reporting period.

The main assumptions made in measuring these liabilities are as follows:

Discount rates

The Group applies a bottom up approach, which starts with risk-free yield curve and adjusts it to determine the discount rate of cash flows do not vary with the returns of underlying items.

The spot discount rates assumption for insurance contract in Renminbi is as follows:

	31 December 2023	31 December 2022
Dicount rates	1.45% - 4.85%	1.05% - 4.80%

Mortality and morbidity

Mortality, morbidity and disability rates are based on the Group's own experience, market experience and development trends. Mortality rates are determined based on the Group's historical data, estimations of current and future expectations and the understanding of China's insurance market with reference to China Life Insurance Mortality Table. Morbidity rates are determined based on factors such as the pricing assumptions of the Group's products and historical data, estimations of current and future expectations, etc. The assumptions of mortality and morbidity rates are affected by factors such as changes in lifestyles of national citizens, social development, and improvement of medical treatment, and hence subject to uncertainty.

Lapse rates

Lapse rates depend on policy year, product type and sales channel. The assumptions of lapse rates are affected by factors such as future economic environment and market competition, and hence subject to uncertainty.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation of fulfillment cash flows (continued)

Expenses

Expenses depend on costs analysis and future development trends. For future expenses sensitive to inflation, the Group also considers the effect of inflation. The expense assumptions include assumptions of acquisition costs and maintenance costs.

Policyholder dividend

The Group determines reasonable estimates based on a systematic and reasonable approach as policyholder dividends assumptions. The assumption of policyholder dividend is affected by a number of factors, and hence bears uncertainty.

Expected loss ratio and future claims development

The primary assumptions used by the group in calculating the liabilities for incurred claims are the expected loss ratios and future claims development. Expected loss ratios and future claims development for each measurement unit are based on the Group's historical claims experience and payout levels, taking into account adjustments for underwriting policies, rate levels, claims management processes, and other company policies. Additionally, external factors such as macroeconomic conditions, regulatory changes, and judicial trends are considered in assessing the trends in the external environment.

Methods used to measure the risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that is required for bearing the uncertainty about the amount and timing of cash flows that arises from non-financial risk as the insurance contract is fulfilled. Because the risk adjustment represents compensation for uncertainty, estimates are made on the degree of diversification benefits and expected favourable and unfavourable outcomes in a way that reflects the Group's degree of risk aversion. The Group estimates an adjustment for non-financial risk separately from all other estimates.

The risk adjustments for non-financial risk of subsidiaries of the Group are determined by applying methods such as the confidence interval method and cost of capital method, corresponding to a confidence level in the range of 75% – 85% (31 December 2022: 75% – 85%).

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Significant influence on an investee when less than 20 per cent of voting power is held

The Group determines whether it can exercise influence over an investee when it holds, directly or indirectly through subsidiaries, less than 20 per cent of the voting power of the investee, when one or more of the following indicators are present:

- Representation on the board of directors or equivalent governing body of the investee;
- Participation in policy-making processes, including participation in decisions about dividends or other distributions;
- Material transactions between the investor and the investee;
- Interchange of managerial personnel; or
- Provision of essential technical information.

An investee is accounted for as an associate if it is concluded that the Group exercises significant influence over that investee; otherwise, it is accounted for as a financial asset.

The reasons for existence of significant influence over some investees, even though the voting rights held by the Group is less than 20%, are disclosed in note 26 to these consolidated financial statements.

Consolidations of structured entities

The Group has interest in a range of structured entities in its daily operations for investment purposes. These entities vary in legal forms and investors' rights on removals of the managers, changing underlying assets and liquidations. Certain subsidiaries of the Company are also engaged in launching and managing these structured entities. The Group has to assess whether it has control over these entities. The decision mainly depends on whether the Group is the investment manager, whether or not the Group has powers over changing any investment decisions and investment managers, and how the returns can be affected by these powers. Details of these structured entities are disclosed in note 50 to these consolidated financial statements.

Impairment assessment on investments in associates

The Group assesses whether there are any indicators of impairment for investments in associates at the end of each reporting period. Investments in associates are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of investment in an associate exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. When value in use calculations are undertaken, the Group must estimate the present values of cash flows expected to arise from continuing to hold the investments and choose suitable discount rates in order to calculate the present values of those cash flows. Details of investments in associates are disclosed in note 26.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Fair values of financial assets determined using valuation techniques

The Group uses valuation technique for financial instruments which are not quoted in an active market. Valuation techniques include the use of discounted cash flows analysis, option pricing models or other valuation methods as appropriate such as reference to prices used in the most recent market transactions between knowledgeable and willing parties, reference to the current fair value of another instrument which is substantially the same.

For a discounted cash flow analysis, estimated future cash flows and discount rates are the best estimations made based on current market information and rates applicable to financial instruments with similar yields, credit quality and maturity characteristics. Estimated future cash flows are influenced by factors such as economic conditions, concentrations in specific industries, types of instruments or currencies, market liquidity and financial conditions of counterparties. Discount rates are influenced by risk-free interest rates and credit risk. Areas such as discount rates and liquidity discounts require management to make estimates.

Fair values of financial assets, their hierarchy, are disclosed in note 45 to these consolidated financial statements.

Measurement of the ECL

The measurement of the expected credit loss allowance for financial assets measured at amortized cost and fair value through other comprehensive income is an area that requires the use of complex models and significant assumptions. These models and assumptions relate to future economic conditions and credit behaviour. Key inputs, assumptions and valuation techniques used in measuring the expected credit loss allowance are disclosed in note 44 to these consolidated financial statements.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

4. OPERATING SEGMENT INFORMATION

The Group's operating segments are presented in a manner consistent with the internal management reporting provided to the management for deciding how to allocate resources and for assessing performance.

For management purposes, the Group is organised into business units based on principal activities of subsidiaries and has the following operating and reportable segments:

- The non-life insurance segment offers a wide variety of non-life insurance products mainly by PICC Property and Casualty Company Limited ("PICC P&C");
- The life insurance segment offers a wide range of life insurance products by PICC Life Insurance Company Limited ("PICC Life");
- The health insurance segment offers a wide range of health and medical insurance products by PICC Health Insurance Company Limited ("PICC Health");
- The asset management segment offers asset management services;
- The headquarters and other segment provides management and support for the Group's business through its strategy, risk management, finance, legal and human resources functions and comprises insurance agent business, reinsurance business and other operating business of the Group.

The segment's net profit includes revenue less expenses that are directly attributable to the segment.

Segment's assets and liabilities mainly comprise operating assets and liabilities that are directly attributable to the segment. Segment's assets are recognised after deducting the related provisions, and such deductions are directly written off in the Group's consolidated balance sheet.

In the segment reporting, insurance revenue and other income earned are included in the segment's revenue, and profit or loss is presented as the operating results of the segment.

The Group's revenue and profits for the period were mainly derived from the aforementioned business in Mainland China. As the revenue, net profit, assets and liabilities of operations outside Mainland China constitute less than 10% of the consolidated amounts in these financial statements, geographical segmental information is not presented.

Intersegment sales are transacted according to terms and conditions negotiated by the relevant parties within the Group.

(Amounts in millions of Renminbi, unless otherwise stated)

4. OPERATING SEGMENT INFORMATION (continued)

Segment revenue and results for the year ended 31 December 2023

	Non-life insurance	Life insurance	Health insurance	Asset management	Headquarters and others	Eliminations	Total
Insurance revenue	458,806	18,204	25,619	–	4,887	(3,616)	503,900
Interest income (from financial assets not measured at fair value through profit or loss)	11,780	13,442	2,597	45	1,515	–	29,379
Net investment gains/(losses)	2,199	(2,335)	(509)	12	11,003	(8,963)	1,407
Share of profits or losses of associates and joint ventures	10,212	5,225	2	61	708	(1,269)	14,939
Exchange gains	132	52	1	–	43	–	228
Other income	1,835	508	423	2,592	2,652	(4,396)	3,614
TOTAL INCOME – SEGMENT INCOME	484,964	35,096	28,133	2,710	20,808	(18,244)	553,467
– External income	484,165	34,835	28,084	1,385	4,998	–	553,467
– Inter-segment income	799	261	49	1,325	15,810	(18,244)	–
Insurance service expenses	432,312	16,859	23,109	–	4,526	(3,370)	473,436
Net expenses from reinsurance contracts held	6,381	50	(282)	–	67	(255)	5,961
Finance expenses from insurance contracts issued	10,204	15,505	1,831	–	269	(158)	27,651
Finance income/(losses) from reinsurance contracts held	(1,301)	3	(75)	–	(15)	137	(1,251)
Finance costs	1,151	1,095	237	34	944	–	3,461
Other operating and administrative expenses	3,455	2,154	1,074	1,930	4,020	(3,409)	9,224
Net impairment losses on financial assets	404	721	224	16	63	–	1,428
TOTAL OPERATING EXPENSES	452,606	36,387	26,118	1,980	9,874	(7,055)	519,910
PROFIT/(LOSS) BEFORE TAX	32,358	(1,291)	2,015	730	10,934	(11,189)	33,557
Income tax (expenses)/credit	(3,560)	1,294	(179)	(43)	(78)	(180)	(2,746)
PROFIT FOR THE PERIOD – SEGMENT RESULTS	28,798	3	1,836	687	10,856	(11,369)	30,811

(Amounts in millions of Renminbi, unless otherwise stated)

4. OPERATING SEGMENT INFORMATION (continued)

Segment revenue and results for the year ended 31 December 2022 (Restated)

	Non-life insurance	Life insurance	Health insurance	Asset management	Headquarters and others	Eliminations	Total
Insurance revenue	425,197	20,422	21,481	–	4,424	(2,722)	468,802
Net investment gains	15,005	20,305	1,629	493	10,622	(8,579)	39,475
Share of profits or losses of associates and joint ventures	9,804	5,580	4	25	1,049	(996)	15,466
Exchange gains	718	123	1	(6)	166	–	1,002
Other income	1,968	406	388	2,172	1,507	(2,659)	3,782
TOTAL INCOME – SEGMENT INCOME	452,692	46,836	23,503	2,684	17,768	(14,956)	528,527
– External income	451,908	46,473	23,386	1,646	5,114	–	528,527
– Inter-segment income	784	363	117	1,038	12,654	(14,956)	–
Insurance service expenses	396,977	18,669	16,048	–	4,113	(2,439)	433,368
Net expenses from reinsurance contracts held	6,444	243	128	–	83	(586)	6,312
Finance expenses from insurance contracts issued	9,394	24,190	1,612	–	257	(102)	35,351
Finance income from reinsurance contracts held	(1,364)	6	(73)	–	(12)	126	(1,317)
Finance costs	1,009	1,469	215	32	1,539	(15)	4,249
Other operating and administrative expenses	3,278	2,392	792	1,723	2,126	(2,559)	7,752
TOTAL OPERATING EXPENSES	415,738	46,969	18,722	1,755	8,106	(5,575)	485,715
Dilution loss arising on a reduced stake in an associate	(95)	–	–	–	–	–	(95)
PROFIT/(LOSS) BEFORE TAX	36,859	(133)	4,781	929	9,662	(9,381)	42,717
Income tax expenses	(4,764)	(1,151)	(875)	(193)	(159)	(128)	(7,270)
PROFIT FOR THE PERIOD – SEGMENT RESULTS	32,095	(1,284)	3,906	736	9,503	(9,509)	35,447

(Amounts in millions of Renminbi, unless otherwise stated)

4. OPERATING SEGMENT INFORMATION (continued)

Segment revenue and results for the year ended 31 December 2022 (Restated) (continued)

Segment assets and liabilities as at 31 December 2023 and 2022, and other segment information for the years ended 31 December 2023 and 2022 are as follows:

	Non-life insurance	Life insurance	Health insurance	Asset management	Headquarters and others	Eliminations	Total
31 December 2023							
Segment assets	732,187	641,200	102,807	13,799	216,884	(150,195)	1,556,682
Segment liabilities	470,996	605,279	91,089	4,387	57,271	(5,243)	1,223,779
Other segment information:							
Capital expenditures	3,005	87	132	506	760	1	4,491
Depreciation and amortization	3,583	254	235	417	362	82	4,933
31 December 2022 (Restated)							
Segment assets	702,535	570,191	83,635	12,586	193,537	(146,197)	1,416,287
Segment liabilities	461,382	537,807	74,982	4,093	42,574	(9,444)	1,111,394
Other segment information:							
Capital expenditures	5,589	283	166	256	192	(14)	6,472
Depreciation and amortization	3,726	736	305	180	329	(273)	5,003
Interest income	13,785	15,251	2,318	85	1,267	306	33,012

The headquarters, non-life and life segments hold equity interests of 0.85%,5.91%, and 6.14% (31 December 2022: 0.85%,5.91%, and 6.14%), respectively, in Industrial Bank Co., Ltd. ("Industrial Bank"), an associate of the Group. These interests are accounted for as financial assets in headquarters and others and non-life segments, while accounted for as investment in associate in life segment. On consolidation, these interests in aggregate are accounted for as an associate and the impacts of relevant adjustments to the consolidated financial statements are allocated to the respective segments according to their respective equity interest holding. Details of these interests are disclosed in note 26.

(Amounts in millions of Renminbi, unless otherwise stated)

5. INSURANCE REVENUE

	2023	2022
Insurance revenue from contracts not measured under the PAA		
Insurance revenue relating to the changes in the LRC	37,250	37,525
Expected incurred claims and other insurance service expenses	24,523	26,223
Change in the risk adjustment for non-financial risk for the risk expired	1,673	1,827
CSM recognised for the services provided	10,396	9,565
Others	658	(90)
Insurance acquisition cash flows amortisation	9,771	9,262
Subtotal	47,021	46,787
Insurance revenue from contracts measured under the PAA	456,879	422,015
Total	503,900	468,802

	2023		
	Insurance contracts measured under the PAA	Insurance contracts not measured under the PAA	Total
Contracts measured under the modified retrospective approach at transition	66	27,136	27,202
Contracts measured under the fair value approach at transition	–	3,230	3,230
Other insurance contracts	456,813	16,655	473,468
Total	456,879	47,021	503,900

	2022		
	Insurance contracts measured under the PAA	Insurance contracts not measured under the PAA	Total
Contracts measured under the modified retrospective approach at transition	1,992	31,137	33,129
Contracts measured under the fair value approach at transition	–	6,095	6,095
Other insurance contracts	420,023	9,555	429,578
Total	422,015	46,787	468,802

(Amounts in millions of Renminbi, unless otherwise stated)

6. NET INVESTMENT INCOME

	2023	2022 (Restated)
Interest income from financial assets not measured at fair value through profit or loss (a)	29,379	N/A
Net investment gains (b)	1,407	N/A
Net impairment losses on financial assets (c)	(1,428)	N/A
Dividend, interest and rental income (d)	N/A	44,565
Realised gains (e)	N/A	(2,931)
Fair value of unrealised gains (f)	N/A	(579)
Impairment losses (g)	N/A	(1,580)
TOTAL	29,358	39,475

(a) Interest income from financial assets not measured at fair value through profit or loss

	2023
Financial assets measured at amortized cost	13,235
Financial assets measured at fair value through other comprehensive income	11,075
Current and term deposits	4,712
Securities purchased under resale agreements	235
Others	122
TOTAL	29,379

(b) Net investment gains/(losses)

	2023
Interest income	
– Financial assets measured at fair value through profit or loss	5,890
Dividend income	
– Equity instruments measured at fair value through other comprehensive income	3,579
– Financial assets measured at fair value through profit or loss	3,981
Lease income from investment properties	657
Subtotal	14,107
Realised investment gains/(losses)	
Financial assets measured at fair value through profit or loss	(4,502)
Financial assets measured at fair value through other comprehensive income	1,707
Investments in associates and joint ventures	4
Financial assets measured at amortized cost	3
Subtotal	(2,788)
Unrealised investment losses	
Financial assets measured at fair value through profit or loss	(9,449)
Investment properties	(463)
Subtotal	(9,912)
TOTAL	1,407

(Amounts in millions of Renminbi, unless otherwise stated)

6. NET INVESTMENT INCOME (continued)

(b) Net investment gains/(losses) (continued)

Net unrealised gains or losses comprise changes in the fair value of financial instruments for the period and from reversal of prior period's unrealised gains and losses for financial instruments, which were realised in the reporting period. Net realised gains or losses include the gains or losses on disposals of financial instruments which are calculated using the weighted average method. They represent the difference between a financial instrument's initial cost or amortised cost and disposal amount.

(c) Net impairment losses on financial assets

	2023
Financial assets measured at amortized cost	(1,014)
Debt instruments measured at fair value through other comprehensive income	(314)
Term deposits	(106)
Other financial assets	6
TOTAL	(1,428)

(d) Dividend, interest and rental income

	2022 (Restated)
Dividend income	
Equity securities, mutual funds and investment schemes	
– Available-for-sale	10,135
– At fair value through profit or loss	650
Subtotal	10,785
Interest income	
Current and term deposits	4,876
Debt securities	
– Held-to-maturity	8,478
– Available-for-sale	10,655
– At fair value through profit or loss	909
Loans and receivables	8,254
Subtotal	33,172
Operating lease income from investment properties	608
TOTAL	44,565

(Amounts in millions of Renminbi, unless otherwise stated)

6. NET INVESTMENT INCOME (continued)

(e) Realised gains/(losses)

	2022
Debt securities	
– Available-for-sale	1,848
– At fair value through profit or loss	17
Subtotal	1,865
Equity securities, mutual funds and investment schemes	
– Available-for-sale	(4,070)
– At fair value through profit or loss	(726)
Subtotal	(4,796)
TOTAL	(2,931)

(f) Fair value (losses)/gains

	2022
Debt securities	
– At fair value through profit or loss	(451)
Equity securities, mutual funds and investment schemes	
– At fair value through profit or loss	54
Investment properties (note 27)	(182)
TOTAL	(579)

(g) Impairment losses

	2022
Available-for-sale	(1,615)
Held-to-maturity financial assets	(143)
Investments classified as loans and receivables	178
TOTAL	(1,580)

(Amounts in millions of Renminbi, unless otherwise stated)

7. OTHER INCOME

	2023	2022 (Restated)
Asset management fee	1,205	1,116
Government grants	438	434
Disposal gains from investment properties, property and equipment, intangible assets and land use rights	209	321
Commission income arising from the collection of motor vehicles and vessels taxes	50	173
Others	1,712	1,738
TOTAL	3,614	3,782

Note: Government grants of the Group mainly include agricultural insurance subsidies and subsidies for its insurance business operated in Tibet Autonomous Region.

8. COMPREHENSIVE INVESTMENT INCOME AND FINANCE EXPENSES FROM INSURANCE CONTRACTS ISSUED

	2023	2022
Interest revenue from financial assets not measured at FVTPL	29,379	N/A
Net investment gains	750	38,707
Net credit impairment losses	(1,434)	N/A
Share of profits or losses of associates and joint ventures	14,939	15,466
Other comprehensive income	10,182	(29,354)
Total	53,816	24,819
Total investment income recognised in profit or loss	43,634	54,173
Total investment income/(losses) recognised in OCI	10,182	(29,354)

	2023	2022
Changes in FCF and CSM of contracts measured under VFA due to changes in fair value of underlying items	8,701	2,404
Interest accreted	19,994	18,593
Effect of changes in interest rates and other financial assumptions	10,559	4,096
Foreign exchange differences	176	449
Insurance finance expenses from insurance contracts issued	39,430	25,542
Total insurance finance expenses from insurance contracts issued recognised in profit or loss	27,651	35,351
Total insurance finance expenses from insurance contracts issued recognised in OCI	11,779	(9,809)

(Amounts in millions of Renminbi, unless otherwise stated)

9. FINANCIAL COST

	2023	2022 (Restated)
Securities sold under agreements to repurchase	1,863	1,757
Bonds payable	1,390	2,123
Pension benefit obligation unwound (note 39)	75	81
Interest on lease liabilities	73	83
Others	60	205
TOTAL	3,461	4,249

10. OTHER OPERATING AND ADMINISTRATIVE EXPENSES

	2023	2022 (Restated)
Employee costs	49,590	47,944
Promotion expense	19,450	17,576
Technical/labor service and consulting fee	19,777	17,911
Depreciation and amortisation	4,933	5,003
Contributions to China Insurance Security Fund (note1)	4,122	2,709
Business and travel expenses	1,739	1,893
Prevention fee	1,626	1,378
Electronic equipments running expenses	862	1,139
Others	9,641	8,648
Less: Expenses attributed to insurance acquisition cash flows	(59,085)	(55,494)
Less: Other directly attributable expenses	(43,431)	(40,955)
Other operating and administrative expenses	9,224	7,752

Note 1: Insurance companies in China are required to make regular contributions to China Insurance Security Fund ("CISF") according to the types and premiums of products sold during the year. CISF was established to provide protection for policyholders when an insurance company in China is in financial troubles.

Note 2: The above disclosure does not include handling charges and commissions, and the full amount of them has been attributed to the insurance acquisition cash flows.

(Amounts in millions of Renminbi, unless otherwise stated)

11. PROFIT BEFORE TAX

Profit before tax is arrived at after charging/(crediting) the following items:

	2023	2022 (Restated)
Employee costs (a) (note)	49,590	47,944
Depreciation of property and equipment (note)	2,560	2,626
Depreciation of right-of-use assets (note)	1,260	1,519
Amortisation of intangible assets (note)	1,236	1,007
Recognition of impairment losses on property and equipment	9	–
Recognition of impairment losses on other assets	(7)	244
Recognition of impairment losses on intangible assets	1	1
Auditors' remuneration	51	36
Less: Expenses attributed to insurance acquisition cash flows	(59,085)	(55,494)
Other directly attributable expenses	(43,431)	(40,955)

Note: The expense incurred that were fulfilment cash flows are not presented in other operating expenses, but either presented service expenses or recognised as insurance acquisition cash flows according to IFRS 17.

(a) Employee costs

	2023	2022 (Restated)
Employee costs (including directors' and supervisors' remuneration)		
– Salaries, allowances and performance related bonuses	43,825	42,959
– Pension scheme contributions	5,765	4,985
TOTAL	49,590	47,944

12. INCOME TAX EXPENSE

	2023	2022 (Restated)
Current tax	3,040	10,391
Adjustments in respect of prior years	122	40
Deferred tax (note 31)	(416)	(3,161)
TOTAL	2,746	7,270

(Amounts in millions of Renminbi, unless otherwise stated)

12. INCOME TAX EXPENSE (continued)

Certain operations of the Company's subsidiary in the Western region and Hainan Province are entitled to tax benefits and their eligible taxable income is subject to an income tax rate of 15%. One of the Company's subsidiaries is recognized as a high-tech enterprise and its eligible taxable income is subject to an income tax rate of 15%. Except for the above-mentioned subsidiaries, the Company and its subsidiaries registered in the PRC are subject to corporate income tax ("CIT") at the statutory rate of 25% (2022: 25%) on their respective taxable income in accordance with the relevant PRC income tax rules and regulations. Income taxes on taxable income elsewhere were calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

A reconciliation of the tax expense applicable to profit before tax using the CIT rate of 25% to the tax expense at the Group's effective tax rate is as follows:

	2023	2022 (Restated)
Profit before tax	33,557	42,717
Tax rate	25%	25%
Tax at the statutory tax rate	8,389	10,679
Adjustments in respect of prior years	122	40
Tax effect of share of profits or losses of associates and joint ventures	(3,734)	(3,866)
Income not subject to tax	(3,943)	(4,147)
Expenses not deductible for tax	451	405
Unrecognised deductible temporary differences and tax losses/tax losses utilised from previous periods	1,501	4,436
Effects of different tax rates applied to subsidiaries	(34)	(276)
Others	(6)	(1)
Income tax expense for the year	2,746	7,270

13. DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

Certain directors, supervisors and senior management are entitled to bonuses which are determined by a number of factors including the operating results of the Group.

The total compensation package for the Company's key management for the year ended 31 December 2023 has not yet been finalised in accordance with regulations of the PRC relevant authorities. The amount of the compensation not provided for is not expected to have significant impact on the Group's 2023 consolidated financial statements.

Directors', supervisors' and senior management's remuneration for the years of 2023 and 2022, are disclosed as follows:

(Amounts in millions of Renminbi, unless otherwise stated)

13. DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (continued)

(a) Directors and Supervisors

	2023					
	Fees (in RMB'000)	Salaries and allowances (in RMB'000)	Performance related bonuses (in RMB'000)	Social insurance, housing fund and other benefits (in RMB'000)	Retirement benefits (in RMB'000)	Total (in RMB'000)
Executive Directors:						
Wang Tingke (Chairman of the Board) (i)	–	384	288	93	223	988
Zhao Peng (Vice Chairman of the Board) (ii)	–	192	144	47	113	496
Li Zhuyong	–	346	259	93	207	905
Xiao Jianyou	–	346	259	93	207	905
Non-executive Directors:						
Wang Qingjian	–	–	–	–	–	–
Miao Fusheng	–	–	–	–	–	–
Wang Shaoqun	–	–	–	–	–	–
Yu Qiang	–	–	–	–	–	–
Song Hongjun (iii)	–	–	–	–	–	–
Independent Non-executive Directors:						
Shiu Sin Por	300	–	–	–	–	300
Ko Wing Man	250	–	–	–	–	250
Cui Li	300	–	–	–	–	300
Xu Lina	250	–	–	–	–	250
Wang Pengcheng (iv)	100	–	–	–	–	100
Directors who have resigned:						
Luo Xi (v)	–	96	72	23	55	246
Chen Wuzhao (vi)	225	–	–	–	–	225
Wang Zhibin (vii)	–	–	–	–	–	–
Total	1,425	1,364	1,022	349	805	4,965
Supervisors:						
Xu Yongxian (viii)	–	921	–	121	167	1,209
Wang Yadong (ix)	–	–	–	–	–	–
Lee Wai King	300	–	–	–	–	300
He Zuwang (ix)	–	–	–	–	–	–
Total	300	921	–	121	167	1,509

(Amounts in millions of Renminbi, unless otherwise stated)

13. DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (continued)

(a) Directors and Supervisors (continued)

	2022 (Restated)					
	Fees (in RMB'000)	Salaries and allowances (in RMB'000)	Performance related bonuses (in RMB'000)	Social insurance, housing fund and other benefits (in RMB'000)	Retirement benefits (in RMB'000)	Total (in RMB'000)
Executive Directors:						
Luo Xi (Chairman of the Board)	–	384	490	85	218	1,177
Wang Tingke (Vice Chairman of the Board)	–	384	490	85	218	1,177
Li Zhuyong	–	346	441	85	202	1,074
Xiao Jianyou	–	346	441	85	202	1,074
Non-executive Directors:						
Wang Qingjian	–	–	–	–	–	–
Miao Fusheng	–	–	–	–	–	–
Wang Shaoqun	–	–	–	–	–	–
Yu Qiang	–	–	–	–	–	–
Wang Zhibin	–	–	–	–	–	–
Independent Non-executive Directors:						
Shiu Sin Por	300	–	–	–	–	300
Ko Wing Man	250	–	–	–	–	250
Chen Wuzhao	225	–	–	–	–	225
Cui Li	300	–	–	–	–	300
Xu Lina	250	–	–	–	–	250
Total	1,325	1,460	1,862	340	840	5,827
Supervisors:						
Xu Yongxian	–	806	1,016	296	162	2,280
Wang Yadong	–	436	780	220	111	1,547
Lee Wai King	300	–	–	–	–	300
He Zuwang	–	119	205	61	37	422
Supervisors who have resigned:						
Zhang Yan	–	464	683	181	102	1,430
Zhang Tao	–	192	245	–	–	437
Total	300	2,017	2,929	758	412	6,416

(Amounts in millions of Renminbi, unless otherwise stated)

13. DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (continued)

(a) Directors and Supervisors (continued)

(i) Wang Tingke was appointed as Chairman of the Board in June 2023;

(ii) Zhao Peng was appointed as Vice Chairman in November 2023;

(iii) Song Hongjun was appointed as a non-executive director in August 2023;

(iv) Wang Pengcheng was appointed as an independent director in August 2023;

(v) Luo Xi resigned in March 2023;

(vi) Chen Wuzhao resigned in August 2023;

(vii) Wang Zhibin resigned in August 2023;

(viii) Xu Yongxian resigned in January 2024;

(ix) The remuneration and benefits of Mr. Wang Yadong and Mr. He Zuwang are the allowances they received during their tenure as employee representative supervisors of the Company, excluding the remuneration they receive in accordance with the employee remuneration system of the Company.

The compensation amounts for the directors and supervisors during their appointment were stated above, in which the compensation amounts for the year ended 31 December 2023 were paid amount by year-end, and the amounts for the year ended 31 December 2022 were restated after finalisation in year 2023.

Executive directors' emoluments shown above were mainly for the services in connection with management of affairs of the Company and the Group. Non-executive directors did not receive any remuneration from the Company.

There were no other emoluments payable to the independent non-executive directors during the year (2022: Nil).

There was no arrangement under which a director or supervisor waived or agreed to waive any remuneration during the year.

(b) Senior Management

The information set out below does not include remuneration of directors or supervisors. The relevant information of their remuneration is disclosed in note 13(a).

	2023 (in RMB'000)	2022 (in RMB'000) (Restated)
Salaries and allowances	4,083	3,259
Performance related bonuses	1,036	4,146
Social insurance, housing fund and other benefits	691	966
Retirement benefits	1,221	1,044
TOTAL	7,031	9,415

(Amounts in millions of Renminbi, unless otherwise stated)

13. DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (continued)

(b) Senior Management (continued)

The number of senior management, excluding directors and supervisors, whose remuneration fell within the following bands are as follows:

	2023	2022 (Restated)
Nil to HKD500,000	–	2
HKD500,001 to HKD1,000,000	5	–
HKD1,000,001 to HKD1,500,000	2	3
HKD1,500,001 to HKD2,000,000	–	–
HKD2,000,001 to HKD2,500,000	–	–
HKD2,500,001 to HKD3,000,000	–	1
HKD3,000,001 to HKD3,500,000	–	1
TOTAL	7	7

The compensation amounts for certain members of senior management during their appointment were stated above, in which the compensation amounts for the year ended 31 December 2022 were restated after finalisation in year 2023.

14. FIVE HIGHEST PAID INDIVIDUALS

During the year of 2023, the five highest paid individuals included one supervisor and one director (2022: one director and two supervisors), details of whose remuneration are set out in note 13 above. Details of the remuneration for the years of 2023 and 2022 of the remaining highest paid individuals who are neither director nor supervisor of the Company are as follows:

	2023 (in RMB'000)	2022 (in RMB'000) (Restated)
Salaries and allowances	2,419	1,846
Performance related bonuses	259	2,639
Social insurance, housing fund and other benefits	338	599
Retirement benefits	541	324
TOTAL	3,557	5,408

(Amounts in millions of Renminbi, unless otherwise stated)

14. FIVE HIGHEST PAID INDIVIDUALS (continued)

The number of the highest paid individuals who are neither director nor supervisor of the Company whose remuneration fell within the following bands is as follows:

	2023	2022 (Restated)
HKD500,001 to HKD1,000,000	1	–
HKD1,000,001 to HKD1,500,000	2	–
HKD1,500,001 to HKD2,000,000	–	–
HKD2,000,001 to HKD2,500,000	–	–
HKD2,500,001 to HKD3,000,000	–	1
HKD3,000,001 to HKD3,500,000	–	1
TOTAL	3	2

Note: The compensation amounts for the year ended 31 December 2023 were paid amount by year-end.

15. EARNINGS PER SHARE

(a) Basic Earnings Per Share

The calculation of basic earnings per share for the years of 2023 and 2022 is based on the profit attributable to owners of the Company and the number of ordinary shares in issue during the periods.

	2023	2022 (Restated)
Profit attributable to owners of the Company for the year	22,322	25,382
Weighted average number of ordinary shares in issue (in million shares)	44,224	44,224
Basic earnings per share (in RMB Yuan)	0.50	0.57

(b) Diluted Earnings Per Share

	2023	2022 (Restated)
Profit attributable to owners of the Company for the year	22,322	25,382
Add: Adjustment of profit attributable to owners of the Company from the assumption of the convention of all the convertible bonds issued by an associate (note)	(1,241)	(829)
Profit attributable to owners of the Company for the calculation of diluted earnings per share	21,081	24,553
Weighted average number of ordinary shares in issue (in million shares)	44,224	44,224
Diluted earnings per share (in RMB Yuan)	0.48	0.56

Note: The associate of the Group, Industrial Bank issued convertible bonds with a share conversion period from 30 June 2022 to 26 December 2027 which meet potential ordinary shares under IAS 33. The adjustment of profit attributable to owners of the Company from the assumption of the convention of all the convertible bonds issued by the associate was considered in the calculation of diluted earnings per share.

(Amounts in millions of Renminbi, unless otherwise stated)

16. DIVIDENDS

	2023	2022
Dividends recognised as distributions:		
2022 Final, paid – RMB16.60 cents per share	7,341	–
2021 Final, paid – RMB14.70 cents per share	–	6,501

A final dividend in respect of the year ended 31 December 2022 of RMB16.60 cents per share was proposed by the Board of Directors on 24 March 2023 and approved by the shareholders on 19 June 2023 at the general meeting and paid on 28 July 2023.

17. CASH AND CASH EQUIVALENTS

	31 December 2023	31 December 2022
Money at call and short notice	20,274	21,090
Deposits with banks with original maturity of no more than three months	119	275
Securities purchased under resale agreements with original maturity of no more than three months	8,442	19,234
TOTAL	28,835	40,599

The Group entered into a number of resale agreements to purchase certain securities with commitments to sell in the future, and counterparties are required to pledge certain bonds as collaterals. The securities purchased are not recognised on the consolidated statement of financial position.

18. DEBT SECURITIES

	31 December 2022
Classification of debt securities	
At fair value through profit or loss, at fair value	19,440
Available-for-sale, at fair value	318,421
Held-to-maturity, at amortized cost	198,393
TOTAL	536,254

As at 31 December 2022, all the debt securies at fair value through profit or loss are held for trading.

(Amounts in millions of Renminbi, unless otherwise stated)

19. EQUITY SECURITIES, MUTUAL FUNDS AND INVESTMENT SCHEMES

	31 December 2022
Investments, at fair value	
Mutual funds	120,310
Shares	55,604
Investment schemes and others	72,692
Trust schemes	9,341
Subtotal	257,947
Investments, at cost less impairment	75
TOTAL	258,022

	31 December 2022
Classification by accounting categories	
Available-for-sale, at fair value	239,086
At fair value through profit or loss, at fair value	18,861
Available-for-sale, at cost less impairment	75
TOTAL	258,022

As at 31 December 2022, financial assets at fair value through profit or loss include financial assets designated upon initial recognition as at fair value through profit or loss amounted to RMB7,104 million. The rest are trading assets. With the adoption of IFRS 9, financial assets designated at fair value through profit or loss under IAS 39 do not meet the criteria of the classifications of financial assets at amortized cost or financial assets at fair value through other comprehensive income under IFRS 9, therefore these financial assets became mandatorily measured at fair value through profit or loss.

20. FINANCIAL ASSETS MEASURED AT AMORTIZED COST

	31 December 2023
Bond	
– Treasury bonds and government bonds	78,285
– Financial bonds	8,670
– Corporate bonds	31,261
Debt investment schemes	97,016
Trust schemes	94,114
Asset-backed plans and others	11,955
TOTAL	321,301
Less: Impairment provisions	(2,696)
Net carrying value	318,605

(Amounts in millions of Renminbi, unless otherwise stated)

21. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	31 December 2023
Debt instruments measured at fair value through other comprehensive income	
Bonds investment	
– Treasury bonds and government bonds	147,973
– Financial bonds	47,291
– Corporate bonds	141,129
Asset-backed plans	2,324
Including:	
Amortized costs	316,141
Accumulated changes in fair value	22,576
Equity instruments measured at fair value through other comprehensive income	
Shares	16,028
Perpetual instruments	69,022
Other equity investments	11,491
Including:	
Costs	93,213
Accumulated changes in fair value	3,328
TOTAL	435,258

As of 31 December 2023, the impairment allowance of debt instruments measured at fair value through other comprehensive income was RMB652 million.

In 2023, for the consideration of optimizing liquidity arrangement, the Group disposed of equity instruments measured at fair value through other comprehensive income with a cost of RMB3,043 million. The dividend income recognized for the year-end 31 December 2023 was RMB90 million, and the cumulative loss transferred from revaluation reserve to retained profits upon disposals was RMB471 million.

22. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2023
Bonds	
– Treasury bonds and government bonds	2,306
– Financial bonds	155,194
– Corporate bonds	14,468
Fund	117,375
Shares	29,477
Asset management products	5,473
Unlisted equity investments	12,269
Trust schemes	7,678
Equity investments plans and others	38,780
TOTAL	383,020

As at 31 December 2023, the Group does not designate any financial assets (that would otherwise have been classified and measured at amortised cost or fair value through other comprehensive income) at fair value through profit or loss.

(Amounts in millions of Renminbi, unless otherwise stated)

23. TERM DEPOSITS

The original maturities of the term deposits are as follows:

	31 December 2023	31 December 2022
More than 3 months to 12 months	2,593	3,274
More than 1 year to 2 years	566	19
More than 2 years to 3 years	12,739	11,801
More than 3 years	64,246	86,086
TOTAL	80,144	101,180
Add: Interests receivables	1,655	N/A
Less: Impairment provisions	(312)	–
Net carrying value	81,487	101,180

These term deposits of the Group bear fixed interest rate ranging from 2.20% – 6.30% per annum as at 31 December 2023 (31 December 2022: bear fixed interest rate ranging from 0.30% – 7.44% per annum).

24. INVESTMENTS CLASSIFIED AS LOANS AND RECEIVABLES

	31 December 2022
Debt investment schemes	88,833
Trust schemes	73,353
Asset management products	15,220
TOTAL	177,406
Less: Impairment provisions	(1,324)
Net carrying value	176,082

The interest rate of these debt investment schemes is in the range of 3.68% – 6.52% per annum as at 31 December 2022.

Trust schemes predominantly invest in debt instruments and offer the Group returns ranging from 3.65% – 6.34% at 31 December 2022 per annum.

Asset management products are various financial products which offer fixed or determinable payments and are not quoted in an active market. These financial products include securitised assets, creditor's right of return and asset-backed security offered by banks, securities companies or asset management companies. The interest rate of these products is in the range of 3.77% – 6.08% per annum as at 31 December 2022.

(Amounts in millions of Renminbi, unless otherwise stated)

25. PARTICULARS OF SUBSIDIARIES

(a) General information of subsidiaries

Particulars of the principal subsidiaries as of 31 December 2023 and 2022 are set out below:

Name	Place of incorporation and type of legal entity	Paid up/registered share capital	Proportion of shareholders' interest and voting rights				Principal activities/place of operation
			31 December 2023		31 December 2022		
			Direct	Indirect	Direct	Indirect	
PICC P&C	Beijing, PRC Corporation	RMB 22,242,765,303	68.98%	–	68.98%	–	Non-life insurance, PRC
PICC Life	Beijing, PRC Corporation	RMB 25,761,104,669	71.08%	8.92%	71.08%	8.92%	Life insurance, PRC
PICC Asset Management Company Limited ("PICC AMC")	Shanghai, PRC Limited Liability	RMB 1,298,000,000	100.00%	–	100.00%	–	Investment management of insurance companies, PRC
PICC Health	Beijing, PRC Corporation	RMB 8,568,414,737	69.32%	26.13%	69.32%	26.13%	Health insurance, PRC
PICC Pension Company Limited ("PICC Pension")	Hebei, PRC Limited Liability	RMB 4,000,000,000	100.00%	–	100.00%	–	Endowment insurance, PRC
PICC Investment Holding Company Limited ("PICC Investment Holding")	Beijing, PRC Limited Liability	RMB 800,000,000	100.00%	–	100.00%	–	Investment holding, PRC
PICC Capital Insurance Asset Management Co., Ltd. ("PICC Capital")	Beijing, PRC Limited Liability	RMB 200,000,000	100.00%	–	100.00%	–	Investment management, PRC
PICC Reinsurance Company Limited ("PICC Reinsurance")(Note 1)	Beijing, PRC Corporation	RMB 5,960,784,300	51.00%	49.00%	51.00%	49.00%	Reinsurance business, PRC
PICC (Hong Kong) Limited ("PICC HK") (Note 2)	Hong Kong Corporation	HKD 1,609,999,956.25	89.36%	–	89.36%	–	P&C insurance, Hong Kong SAR, PRC
PICC Financial Services Company Limited ("PICC Financial Services")	Tianjin, PRC Limited Liability	RMB 1,414,866,044.32	70.68%	29.32%	70.68%	29.32%	Internet finance, PRC
PICC Information Technology Co., Ltd.	Shanghai, PRC Limited Liability	RMB 400,000,000	100.00%	–	100.00%	–	Technology service, PRC

Note1: On 12 December 2023, with the approval of the National Financial Regulatory Administration (the "NFRA") (NFRA [2023] No. 490), the Company and PICC P&C completed the capital increase of PICC Reinsurance. The registered capital of PICC Reinsurance after the capital increase is RMB5,961 million. After the capital increase, the proportion of shareholders' interest will remain unchanged.

Note2: Since there are no registered capital requirements for companies incorporated in Hong Kong, PICC HK is disclosed as its paid up capital.

Only principal subsidiaries which are directly held by the Company and have material impact on the consolidated financial statements are listed above. Other subsidiaries did not materially affect the Group's net financial position and operating results and were therefore not separately disclosed.

(Amounts in millions of Renminbi, unless otherwise stated)

25. PARTICULARS OF SUBSIDIARIES (continued)

(a) General information of subsidiaries (continued)

As at 31 December 2023, market value of shares of PICC P&C which is listed on the Main Board of The Stock Exchange of Hong Kong Limited is RMB129,026 million (31 December 2022: RMB101,558 million).

Capital supplementary bonds issued by these subsidiaries are set out in note 36 to these consolidated financial statements.

The Company and the following subsidiaries had outstanding capital supplementary bonds at the end of the year, which are all held by third parties:

	31 December 2023		31 December 2022	
	Nominal Amount	Carrying Amount	Nominal Amount	Carrying Amount
The Company	12,000	12,224	18,000	17,998
PICC Life	12,000	12,269	12,000	12,254
PICC P&C	8,000	8,365	8,000	8,097
PICC Health	3,000	3,107	3,000	3,009
PICC Reinsurance	2,000	2,027	2,000	1,998
	37,000	37,992	43,000	43,356

At the end of the reporting period, the Company had other indirectly held subsidiaries that are not material to the Group. The principal activities of these subsidiaries are summarised as follows:

		Number of subsidiaries	
Principal activities of the subsidiaries	Place of incorporation and operation in the PRC	31 December 2023	31 December 2022
Insurance intermediaries	Beijing, Shanghai, Shenzhen and others	5	5
Insurance training services	Dalian, Hainan and others	2	2
Property development and management	Beijing, Shenzhen and others	12	12
Hotels, restaurants and others	Beijing, Shanghai, Chongqing and others	12	12
		31	31

The legal form of above-mentioned subsidiaries is Limited Liability Company.

(Amounts in millions of Renminbi, unless otherwise stated)

25. PARTICULARS OF SUBSIDIARIES (continued)

(b) Details of the non-wholly owned subsidiary that has material non-controlling interests

The table below shows details of the non-wholly owned subsidiary of the Group that has material non-controlling interests:

		Proportion of ownership interests and voting rights held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
Name of subsidiary	Place of incorporation and principal place of business	31 December 2023	31 December 2022	2023	2022 (Restated)	31 December 2023	31 December 2022 (Restated)
PICC P&C and its subsidiaries	Beijing, PRC	31.02%	31.02%	7,620	9,029	72,681	68,742

Summarised financial information in respect of the Group's subsidiary that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup elimination. Please refer to Note 4 operating segment information for the financial information of other subsidiaries.

In particular, an interest in the equity interest of Industrial Bank is accounted for as an financial asset in the consolidated financial statements of PICC P&C but when combined with voting rights held by the Company and PICC Life, this interest is accounted for as an associate in the Group's consolidated financial statements. The information presented in this note does not consider the impact had these equity interests been accounted for as an associate in the consolidated financial statements of PICC P&C.

PICC P&C

	31 December 2023	31 December 2022 (Restated)
Total assets	703,623	672,462
Total liabilities	469,319	450,857
Total shareholders' equity	234,304	221,605
Equity attributable to owners of the Group	161,623	152,863
Non-controlling interests of the Group	72,681	68,742

(Amounts in millions of Renminbi, unless otherwise stated)

25. PARTICULARS OF SUBSIDIARIES (continued)

(b) Details of the non-wholly owned subsidiary that has material non-controlling interests (continued)

PICC P&C (continued)

	2023	2022 (Restated)
Total income	468,400	437,960
Total operating expenses	(445,895)	(408,622)
Share of profits of associates	5,530	4,777
Dilution loss arising on a reduced stake in an associate	–	(95)
Income tax expense	(3,469)	(4,912)
Profit for the year	24,566	29,108
Profit attributable to owners of the Group	16,946	20,079
Profit attributable to non-controlling interests of the Group	7,620	9,029
Other comprehensive income for the year	(1,133)	(10,130)
Total comprehensive income for the year	23,433	18,978
Dividends paid to non-controlling interests	3,298	2,808
Net cash inflow from operating activities	20,542	42,710
Net cash outflow from investing activities	(11,130)	(32,188)
Net cash outflow from financing activities	(14,223)	(6,997)
Net cash inflow/(outflow)	(4,811)	3,525

(c) Significant restrictions

As certain major subsidiaries of the Company are engaged in insurance business and regulated by the relevant insurance regulatory authorities, the ability of the Company and its subsidiaries to access assets held by these insurance subsidiaries to settle liabilities of the Group is restricted. As such, there are restrictions on the Group's ability to access or use the assets of these insurance subsidiaries to settle the liabilities of the Group. Please refer to note 44.1(b) for detailed disclosure on the relevant regulatory capital requirements.

(Amounts in millions of Renminbi, unless otherwise stated)

26. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

(a) The Group's investments in associates and joint ventures as at 31 December 2023 and 2022 are as follows:

	31 December 2023	31 December 2022
Associates		
Cost of investment in associates	68,505	67,974
Share of post-acquisition profits, other comprehensive income and other equity movement, less dividend received or receivable (note)	85,044	75,313
Subtotal	153,549	143,287
Joint ventures		
Cost of investment in joint ventures	3,086	3,086
Share of post-acquisition profits, other comprehensive income and other equity movement, less dividend received or receivable (note)	30	(140)
Subtotal	3,116	2,946
TOTAL	156,665	146,233

Associates and joint ventures	1 January 2023	Additions	Disposals	Share of profit	Share of other comprehensive income	Share of other movement	Dividend received	Impairment	31 December 2023
Industrial Bank	84,069	–	–	10,201	(228)	(29)	(3,183)	–	90,830
Hua Xia Bank	42,213	–	–	3,783	114	–	(982)	–	45,128
Others	19,951	535	(37)	955	(47)	6	(480)	(176)	20,707
Total	146,233	535	(37)	14,939	(161)	(23)	(4,645)	(176)	156,665

Note: As permitted by related accounting standards, the Group elects not to apply uniform accounting policies over comparative figures when using the equity method for Industrial Bank, Hua Xia Bank and other associates and joint ventures.

As at 31 December 2023, the carrying amount of the associate, Industrial Bank, an A-share listed company, exceeded its market value, RMB36,596 million which calculated based on the number of shares held by the Group. Management performed impairment assessment accordingly considering such impairment indicator exist. The assessment result indicates that the present value of estimated future cash flows exceed the carrying amount of Industrial Bank, there was no impairment as at 31 December 2023.

(Amounts in millions of Renminbi, unless otherwise stated)

26. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

(a) The Group's investments in associates and joint ventures as at 31 December 2023 and 2022 are as follows: (continued)

As at 31 December 2023, the carrying amount of the associate, Hua Xia Bank, an A-share listed company, exceeded its market value, RMB14,405 million which calculated based on the number of shares held by the Group. Management performed impairment assessment accordingly considering such impairment indicator exist. The assessment result indicates that the present value of estimated future cash flows exceed the carrying amount of Hua Xia Bank, there was no impairment as at 31 December 2023.

The Group determines the undiscounted estimated future cash flows based on historical experience and forecast market developments, the present value of estimated future cash flows are calculated based on the discount rate that reflects the specific risks of the underlying investments. The key assumptions used in the impairment assessment are as follows:

Forecast period	5 years
Long-term profit growth rate	0-2.5%
Discount rate	9.6%-10.9%

(b) Particulars of the principal associates are as follows:

			Percentage of ownership interest and voting rights held by the Group			
			31 December 2023		31 December 2022	
Associates	Place of registration	Principal activities/ Place of operation	Direct	Indirect	Direct	Indirect
Industrial Bank (1)	Fujian Province, PRC	Banking, PRC	0.85%	12.05%	0.85%	12.05%
Hua Xia Bank (2)	Beijing, PRC	Banking, PRC	–	16.11%	–	16.11%

The above table lists out the associates of the Group which principally affected the results of the year or form a substantial portion of the net assets of the Group. To give details of other associates would, in the opinion of the directors of the Company, result in particulars of excessive length.

Summarised consolidated financial information in respect of each of the Group's material associates is set out below. The summarised consolidated financial information below represents amounts shown in the associate's consolidated financial statements prepared in accordance with the relevant accounting policies and financial regulations applicable to entities established in the PRC, and adjusted for any material differences from IFRS.

Industrial Bank and Hua Xia Bank are financial institutions. Therefore, their abilities to distribute dividends are subject to fulfillment of the relevant regulatory capital requirements.

(Amounts in millions of Renminbi, unless otherwise stated)

26. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

(b) Particulars of the principal associates are as follows: (continued)

(1) Industrial Bank

On 31 December 2012, the Company, PICC P&C and PICC Life in aggregate subscribed for approximately 1.38 billion shares of Industrial Bank through a private placement. After the completion of the subscription, the Group as a whole became the second largest shareholder of Industrial Bank.

In 2013, a member of senior management of PICC Life was nominated to be a director of Industrial Bank. The Group has been able to exercise significant influence on Industrial Bank, and therefore accounted for its equity interest in Industrial Bank as an associate using equity method of accounting.

On 9 July 2015, PICC P&C and PICC Life, the Company's subsidiaries, acquired 280 million and 328 million shares, respectively, of Industrial Bank in the open market. Therefore, the Group's aggregate interest in this associate was increased from 10.87% to 14.06%.

On 31 March 2017, Industrial Bank completed its private offering. The Group did not subscribe for the shares proportionately, therefore, its total equity interest in Industrial Bank was diluted from 14.06% to 12.90%. The Group is of the view that it still has significant influence over Industrial Bank, as it appointed one director to the board of directors of Industrial Bank and the Group was the second largest shareholder of Industrial Bank.

As permitted by IAS 28 "Investments in Associates and Joint Ventures", for 2023, the Group accounts for the share of profit of Industrial Bank, an associate of the Group, from 1 October 2022 to 30 September 2023, taking into account any significant events or transactions for the period 1 October 2023 to 31 December 2023.

For 2022, the Group accounts for the share of profit of Industrial Bank, an associate of the Group, from 1 October 2021 to 30 September 2022, taking into account any significant events or transactions for the period 1 October 2022 to 31 December 2022.

	30 September 2023	30 September 2022
Total assets	9,923,294	9,089,088
Total liabilities	9,128,634	8,348,795
Net assets attributable to		
Equity holders of Industrial Bank	783,453	729,807
Non-controlling interests	11,207	10,486
Total equity	794,660	740,293

(Amounts in millions of Renminbi, unless otherwise stated)

26. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

(b) Particulars of the principal associates are as follows: (continued)

(1) Industrial Bank (continued)

	Period from 1 October 2022 to 30 September 2023	Period from 1 October 2021 to 30 September 2022
Revenue	212,816	228,043
Profit attributable to		
Equity holders of Industrial Bank	84,534	90,450
Non-controlling interests	876	917
Profit for the period	85,410	91,367
Other comprehensive (expense)/income attributable to		
Equity holders of Industrial Bank	(1,766)	(1,945)
Non-controlling interests	–	(1)
Other comprehensive (expense)/income for the period	(1,766)	(1,946)
Total comprehensive income attributable to		
Equity holders of Industrial Bank	82,768	88,505
Non-controlling interests	876	916
Total comprehensive income for the period	83,644	89,421
Dividends received from the associate during the period	3,183	2,773

Reconciliation of the above summarised financial information to the carrying amount of the interest in Industrial Bank recognised in the consolidated financial statements:

	30 September 2023	30 September 2022
Net assets of Industrial Bank attributable to equity holders of Industrial Bank	783,453	729,807
Total preference shares issued by Industrial Bank	(55,842)	(55,842)
Total perpetual bonds issued by Industrial Bank	(29,960)	(29,960)
Equity component of convertible bonds issued by Industrial Bank	(3,158)	(3,158)
Net assets attributable to ordinary share holders of Industrial Bank	694,493	640,847
Proportion of the Group's interests in Industrial Bank	12.90%	12.90%
The Group's interests in net assets of Industrial Bank	89,590	82,669
Goodwill	445	445
Net fair value adjustment to the investee's identifiable assets and liabilities	2,426	2,426
Amortisation of intangible assets and financial instruments recognised in fair value adjustments	(1,631)	(1,471)
Carrying amount of the Group's interests in Industrial Bank	90,830	84,069

(Amounts in millions of Renminbi, unless otherwise stated)

26. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

(b) Particulars of the principal associates are as follows: (continued)

(1) Industrial Bank (continued)

	31 December 2023	31 December 2022
Fair value of shares listed in Mainland China	39,596	47,124

(2) Hua Xia Bank

On 28 December 2015, PICC P&C entered into a share transfer agreement with Deutsche Bank Aktiengesellschaft ("Deutsche Bank"), Sal. Oppenheim jr. & Cie. AG & Co. Kommanditgesellschaft auf Aktien ("Sal. Oppenheim") and Deutsche Bank Luxembourg S. A. ("Deutsche Bank Luxembourg"), pursuant to which each of Deutsche Bank, Sal. Oppenheim and Deutsche Bank Luxembourg conditionally agreed to transfer to PICC P&C 877 million shares,267 million shares and 992 million shares of Hua Xia Bank, respectively, held by them (amounting to a total of 2,136 million shares, representing approximately 19.99% of the total issued shares of Hua Xia Bank) and PICC P&C conditionally agreed to purchase these shares. This transaction was completed on 17 November 2016. Management has assessed the level of influence that the Group has on Hua Xia Bank, and determined that it has significant influence over Hua Xia Bank since 17 November 2016 even though the respective shareholding is below 20% because of the board representation and other arrangements made. Consequently, this investment has been classified as an associate and is accounted for using equity method.

On 28 December 2018, Hua Xia Bank completed its private offering. The PICC P&C did not subscribe for the shares proportionately, therefore, its total equity interest in Hua Xia Bank was diluted from 19.99% to 16.66%.

On 18 October 2022, Hua Xia Bank completed its private offering of shares, issued 527,704,485 new shares, raising net proceeds of RMB7,994 million. The PICC P&C, a subsidiary of the Group, did not subscribe for the shares proportionately, therefore its total equity interest in Hua Xia Bank was diluted from 16.66% to 16.11%. As such, a deemed disposal loss amounting to RMB95 million was recognised in dilution loss arising on a reduced stake in an associate.

	31 December 2023	31 December 2022
Total assets	4,254,766	3,900,167
Net assets attributable to equity holders of Hua Xia Bank	318,579	320,457

	2,023	2,022
Revenue	93,207	93,808
Profit attributable to equity holders of Hua Xia Bank	26,363	25,035
Dividends received from the associate during the year	982	866

(Amounts in millions of Renminbi, unless otherwise stated)

26. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

(b) Particulars of the principal associates are as follows: (continued)

(2) Hua Xia Bank (continued)

Reconciliation of the above summarised financial information to the carrying amount of interest in Hua Xia Bank recognised in the consolidated financial statements:

	31 December 2023	31 December 2022
Net assets of Hua Xia Bank attributable to equity holders of Hua Xia Bank	318,579	320,457
Total preference shares issued by Hua Xia Bank	–	(19,978)
Total perpetual bonds issued by Hua Xia Bank	(39,993)	(39,993)
Net assets attributable to ordinary share holders of Hua Xia Bank	278,586	260,486
Proportion of the Group's interests in Hua Xia Bank	16.11%	16.11%
The Group's interests in net assets of Hua Xia Bank	44,869	41,954
Net fair value adjustment to the investee's identifiable assets and liabilities	(63)	(63)
Amortisation of intangible assets recognised in fair value adjustments	322	322
Carrying amount of the Group's interests in Hua Xia Bank	45,128	42,213
Fair value of shares listed in Mainland China	14,405	13,303

(c) Aggregate information of associates and joint ventures that are not individually material

As at 31 December 2023, apart from the two associates disclosed above, the Group has in aggregate 20 (31 December 2022: 19) immaterial associates and joint ventures and their aggregate information is presented below:

	2023	2022
The Group's share of profit	955	806
The Group's share of other comprehensive (expense)/income	(47)	113
The Group's share of total comprehensive income	908	919
Aggregate carrying amount of the Group's interests in these associates and joint ventures	20,707	19,951

(Amounts in millions of Renminbi, unless otherwise stated)

27. INVESTMENT PROPERTIES

	31 December 2023	31 December 2022
At beginning of the year	15,085	13,340
Additions	102	218
Transfers from property and equipment (note 28)	1,287	1,609
Transfer from right-of-use assets (note 29)	83	58
Gains on revaluation of properties upon transfer from property and equipment	286	467
Gains on revaluation of properties upon transfer from right-of-use assets	123	147
Decrease in fair value of investment properties (note 6(b))	(463)	(182)
Transfer to property and equipment (note 28)	(445)	(391)
Transfer to right-of-use assets (note 29)	(263)	(169)
Disposals	(4)	(12)
At end of the year	15,791	15,085

The Group was still in the process of applying for title certificates for investment properties with a carrying value of RMB502 million as at 31 December 2023 (31 December 2022: RMB616 million). The directors of the Company do not expect this to have any impacts on the operation of the Group.

As at 31 December 2023, the Group's investment properties with a carrying value of RMB917 million were pledged as collateral (31 December 2022: RMB917 million).

The Group's investment properties were revalued at the end of the reporting period by independent professional valuers. The investment properties held by PICC P&C were revalued by Cushman & Wakefield Shenzhen Valuation Co., Ltd. and Jones Lang LaSalle (Beijing) Land and Real Estate Appraisal Consultant Co., Ltd.. The investment properties held by PICC Life were revalued by Shenzhen Shilian Land Real Estate Appraisal Co.，Ltd.. The investment properties held by PICC Investment Holding were revalued by Shenzhen Shilian Land Real Estate Appraisal Co., Ltd.. Valuations were carried out by the following two approaches:

(1) The direct comparison approach assumes sale of the property interests in their existing states with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the relevant market. This approach rests on the wide acceptance of the market transactions as the best indicator and pre-supposes that evidence of relevant transactions in the market place can be extrapolated to similar properties, subject to allowances for variable factors; or

(2) The income approach determines the fair value at the evaluation point by discounting the target properties' rental income derived from existing lease agreements and the potential rental income projected by reference to the current market rental status, at an appropriate capitalisation rate.

(Amounts in millions of Renminbi, unless otherwise stated)

27. INVESTMENT PROPERTIES (continued)

The fair value of the investment properties is usually determined by these approaches according to professional judgement. Therefore, these fair values are categorised as Level 3.

There has been no change in the valuation technique used from the prior years. In estimating the fair value of the properties, the highest and best use of the properties are their current use.

When adopting the second approach to evaluate the valuation of the investment properties, one of the key inputs is the capitalisation rate used, which ranges from 4.00% to 7.50% as at 31 December 2023 (31 December 2022: ranges from 4.00% to 7.50%).

There was no transfer in or out of Level 3 of the Group during the year.

28. PROPERTY AND EQUIPMENT

	Land and buildings	Office equipment, furniture and fixtures	Motor vehicles	Construction in progress	Total
COST					
As at 1 January 2023	38,212	11,106	1,935	6,554	57,807
Additions	443	1,258	11	322	2,034
Transfer of construction in progress	1,329	–	–	(1,329)	–
Transfer from investment properties (note 27)	445	–	–	–	445
Transfer to investment properties (note 27)	(1,541)	–	–	–	(1,541)
Disposals	(42)	(408)	(109)	–	(559)
As at 31 December 2023	38,846	11,956	1,837	5,547	58,186
ACCUMULATED DEPRECIATION					
As at 1 January 2023	12,269	9,147	1,427	–	22,843
Provided for the year (note 11)	1,487	910	163	–	2,560
Transfer to investment properties (note 27)	(254)	–	–	–	(254)
Disposals	(30)	(376)	(102)	–	(508)
As at 31 December 2023	13,472	9,681	1,488	–	24,641
IMPAIRMENT LOSSES					
As at 1 January 2023	817	2	–	15	834
Provided for the year (note 11)	9	–	–	–	9
As at 31 December 2023	826	2	–	15	843
NET CARRYING VALUES					
As at 31 December 2023	24,548	2,273	349	5,532	32,702
As at 1 January 2023	25,126	1,957	508	6,539	34,130

(Amounts in millions of Renminbi, unless otherwise stated)

28. PROPERTY AND EQUIPMENT (continued)

	Land and buildings	Office equipment, furniture and fixtures	Motor vehicles	Construction in progress	Total
COST					
As at 1 January 2022	38,696	10,867	2,053	3,823	55,439
Additions	369	706	92	3,538	4,705
Transfer of construction in progress	803	1	–	(804)	–
Transfer from investment properties (note 27)	391	–	–	–	391
Transfer to investment properties (note 27)	(1,909)	–	–	–	(1,909)
Transfer to right-of-use assets (note 29)	–	–	–	(2)	(2)
Disposals	(138)	(468)	(210)	(1)	(817)
As at 31 December 2022	38,212	11,106	1,935	6,554	57,807
ACCUMULATED DEPRECIATION					
As at 1 January 2022	11,141	8,692	1,403	–	21,236
Provided for the year (note 11)	1,504	897	225	–	2,626
Transfer to investment properties (note 27)	(288)	–	–	–	(288)
Disposals	(88)	(442)	(201)	–	(731)
As at 31 December 2022	12,269	9,147	1,427	–	22,843
IMPAIRMENT LOSSES					
As at 1 January 2022	829	2	–	15	846
Transfer to investment properties (note 27)	(12)	–	–	–	(12)
As at 31 December 2022	817	2	–	15	834
NET CARRYING VALUES					
As at 31 December 2022	25,126	1,957	508	6,539	34,130
As at 1 January 2022	26,726	2,173	650	3,808	33,357

As at 31 December 2023, certain acquired buildings of the Group with a net book value of RMB478 million (31 December 2022: RMB622 million) were still in the process of title registration. The directors of the Company do not expect this to have any impact on the operation of the Group.

(Amounts in millions of Renminbi, unless otherwise stated)

29. RIGHT-OF-USE ASSETS

	Leasehold lands	Leased properties	Others	Total
COST				
As at 1 January 2023	7,000	5,072	15	12,087
Additions	30	1,036	16	1,082
Transfer from investment properties (note 27)	263	–	–	263
Transfers from property and equipment (note 28)	(142)	–	–	(142)
Disposals	(54)	(1,383)	(20)	(1,457)
As at 31 December 2023	7,097	4,725	11	11,833
ACCUMULATED DEPRECIATION				
As at 1 January 2023	2,151	2,767	13	4,931
Provided for the year (note 11)	217	1,032	11	1,260
Transfer to investment properties (note 27)	(59)	–	–	(59)
Disposals	(16)	(1,409)	(20)	(1,445)
As at 31 December 2023	2,293	2,390	4	4,687
IMPAIRMENT LOSSES				
As at 1 January 2023 and As at 31 December 2023	47	–	–	47
NET CARRYING VALUES				
As at 31 December 2023	4,757	2,335	7	7,099
As at 1 January 2023	4,802	2,305	2	7,109

(Amounts in millions of Renminbi, unless otherwise stated)

29. RIGHT-OF-USE ASSETS (continued)

	Leasehold lands	Leased properties	Others	Total
COST				
As at 1 January 2022	7,002	5,456	13	12,471
Additions	26	614	12	652
Transfer from investment properties (note 27)	169	–	–	169
Transfer to investment properties (note 27)	(112)	–	–	(112)
Transfers from property and equipment (note 28)	2	–	–	2
Disposals	(87)	(998)	(10)	(1,095)
As at 31 December 2022	7,000	5,072	15	12,087
ACCUMULATED DEPRECIATION				
As at 1 January 2022	2,034	2,391	12	4,437
Provided for the year (note 11)	208	1,301	10	1,519
Transfer to investment properties (note 27)	(54)	–	–	(54)
Disposals	(37)	(925)	(9)	(971)
As at 31 December 2022	2,151	2,767	13	4,931
IMPAIRMENT LOSSES				
As at 1 January 2022 and As at 31 December 2022	47	–	–	47
NET CARRYING VALUES				
As at 31 December 2022	4,802	2,305	2	7,109
As at 1 January 2022	4,921	3,065	1	7,987

The above items of leasehold land are amortised on a straight-line basis over 30 – 70 years. For the year ended 31 December 2023, expense relating to leases of low-value assets and short-term leases that applied the simplified approach is approximately RMB106 million (2022: RMB160 million).

The Group has obtained the land use right certificates for all leasehold lands except for leasehold lands with carrying amount of RMB64 million (2022: RMB77 million) in which the Group is in the process of obtaining. The directors of the Company do not expect this to have any impact on the operation of the Group.

(Amounts in millions of Renminbi, unless otherwise stated)

30. INTANGIBLE ASSETS

	Software	
	2023	2022
COST		
At beginning of the year	7,471	6,482
Additions	1,259	1,060
Disposals	(5)	(71)
At end of the year	8,725	7,471
ACCUMULATED AMORTISATION		
At beginning of the year	3,941	3,005
Amortisation (note 11)	1,236	1,007
Disposals	(4)	(71)
At end of the year	5,173	3,941
IMPAIRMENT LOSSES		
At beginning of the year	7	6
Recognition (note 11)	1	1
At end of the year	8	7
NET CARRYING VALUES		
At end of the year	3,544	3,523
At beginning of the year	3,523	3,471

31. DEFERRED TAX ASSETS AND LIABILITIES

(1) The movements of deferred tax assets and liabilities of the group during the year of 2023 and 2022 without offsets are as follows:

	31 December 2023 Deferred tax assets/ (liabilities)	31 December 2022 (Restated) Deferred tax assets/ (liabilities)
Balance at last year	14,766	8,090
Change of accounting policy	(158)	(2,422)
As at the beginning of the year	14,608	5,668
Credit/(charged) to income statement during the year	416	3,161
Credit/(charged) to other comprehensive income during the year	(1,938)	5,937
As at the end of the year	13,086	14,766

(Amounts in millions of Renminbi, unless otherwise stated)

31. DEFERRED TAX ASSETS AND LIABILITIES (continued)

(2) The Group's deferred tax assets/liabilities as of 31 December 2023 and 31 December 2022 are as follows:

	31 December 2023		31 December 2022 (Restated)	
	Deferred tax assets/ (liabilities)	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)	Deductible/ (taxable) temporary differences
Deferred tax assets/(liabilities):				
Insurance contract liabilities	10,326	41,302	12,552	50,185
Provision for impairment losses	793	3,250	1,236	5,100
Employee benefits payable	4,218	17,328	3,622	14,929
Fair value change of investment properties	(2,039)	(8,390)	(2,161)	(8,922)
Fair value change of available-for-sale financial assets	N/A	N/A	(1,297)	(5,707)
Financial assets measured at fair value through other comprehensive income	(6,305)	(25,629)	N/A	N/A
Fair value change of financial assets measured at fair value through profit or loss	3,834	15,496	(480)	(1,923)
Others	2,259	9,080	1,294	5,239
Total	13,086	52,437	14,766	58,901

(3) Deferred tax assets, net of offsets

	31 December 2023	31 December 2022 (Restated)
Deferred tax assets	26,717	19,634
Deferred tax liabilities	(13,631)	(4,868)
Net value of deferred tax assets	13,488	16,788
Net value of deferred tax liabilities	(402)	(2,022)

(Amounts in millions of Renminbi, unless otherwise stated)

31. DEFERRED TAX ASSETS AND LIABILITIES (continued)

(4) The breakdown of unrecognized deferred tax assets

	31 December 2023	31 December 2022 (Restated)
Deductible temporary differences	14,079	4,171
Deductible loss	25,293	20,915
Total	39,372	25,086

Note: Unrecognised deductible temporary differences and deductible tax losses arising from entities in the Group, which do not have sufficient future taxable profits available for realization.

(5) The expiry dates of unused tax losses are as follows:

	31 December 2023	31 December 2022
The expiry dates of unused tax losses are as follows:		
2023	–	1,227
2024	2,126	2,113
2025	1,523	1,526
2026	17	3,687
2027	10,828	12,362
2028	10,452	–
After 2028	347	–
Total	25,293	20,915

Note: According to "Notice on the Extension of the Loss Carry Forward Years for High-Tech Enterprises and Science and Technology-based Small and Medium-sized Enterprises by the State Taxation Administration of the Ministry of Finance" (State Taxation Administration Notice No. 45 of 2018), one of the Company's subsidiaries is recognized as a high-tech enterprise, and its unrecovered losses incurred in the five years prior to the qualification year are allowed to be carried forward to be recouped in subsequent years, with the maximum carry forward period extended from 5 to 10 years.

(6) OECD Pillar Two model rules

The Group is within the scope of the OECD Pillar Two model rules. Pillar Two legislation has not been enacted in mainland China, the jurisdiction in which the Company is incorporated. Since the Pillar Two legislation was not effective at the reporting date, the Group has no related current tax exposure. The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

The Group is in the progress of assessing its exposure to the Pillar Two legislation for when it comes into effect. Due to the complexities in applying the legislation and calculation GloBE income, the quantitative impact of the enacted or substantively enacted legislation is not yet reasonably estimable. Therefore, even for those entities with an accounting effective tax rate above 15%, there may still be Pillar Two tax implications.

(Amounts in millions of Renminbi, unless otherwise stated)

32. OTHER ASSETS

	31 December 2023	31 December 2022 (Restated)
Deductible input value-added tax	5,250	4,291
Receivables from co-insurers for amounts paid on behalf	4,349	2,818
Prepayment of income tax	3,734	–
Securities settlement receivables	2,640	3,669
Prepaid output value-added tax borne by the policyholders	1,482	1,275
Refundable deposits	1,375	1,469
Prepayments and deposits	842	584
Loans and advances	636	898
Interest receivables	N/A	11,182
Others	5,901	6,015
TOTAL	26,209	32,201
Less: impairment provision on other assets (a)	(1,813)	(2,151)
Net carrying value	24,396	30,050

(a) The movements of provision for impairment of other assets are as follow:

	2023	2022
Balance at last year	2,151	2,051
Change of accounting policy	247	(126)
As at the beginning of the year	2,398	1,925
Recognition of impairment losses (note 11)	(7)	244
Others	(578)	(18)
As at the end of the year	1,813	2,151

33. PLEDGED ASSETS AND RESTRICTED DEPOSITS

(a) Deposits with restricted rights or ownership

As at 31 December 2023, demand deposits and term deposits amounting to RMB3,788 million (31 December 2022: RMB3,444 million) were subject to various restrictions, in particular for the Group's involvement in agricultural insurance and satellite launch risk insurance.

(Amounts in millions of Renminbi, unless otherwise stated)

33. PLEDGED ASSETS AND RESTRICTED DEPOSITS (continued)

(b) Securities pledged for repurchase transactions

As described in note35 to these consolidated financial statements, the Group entered into a number of arrangements to sell certain bond securities with commitments to repurchase in the future. These bond securities are continued to be recognised in these consolidated financial statements and classified as at fair value through profit or loss, available-for-sale, or held-to-maturity securities, but they are in effect pledged as collaterals for these transactions.

	31 December 2023	31 December 2022
Carrying amount of transferred assets	151,319	133,048
Carrying amount of associated liabilities		
– Securities sold under agreements to repurchase	108,969	100,890

34. FINANCIAL LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

According to the Notice of the General Office of the former China Banking and Insurance Regulatory Commission (the former "CBIRC") on Pilot Commercial Pension Business of Pension Insurance Companies (CBIRC [2022] No. 108), PICC Pension, a subsidiary of the Group, is one of the pension insurance companies participating in the pilot program. With effect from January 1,2023, it is engaged in commercial pension business in 10 provinces (municipalities) including Beijing, Shanghai, Jiangsu, Zhejiang, Fujian, Shandong, Henan, Guangdong, Sichuan and Shaanxi. Commercial pension products refer to the products with functions for managing pension fund and risk protection operated by pension insurance companies. The Group uses separate accounts to manage the assets and liabilities related to commercial pension products in accordance with regulations, and the portion owned by investors is recognized as financial liabilities measured at fair value through profit or loss.

35. SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE

	31 December 2023	31 December 2022
Transactions by market places:		
Stock exchange	27,392	39,280
Inter-bank market	81,577	61,610
TOTAL	108,969	100,890

Debt securities are pledged for these transactions and details are set out in note 33(b) to these consolidated financial statements.

(Amounts in millions of Renminbi, unless otherwise stated)

36. BONDS PAYABLE

As at 31 December 2023, bonds payable represent supplementary capital bonds issued.

	31 December 2023	31 December 2022
Carrying amount repayable in		
– More than five years	37,992	43,356
TOTAL	37,992	43,356

On 26 May 2023, PICC Life issued capital supplementary bond of RMB12 billion. On 5 June 2023, The Company issued capital supplementary bond of RMB12 billion.

The contractual periods of these capital supplementary bonds are ten years. With proper notice to the counterparties. The Group has an option to redeem the bonds at par value at the end of the fifth year from the date of issue. The coupon rates of the bonds range from 3.29% – 3.68% in the first five years (2022: 3.59% – 5.05%) and 4.29% – 4.68% in the second five years (2022: 4.59% – 6.05%).

37. LEASE LIABILITIES

	31 December 2023	31 December 2022
Within one year	791	787
Within a period of more than one year but not more than two years	592	641
Within a period of more than two years but not more than five years	754	753
Within a period of more than five years	133	110
TOTAL	2,270	2,291

The incremental borrowing rates applied to lease liabilities range from 2.60% to 5.32% (2022: from 2.84% to 5.32%)

(Amounts in millions of Renminbi, unless otherwise stated)

38. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD

(1) Reconciliation of the LRC and the LIC for insurance contracts measured under the PAA:

	2023				
	LRC		LIC		
	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment for non-financial risk	Total
Insurance contract liabilities as at 1 January (1)	144,523	3,276	127,442	4,667	279,908
Insurance contract assets as at 1 January (2)	(7,999)	468	6,176	437	(918)
Net insurance contracts liabilities as at 1 January (3) = (1) + (2)	136,524	3,744	133,618	5,104	278,990
Total insurance revenue (4)	(456,879)	–	–	–	(456,879)
Incurred claims and other directly attributable expenses (5)	–	–	350,734	4,036	354,770
Insurance acquisition cash flows amortisation (6)	94,436	–	–	–	94,436
Losses on onerous contracts and reversals of those losses (7)	–	2,071	–	–	2,071
Changes that relate to past service – changes in the FCF relating to the LIC (8)	–	–	(10,143)	(3,361)	(13,504)
Other expenses (9)	–	–	–	–	–
Insurance service expenses (10) = (5) + (6) + (7) + (8) + (9)	94,436	2,071	340,591	675	437,773
Insurance service result (11) = (4) + (10)	(362,443)	2,071	340,591	675	(19,106)
Insurance finance income or expenses from insurance contracts issued (12)	4,401	2	4,767	174	9,344
Other income or expenses recognised in P&L (13)	–	–	–	–	–
Other income or expenses recognised in OCI (14)	1	–	(3)	–	(2)
Total amounts recognised in comprehensive income (15) = (11) + (12) + (13) + (14)	(358,041)	2,073	345,355	849	(9,764)
Investment components (16)	(48,846)	–	48,846	–	–
Premiums received (17)	514,245	–	–	–	514,245
Insurance acquisition cash flows (18)	(95,594)	–	–	–	(95,594)
Claims and other directly attributable expenses paid (19)	–	–	(371,921)	–	(371,921)
Other cash flows (20)	–	–	–	–	–
Total cash flows (21) = (17) + (18) + (19) + (20)	418,651	–	(371,921)	–	46,730
Other movements (22)	–	–	(3,365)	–	(3,365)
Net insurance contracts liabilities as at 31 December (23) = (3) + (15) + (16) + (21) + (22)	148,288	5,817	152,533	5,953	312,591
Insurance contract assets as at 31 December (24)	(10,665)	401	6,779	457	(3,028)
Insurance contract liabilities as at 31 December (25)	158,953	5,416	145,754	5,496	315,619

(Amounts in millions of Renminbi, unless otherwise stated)

38. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)

(1) Reconciliation of the LRC and the LIC for insurance contracts measured under the PAA: (continued)

	2022				
	LRC		LIC		
	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment for nonfinancial risk	Total
Insurance contract liabilities as at 1 January (1)	137,532	3,128	78,953	2,629	222,242
Insurance contract assets as at 1 January (2)	(76)	–	10	1	(65)
Net insurance contracts liabilities as at 1 January (3) = (1) + (2)	137,456	3,128	78,963	2,630	222,177
Total insurance revenue (4)	(422,015)	–	–	–	(422,015)
Incurred claims and other directly attributable expenses (5)	–	–	309,979	4,267	314,246
Insurance acquisition cash flows amortisation (6)	88,578	–	–	–	88,578
Losses on onerous contracts and reversals of those losses (7)	–	618	–	–	618
Changes that relate to past service – changes in the FCF relating to the LIC (8)	–	–	(1,175)	(1,896)	(3,071)
Other expenses (9)	–	–	–	–	–
Insurance service expenses (10) = (5) + (6) + (7) + (8) + (9)	88,578	618	308,804	2,371	400,371
Insurance service result (11) = (4) + (10)	(333,437)	618	308,804	2,371	(21,644)
Insurance finance income or expenses from insurance contracts issued (12)	4,391	(2)	3,011	103	7,503
Other income or expenses recognised in P&L (13)	–	–	–	–	–
Other income or expenses recognised in OCI (14)	(9)	–	16	–	7
Total amounts recognised in comprehensive income (15) = (11) + (12) + (13) + (14)	(329,055)	616	311,831	2,474	(14,134)
Investment components (16)	(51,128)	–	51,128	–	–
Premiums received (17)	471,401	–	–	–	471,401
Insurance acquisition cash flows (18)	(92,150)	–	–	–	(92,150)
Claims and other directly attributable expenses paid (19)	–	–	(305,100)	–	(305,100)
Other cash flows (20)	–	–	–	–	–
Total cash flows (21) = (17) + (18) + (19) + (20)	379,251	–	(305,100)	–	74,151
Other movements (22)	–	–	(3,204)	–	(3,204)
Net insurance contracts liabilities as at 31 December (23) = (3) + (15) + (16) + (21) + (22)	136,524	3,744	133,618	5,104	278,990
Insurance contract assets as at 31 December (24)	(7,999)	468	6,176	437	(918)
Insurance contract liabilities as at 31 December (25)	144,523	3,276	127,442	4,667	279,908

(Amounts in millions of Renminbi, unless otherwise stated)

38. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)

(2) Reconciliation of the LRC and the LIC for insurance contracts not measured under the PAA:

	2023			
	LRC			
	Excluding loss component	Loss component	LIC	Total
Insurance contract liabilities as at 1 January (1)	501,259	12,958	88,930	603,147
Insurance contract assets as at 1 January (2)	(755)	–	891	136
Net insurance contracts liabilities as at 1 January (3) = (1) + (2)	500,504	12,958	89,821	603,283
Total insurance revenue (4)	(47,021)	–	–	(47,021)
Incurred claims and other directly attributable expenses (5)	–	(4,854)	30,141	25,287
Insurance acquisition cash flows amortisation (6)	9,771	–	–	9,771
Losses on onerous contracts and reversals of those losses (7)	–	7,864	–	7,864
Changes in the FCF relating to the LIC (8)	–	–	(7,259)	(7,259)
Other expenses (9)	–	–	–	–
Insurance service expenses (10) = (5) + (6) + (7) + (8) + (9)	9,771	3,010	22,882	35,663
Insurance service result (11) = (4) + (10)	(37,250)	3,010	22,882	(11,358)
Insurance finance income or expenses from insurance contracts issued (12)	28,389	279	1,418	30,086
Other income or expenses recognised in P&L (13)	–	–	–	–
Other income or expenses recognised in OCI (14)	(2)	–	17	15
Total amounts recognised in comprehensive income (15) = (11) + (12) + (13) + (14)	(8,863)	3,289	24,317	18,743
Investment components (16)	(67,608)	–	67,608	–
Premiums received (17)	165,417	–	–	165,417
Insurance acquisition cash flows (18)	(14,666)	–	–	(14,666)
Claims and other directly attributable expenses paid (including investment components)(19)	–	–	(107,376)	(107,376)
Other cash flows (20)	–	–	–	–
Total cash flows (21) = (17) + (18) + (19) + (20)	150,751	–	(107,376)	43,375
Other movements (22)	(55)	–	(109)	(164)
Net insurance contracts liabilities as at 31 December (23) = (3) + (15) + (16) + (21) + (22)	574,729	16,247	74,261	665,237
Insurance contract assets as at 31 December (24)	(621)	–	747	126
Insurance contract liabilities as at 31 December (25)	575,350	16,247	73,514	665,111

(Amounts in millions of Renminbi, unless otherwise stated)

38. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)

(2) Reconciliation of the LRC and the LIC for insurance contracts not measured under the PAA: (continued)

	2022			
	LRC			
	Excluding loss component	Loss component	LIC	Total
Insurance contract liabilities as at 1 January (1)	467,588	7,952	110,612	586,152
Insurance contract assets as at 1 January (2)	(703)	–	260	(443)
Net insurance contracts liabilities as at 1 January (3) = (1) + (2)	466,885	7,952	110,872	585,709
Total insurance revenue (4)	(46,787)	–	–	(46,787)
Incurred claims and other directly attributable expenses (5)	–	(5,213)	27,375	22,162
Insurance acquisition cash flows amortisation (6)	9,262	–	–	9,262
Losses on onerous contracts and reversals of those losses (7)	–	10,029	–	10,029
Changes in the FCF relating to the LIC (8)	–	–	(8,456)	(8,456)
Other expenses (9)	–	–	–	–
Insurance service expenses (10) = (5) + (6) + (7) + (8) + (9)	9,262	4,816	18,919	32,997
Insurance service result (11) = (4) + (10)	(37,525)	4,816	18,919	(13,790)
Insurance finance income or expenses from insurance contracts issued (12)	15,665	187	2,187	18,039
Other income or expenses recognised in P&L (13)	–	–	–	–
Other income or expenses recognised in OCI (14)	(1)	3	75	77
Total amounts recognised in comprehensive income (15) = (11) + (12) + (13) + (14)	(21,861)	5,006	21,181	4,326
Investment components (16)	(81,674)	–	81,674	–
Premiums received (17)	148,898	–	–	148,898
Insurance acquisition cash flows (18)	(11,675)	–	–	(11,675)
Claims and other directly attributable expenses paid (including investment components)(19)	–	–	(123,878)	(123,878)
Other cash flows (20)	–	–	–	–
Total cash flows (21) = (17) + (18) + (19) + (20)	137,223	–	(123,878)	13,345
Other movements (22)	(69)	–	(28)	(97)
Net insurance contracts liabilities as at 31 December (23) = (3) + (15) + (16) + (21) + (22)	500,504	12,958	89,821	603,283
Insurance contract assets as at 31 December (24)	(755)	–	891	136
Insurance contract liabilities as at 31 December (25)	501,259	12,958	88,930	603,147

(Amounts in millions of Renminbi, unless otherwise stated)

38. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)

(3) Reconciliation of the asset for remaining coverage and the asset for incurred claims for reinsurance contracts measured under the PAA:

	2023				
	Asset for remaining coverage		Asset for incurred claims		
	Excluding loss recovery component	Loss recovery component	Present value of future cash flows	Risk adjustment for nonfinancial risk	Total
Reinsurance contract assets as at 1 January (1)	(1,263)	283	24,688	757	24,465
Reinsurance contract liabilities as at 1 January (2)	(96)	–	(14)	–	(110)
Net reinsurance contract assets/ (liabilities) as at 1 January (3) = (1) + (2)	(1,359)	283	24,674	757	24,355
Allocation of reinsurance premiums (4)	(28,746)	–	–	–	(28,746)
Recoveries on incurred claims and other incurred reinsurance service expenses (5)	–	(112)	23,971	582	24,441
Recognition and reversal of the loss -recovery component (6)	–	121	–	–	121
Changes in the FCF relating to incurred claims recovery (7)	–	–	(434)	(410)	(844)
Effect of changes in the risk of reinsurers' non-performance (8)	–	–	(10)	–	(10)
Other recoveries (9)	–	–	–	–	–
Amounts recoverable from reinsurers (10) = (5) + (6) + (7) + (8) + (9)	–	9	23,527	172	23,708
Net expenses from reinsurance contracts held (11) = (4) + (10)	(28,746)	9	23,527	172	(5,038)
Finance income or expenses from reinsurance contracts held (12)	502	5	484	26	1,017
Other income or expenses recognised in P&L (13)	–	–	–	–	–
Other income or expenses recognised in OCI (14)	(2)	–	4	–	2
Total amounts recognised in comprehensive income (15) = (11) + (12) + (13) + (14)	(28,246)	14	24,015	198	(4,019)
Investment components (16)	(2,161)	–	2,161	–	–
Premiums ceded to reinsurers (17)	31,102	–	–	–	31,102
Amounts received from reinsurers relating to incurred claims and other expenses (including investment components)(18)	–	–	(21,825)	–	(21,825)
Other cash flows (19)	–	–	–	–	–
Total cash flows (20) = (17) + (18) + (19)	31,102	–	(21,825)	–	9,277
Other movements (21)	–	–	–	–	–
Net reinsurance contract assets/ (liabilities) as at 31 December (22) = (3) + (15) + (16) + (20) + (21)	(664)	297	29,025	955	29,613
Reinsurance contract assets as at 31 December (23)	(636)	297	29,012	955	29,628
Reinsurance contract liabilities as at 31 December (24)	(28)	–	13	–	(15)

(Amounts in millions of Renminbi, unless otherwise stated)

38. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)

(3) Reconciliation of the asset for remaining coverage and the asset for incurred claims for reinsurance contracts measured under the PAA: (continued)

	2022				
	Asset for remaining coverage		Asset for incurred claims		
	Excluding loss recovery component	Loss recovery component	Present value of future cash flows	Risk adjustment for nonfinancial risk	Total
Reinsurance contract assets as at 1 January (1)	(1,197)	272	12,732	403	12,210
Reinsurance contract liabilities as at 1 January (2)	(23)	–	(17)	1	(39)
Net reinsurance contract assets/ (liabilities) as at 1 January (3) = (1) + (2)	(1,220)	272	12,715	404	12,171
Allocation of reinsurance premiums (4)	(30,814)	–	–	–	(30,814)
Recoveries on incurred claims and other incurred reinsurance service expenses (5)	–	(45)	24,171	557	24,683
Recognition and reversal of the loss -recovery component (6)	–	(60)	–	–	(60)
Changes in the FCF relating to incurred claims recovery (7)	–	–	1,511	(220)	1,291
Effect of changes in the risk of reinsurers' non-performance (8)	–	–	(14)	–	(14)
Other recoveries (9)	–	–	–	–	–
Amounts recoverable from reinsurers (10) = (5) + (6) + (7) + (8) + (9)	–	(105)	25,668	337	25,900
Net expenses from reinsurance contracts held (11) = (4) + (10)	(30,814)	(105)	25,668	337	(4,914)
Finance income or expenses from reinsurance contracts held (12)	366	116	352	15	849
Other income or expenses recognised in P&L (13)	–	–	–	–	–
Other income or expenses recognised in OCI (14)	(10)	–	18	1	9
Total amounts recognised in comprehensive income (15) = (11) + (12) + (13) + (14)	(30,458)	11	26,038	353	(4,056)
Investment components (16)	(2,412)	–	2,412	–	–
Premiums ceded to reinsurers (17)	32,731	–	–	–	32,731
Amounts received from reinsurers relating to incurred claims and other expenses (including investment components)(18)	–	–	(16,491)	–	(16,491)
Other cash flows (19)	–	–	–	–	–
Total cash flows (20) = (17) + (18) + (19)	32,731	–	(16,491)	–	16,240
Other movements (21)	–	–	–	–	–
Net reinsurance contract assets/ (liabilities) as at 31 December (22) = (3) + (15) + (16) + (20) + (21)	(1,359)	283	24,674	757	24,355
Reinsurance contract assets as at 31 December (23)	(1,263)	283	24,688	757	24,465
Reinsurance contract liabilities as at 31 December (24)	(96)	–	(14)	–	(110)

(Amounts in millions of Renminbi, unless otherwise stated)

38. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)

(4) Reconciliation of the asset for remaining coverage and the asset for incurred claims for reinsurance contracts not measured under the PAA:

	2023			
	Asset for remaining coverage			
	Excluding loss recovery component	Loss recovery component	Asset for incurred claims	Total
Reinsurance contract assets as at 1 January (1)	(1,024)	32	13,856	12,864
Reinsurance contract liabilities as at 1 January (2)	(530)	1	277	(252)
Net reinsurance contract assets/(liabilities) as at 1 January (3) = (1) + (2)	(1,554)	33	14,133	12,612
Allocation of reinsurance premiums (4)	(6,254)	–	–	(6,254)
Recoveries on incurred claims and other incurred reinsurance service expenses (5)	–	(40)	4,526	4,486
Recognition and reversal of the loss -recovery component (6)	–	98	–	98
Changes in the FCF relating to incurred claims recovery (7)	–	–	201	201
Effect of changes in the risk of reinsurers' non-performance (8)	543	–	3	546
Other recoveries (9)	–	–	–	–
Amounts recoverable from reinsurers (10) = (5) + (6) + (7) + (8) + (9)	543	58	4,730	5,331
Net expenses from reinsurance contracts held (11) = (4) + (10)	(5,711)	58	4,730	(923)
Finance income or expenses from reinsurance contracts held (12)	142	1	285	428
Other income or expenses recognised in P&L (13)	–	–	–	–
Other income or expenses recognised in OCI (14)	(3)	1	17	15
Total amounts recognised in comprehensive income (15) = (11) + (12) + (13) + (14)	(5,572)	60	5,032	(480)
Investment components (16)	(1,505)	–	1,505	–
Premiums ceded to reinsurers (17)	4,289	–	–	4,289
Amounts received from reinsurers relating to incurred claims and other expenses (including investment components)(18)	–	–	(6,893)	(6,893)
Other cash flows (19)	–	–	–	–
Total cash flows (20) = (17) + (18) + (19)	4,289	–	(6,893)	(2,604)
Other movements (21)	–	–	–	–
Net reinsurance contract assets/(liabilities) as at 31 December (22) = (3) + (15) + (16) + (20) + (21)	(4,342)	93	13,777	9,528
Reinsurance contract assets as at 31 December (23)	(3,871)	91	13,411	9,631
Reinsurance contract liabilities as at 31 December (24)	(471)	2	366	(103)

(Amounts in millions of Renminbi, unless otherwise stated)

38. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)

(4) Reconciliation of the asset for remaining coverage and the asset for incurred claims for reinsurance contracts not measured under the PAA: (continued)

	2022			
	Asset for remaining coverage			
	Excluding loss recovery component	Loss recovery component	Asset for incurred claims	Total
Reinsurance contract assets as at 1 January (1)	(688)	7	19,197	18,516
Reinsurance contract liabilities as at 1 January (2)	(483)	3	316	(164)
Net reinsurance contract assets/(liabilities) as at 1 January (3) = (1) + (2)	(1,171)	10	19,513	18,352
Allocation of reinsurance premiums (4)	(5,571)	–	–	(5,571)
Recoveries on incurred claims and other incurred reinsurance service expenses (5)	–	4	3,991	3,995
Recognition and reversal of the loss -recovery component (6)	–	18	–	18
Changes in the FCF relating to incurred claims recovery (7)	–	–	(305)	(305)
Effect of changes in the risk of reinsurers' non-performance (8)	478	–	(13)	465
Other recoveries (9)	–	–	–	–
Amounts recoverable from reinsurers (10) = (5) + (6) + (7) + (8) + (9)	478	22	3,673	4,173
Net expenses from reinsurance contracts held (11) = (4) + (10)	(5,093)	22	3,673	(1,398)
Finance income or expenses from reinsurance contracts held (12)	175	–	300	475
Other income or expenses recognised in P&L (13)	–	–	–	–
Other income or expenses recognised in OCI (14)	(6)	1	62	57
Total amounts recognised in comprehensive income (15) = (11) + (12) + (13) + (14)	(4,924)	23	4,035	(866)
Investment components (16)	(854)	–	854	–
Premiums ceded to reinsurers (17)	5,395	–	–	5,395
Amounts received from reinsurers relating to incurred claims and other expenses (including investment components)(18)	–	–	(10,269)	(10,269)
Other cash flows (19)	–	–	–	–
Total cash flows (20) = (17) + (18) + (19)	5,395	–	(10,269)	(4,874)
Other movements (21)	–	–	–	–
Net reinsurance contract assets/(liabilities) as at 31 December (22) = (3) + (15) + (16) + (20) + (21)	(1,554)	33	14,133	12,612
Reinsurance contract assets as at 31 December (23)	(1,024)	32	13,856	12,864
Reinsurance contract liabilities as at 31 December (24)	(530)	1	277	(252)

(Amounts in millions of Renminbi, unless otherwise stated)

38. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)

(5) Reconciliation of the measurement components of insurance contracts not measured under the PAA:

	2023			
	Present value of future cash flows	Risk adjustment for non-financial risk	CSM (a)	Total
Insurance contract liabilities as at 1 January (1)	504,463	11,066	87,618	603,147
Insurance contract assets as at 1 January (2)	93	43	–	136
Net insurance contracts liabilities as at 1 January (3) = (1) + (2)	504,556	11,109	87,618	603,283
CSM recognised for the service provided (4)	–	–	(10,396)	(10,396)
Change in the risk adjustment for non-financial risk (5)	–	(1,096)	–	(1,096)
Experience adjustments for the period (6)	(471)	–	–	(471)
Changes that relate to current service (7) = (4) + (5) + (6)	(471)	(1,096)	(10,396)	(11,963)
Contracts initially recognised in the year (8)	(15,479)	2,196	15,956	2,673
Changes in estimates that adjust the CSM (9)	3,159	(464)	(2,695)	–
Changes in estimates that do not adjust the CSM (10)	5,470	(279)	–	5,191
Other changes that relate to future service (11)	–	–	–	–
Changes that relate to future service (12) = (8) + (9) + (10) + (11)	(6,850)	1,453	13,261	7,864
Changes in the FCF relating to the LIC (13)	(6,690)	(569)	–	(7,259)
Other changes that relate to past service (14)	–	–	–	–
Changes that relate to past service (15) = (13) + (14)	(6,690)	(569)	–	(7,259)
Insurance service result (16) = (7) + (12) + (15)	(14,011)	(212)	2,865	(11,358)
Insurance finance income or expenses from insurance contracts issued (17)	26,392	451	3,243	30,086
Other income or expenses recognised in P&L (18)	–	–	–	–
Other income or expenses recognised in OCI (19)	11	2	2	15
Total amounts recognised in comprehensive income (20) = (16) + (17) + (18) + (19)	12,392	241	6,110	18,743
Premiums received (21)	165,417	–	–	165,417
Insurance acquisition cash flows (22)	(14,666)	–	–	(14,666)
Claims and other directly attributable expenses paid (including investment components)(23)	(107,376)	–	–	(107,376)
Other cash flows (24)	–	–	–	–
Total cash flows (25) = (21) + (22) + (23) + (24)	43,375	–	–	43,375
Other movements (26)	(164)	–	–	(164)
Net insurance contracts liabilities as at 31 December (27) = (3) + (20) + (25) + (26)	560,159	11,350	93,728	665,237
Insurance contract assets as at 31 December (28)	92	31	3	126
Insurance contract liabilities as at 31 December (29)	560,067	11,319	93,725	665,111

(Amounts in millions of Renminbi, unless otherwise stated)

38. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)

(5) Reconciliation of the measurement components of insurance contracts not measured under the PAA: (continued)

	2022			
	Present value of future cash flows	Risk adjustment for non-financial risk	CSM (a)	Total
Insurance contract liabilities as at 1 January (1)	484,012	12,913	89,227	586,152
Insurance contract assets as at 1 January (2)	(444)	–	1	(443)
Net insurance contracts liabilities as at 1 January (3) = (1) + (2)	483,568	12,913	89,228	585,709
CSM recognised for the service provided (4)	–	–	(9,565)	(9,565)
Change in the risk adjustment for non-financial risk (5)	–	(1,542)	–	(1,542)
Experience adjustments for the period (6)	(4,256)	–	–	(4,256)
Changes that relate to current service (7) = (4) + (5) + (6)	(4,256)	(1,542)	(9,565)	(15,363)
Contracts initially recognised in the year (8)	(8,198)	1,644	9,221	2,667
Changes in estimates that adjust the CSM (9)	5,230	(619)	(4,611)	–
Changes in estimates that do not adjust the CSM (10)	7,448	(86)	–	7,362
Other changes that relate to future service (11)	–	–	–	–
Changes that relate to future service (12) = (8) + (9) + (10) + (11)	4,480	939	4,610	10,029
Changes in the FCF relating to the LIC (13)	(6,885)	(1,571)	–	(8,456)
Other changes that relate to past service (14)	–	–	–	–
Changes that relate to past service (15) = (13) + (14)	(6,885)	(1,571)	–	(8,456)
Insurance service result (16) = (7) + (12) + (15)	(6,661)	(2,174)	(4,955)	(13,790)
Insurance finance income or expenses from insurance contracts issued (17)	14,345	360	3,334	18,039
Other income or expenses recognised in P&L (18)	–	–	–	–
Other income or expenses recognised in OCI (19)	56	10	11	77
Total amounts recognised in comprehensive income (20) = (16) + (17) + (18) + (19)	7,740	(1,804)	(1,610)	4,326
Premiums received (21)	148,898	–	–	148,898
Insurance acquisition cash flows (22)	(11,675)	–	–	(11,675)
Claims and other directly attributable expenses paid (including investment components)(23)	(123,878)	–	–	(123,878)
Other cash flows (24)	–	–	–	–
Total cash flows (25) = (21) + (22) + (23) + (24)	13,345	–	–	13,345
Other movements (26)	(97)	–	–	(97)
Net insurance contracts liabilities as at 31 December (27) = (3) + (20) + (25) + (26)	504,556	11,109	87,618	603,283
Insurance contract assets as at 31 December (28)	93	43	–	136
Insurance contract liabilities as at 31 December (29)	504,463	11,066	87,618	603,147

(Amounts in millions of Renminbi, unless otherwise stated)

38. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)

(5) Reconciliation of the measurement components of insurance contracts not measured under the PAA: (continued)

(a) *For insurance contracts issued that are not measured under the PAA, an analysis of the CSM by transition method is included in the following tables:*

	2023			
	Contracts measured under the modified retrospective approach	Contracts measured under the fair value approach	Other insurance contracts	TOTAL
Insurance contract liabilities as at 1 January (1)	75,566	3,141	8,911	87,618
Insurance contract assets as at 1 January (2)	–	–	–	–
Net insurance contracts liabilities as at 1 January (3) = (1) + (2)	75,566	3,141	8,911	87,618
CSM recognised for the service provided (4)	(7,642)	(589)	(2,165)	(10,396)
Change in the risk adjustment for non-financial risk (5)	–	–	–	–
Experience adjustments for the period (6)	–	–	–	–
Changes that relate to current service (7) = (4) + (5) + (6)	(7,642)	(589)	(2,165)	(10,396)
Contracts initially recognised in the year (8)	–	–	15,956	15,956
Changes in estimates that adjust the CSM (9)	(1,964)	1,732	(2,463)	(2,695)
Changes in estimates that do not adjust the CSM (10)	–	–	–	–
Other changes that relate to future service (11)	–	–	–	–
Changes that relate to future service (12) = (8) + (9) + (10) + (11)	(1,964)	1,732	13,493	13,261
Changes in the FCF relating to the LIC (13)	–	–	–	–
Other changes that relate to past service (14)	–	–	–	–
Changes that relate to past service (15) = (13) + (14)	–	–	–	–
Insurance service result (16) = (7) + (12) + (15)	(9,606)	1,143	11,328	2,865
Insurance finance income or expenses from insurance contracts issued (17)	2,660	119	464	3,243
Other income or expenses recognised in P&L (18)	–	–	–	–
Other income or expenses recognised in OCI (19)	–	–	2	2
Total amounts recognised in comprehensive income (20) = (16) + (17) + (18) + (19)	(6,946)	1,262	11,794	6,110
Premiums received (21)	–	–	–	–
Insurance acquisition cash flows (22)	–	–	–	–
Claims and other directly attributable expenses paid (including investment components)(23)	–	–	–	–
Other cash flows (24)	–	–	–	–
Total cash flows (25) = (21) + (22) + (23) + (24)	–	–	–	–
Other movements (26)	–	–	–	–
Net insurance contracts liabilities as at 31 December (27) = (3) + (20) + (25) + (26)	68,620	4,403	20,705	93,728
Insurance contract assets as at 31 December (28)	–	–	3	3
Insurance contract liabilities as at 31 December (29)	68,620	4,403	20,702	93,725

(Amounts in millions of Renminbi, unless otherwise stated)

38. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)

(5) Reconciliation of the measurement components of insurance contracts not measured under the PAA: (continued)

(a) For insurance contracts issued that are not measured under the PAA, an analysis of the CSM by transition method is included in the following tables: (continued)

	2022			
	Contracts measured under the modified retrospective approach	Contracts measured under the fair value approach	Other insurance contracts	TOTAL
Insurance contract liabilities as at 1 January (1)	85,312	3,629	286	89,227
Insurance contract assets as at 1 January (2)	–	–	1	1
Net insurance contracts liabilities as at 1 January (3) = (1) + (2)	85,312	3,629	287	89,228
CSM recognised for the service provided (4)	(7,783)	(813)	(969)	(9,565)
Change in the risk adjustment for non-financial risk (5)	–	–	–	–
Experience adjustments for the period (6)	–	–	–	–
Changes that relate to current service (7) = (4) + (5) + (6)	(7,783)	(813)	(969)	(9,565)
Contracts initially recognised in the year (8)	–	–	9,221	9,221
Changes in estimates that adjust the CSM (9)	(4,963)	191	161	(4,611)
Changes in estimates that do not adjust the CSM (10)	–	–	–	–
Other changes that relate to future service (11)	–	–	–	–
Changes that relate to future service (12) = (8) + (9) + (10) + (11)	(4,963)	191	9,382	4,610
Changes in the FCF relating to the LIC (13)	–	–	–	–
Other changes that relate to past service (14)	–	–	–	–
Changes that relate to past service (15) = (13) + (14)	–	–	–	–
Insurance service result (16) = (7) + (12) + (15)	(12,746)	(622)	8,413	(4,955)
Insurance finance income or expenses from insurance contracts issued (17)	2,992	134	208	3,334
Other income or expenses recognised in P&L (18)	–	–	–	–
Other income or expenses recognised in OCI (19)	8	–	3	11
Total amounts recognised in comprehensive income (20) = (16) + (17) + (18) + (19)	(9,746)	(488)	8,624	(1,610)
Premiums received (21)	–	–	–	–
Insurance acquisition cash flows (22)	–	–	–	–
Claims and other directly attributable expenses paid (including investment components)(23)	–	–	–	–
Other cash flows (24)	–	–	–	–
Total cash flows (25) = (21) + (22) + (23) + (24)	–	–	–	–
Other movements (26)	–	–	–	–
Net insurance contracts liabilities as at 31 December (27) = (3) + (20) + (25) + (26)	75,566	3,141	8,911	87,618
Insurance contract assets as at 31 December (28)	–	–	–	–
Insurance contract liabilities as at 31 December (29)	75,566	3,141	8,911	87,618

(Amounts in millions of Renminbi, unless otherwise stated)

38. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)

(6) Reconciliation of the the measurement components of reinsurance contracts not measured under the PAA:

	2023			
	Present value of future cash flows	Risk adjustment for non-financial risk	CSM (a)	Total
Reinsurance contract assets as at 1 January (1)	10,566	884	1,414	12,864
Reinsurance contract liabilities as at 1 January (2)	(913)	511	150	(252)
Net reinsurance contract assets as at 1 January (3) = (1) + (2)	9,653	1,395	1,564	12,612
CSM recognised for the service provided (4)	–	–	(2,592)	(2,592)
Change in the risk adjustment for non-financial risk (5)	–	(99)	–	(99)
Experience adjustments for the period (6)	923	–	–	923
Changes that relate to current service (7) = (4) + (5) + (6)	923	(99)	(2,592)	(1,768)
Reinsurance contracts initially recognised in the period (8)	(1,225)	110	1,115	–
Changes in estimates that adjust the CSM (9)	(1,653)	29	1,624	–
Changes in estimates that do not adjust the CSM (10)	–	–	–	–
Recognition and reversals of a loss-recovery component (11)	–	–	98	98
Other changes that relate to future service (12)	–	–	–	–
Changes that relate to future service (13) = (8) + (9) + (10) + (11) + (12)	(2,878)	139	2,837	98
Changes in the FCF relating to incurred claims recovery (14)	332	(131)	–	201
Other changes that relate to past service (15)	–	–	–	–
Changes that relate to past service (16) = (14) + (15)	332	(131)	–	201
Changes in the risk of reinsurers non-performance (17)	546	–	–	546
Net expenses from reinsurance contracts held (18) = (7) + (13) + (16) + (17)	(1,077)	(91)	245	(923)
Finance income or expenses from reinsurance contracts held (19)	311	61	56	428
Other income or expenses recognised in P&L (20)	–	–	–	–
Other income or expenses recognised in OCI (21)	11	2	2	15
Total amounts recognised in comprehensive income (22) = (18) + (19) + (20) + (21)	(755)	(28)	303	(480)
Premiums ceded to reinsurers (23)	4,289	–	–	4,289
Amounts received from reinsurers relating to incurred claims and other expenses (including investment components)(24)	(6,893)	–	–	(6,893)
Other cash flows (25)	–	–	–	–
Total cash flows (26) = (23) + (24) + (25)	(2,604)	–	–	(2,604)
Other movements (27)	–	–	–	–
Net reinsurance contract assets as at 31 December (28) = (3) + (22) + (26) + (27)	6,294	1,367	1,867	9,528
Reinsurance contract assets as at 31 December (29)	7,394	795	1,442	9,631
Reinsurance contract liabilities as at 31 December (30)	(1,100)	572	425	(103)

(Amounts in millions of Renminbi, unless otherwise stated)

38. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)

(6) Reconciliation of the the measurement components of reinsurance contracts not measured under the PAA: (continued)

	2022			
	Present value of future cash flows	Risk adjustment for non-financial risk	CSM (a)	Total
Reinsurance contract assets as at 1 January (1)	16,258	1,120	1,138	18,516
Reinsurance contract liabilities as at 1 January (2)	(765)	475	126	(164)
Net reinsurance contract assets as at 1 January (3) = (1) + (2)	15,493	1,595	1,264	18,352
CSM recognised for the service provided (4)	–	–	(1,825)	(1,825)
Change in the risk adjustment for non-financial risk (5)	–	(166)	–	(166)
Experience adjustments for the period (6)	415	–	–	415
Changes that relate to current service (7) = (4) + (5) + (6)	415	(166)	(1,825)	(1,576)
Reinsurance contracts initially recognised in the period (8)	(915)	121	794	–
Changes in estimates that adjust the CSM (9)	(1,307)	56	1,251	–
Changes in estimates that do not adjust the CSM (10)	–	–	–	–
Recognition and reversals of a loss-recovery component (11)	–	–	18	18
Other changes that relate to future service (12)	–	–	–	–
Changes that relate to future service (13) = (8) + (9) + (10) + (11) + (12)	(2,222)	177	2,063	18
Changes in the FCF relating to incurred claims recovery (14)	(38)	(267)	–	(305)
Other changes that relate to past service (15)	–	–	–	–
Changes that relate to past service (16) = (14) + (15)	(38)	(267)	–	(305)
Changes in the risk of reinsurers non-performance (17)	465	–	–	465
Net expenses from reinsurance contracts held (18) = (7) + (13) + (16) + (17)	(1,380)	(256)	238	(1,398)
Finance income or expenses from reinsurance contracts held (19)	373	49	53	475
Other income or expenses recognised in P&L (20)	–	–	–	–
Other income or expenses recognised in OCI (21)	41	7	9	57
Total amounts recognised in comprehensive income (22) = (18) + (19) + (20) + (21)	(966)	(200)	300	(866)
Premiums ceded to reinsurers (23)	5,395	–	–	5,395
Amounts received from reinsurers relating to incurred claims and other expenses (including investment components)(24)	(10,269)	–	–	(10,269)
Other cash flows (25)	–	–	–	–
Total cash flows (26) = (23) + (24) + (25)	(4,874)	–	–	(4,874)
Other movements (27)	–	–	–	–
Net reinsurance contract assets as at 31 December (28) = (3) + (22) + (26) + (27)	9,653	1,395	1,564	12,612
Reinsurance contract assets as at 31 December (29)	10,566	884	1,414	12,864
Reinsurance contract liabilities as at 31 December (30)	(913)	511	150	(252)

(Amounts in millions of Renminbi, unless otherwise stated)

38. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)

(6) Reconciliation of the the measurement components of reinsurance contracts not measured under the PAA: (continued)

(a) *For reinsurance contracts issued that are not measured under the PAA, an analysis of the CSM by transition method is included in the following tables:*

	2023			
	Contracts measured under the modified retrospective approach	Contracts measured under the fair value approach	Other reinsurance contracts	TOTAL
Reinsurance contract assets as at 1 January (1)	703	204	507	1,414
Reinsurance contract liabilities as at 1 January (2)	103	19	28	150
Net reinsurance contract assets as at 1 January (3) = (1) + (2)	806	223	535	1,564
CSM recognised for the service provided (4)	(851)	(124)	(1,617)	(2,592)
Change in the risk adjustment for non-financial risk (5)	–	–	–	–
Experience adjustments for the period (6)	–	–	–	–
Changes that relate to current service (7) = (4) + (5) + (6)	(851)	(124)	(1,617)	(2,592)
Reinsurance contracts initially recognised in the period (8)	–	–	1,115	1,115
Changes in estimates that adjust the CSM (9)	613	88	923	1,624
Changes in estimates that do not adjust the CSM (10)	–	–	–	–
Recognition and reversals of a loss-recovery component (11)	2	(1)	97	98
Other changes that relate to future service (12)	–	–	–	–
Changes that relate to future service (13) = (8) + (9) + (10) + (11) + (12)	615	87	2,135	2,837
Changes in the FCF relating to incurred claims recovery (14)	–	–	–	–
Other changes that relate to past service (15)	–	–	–	–
Changes that relate to past service (16) = (14) + (15)	–	–	–	–
Changes in the risk of reinsurers non-performance (17)	–	–	–	–
Insurance income or expenses from reinsurance contracts held (18) = (7) + (13) + (16) + (17)	(236)	(37)	518	245
Finance income or expenses from reinsurance contracts held (19)	24	7	25	56
Other income or expenses recognised in P&L (20)	–	–	–	–
Other income or expenses recognised in OCI (21)	1	–	1	2
Total amounts recognised in comprehensive income (22) = (18) + (19) + (20) + (21)	(211)	(30)	544	303
Premiums ceded to reinsurers (23)	–	–	–	–
Amounts received from reinsurers relating to incurred claims and other expenses (including investment components)(24)	–	–	–	–
Other cash flows (25)	–	–	–	–
Total cash flows (26) = (23) + (24) + (25)	–	–	–	–
Other movements (27)	–	–	–	–
Net reinsurance contract assets as at 31 December (28) = (3) + (22) + (26) + (27)	595	193	1,079	1,867
Reinsurance contract assets as at 31 December (29)	496	118	828	1,442
Reinsurance contract liabilities as at 31 December (30)	99	75	251	425

(Amounts in millions of Renminbi, unless otherwise stated)

38. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)

(6) Reconciliation of the the measurement components of reinsurance contracts not measured under the PAA: (continued)

(a) *For reinsurance contracts issued that are not measured under the PAA, an analysis of the CSM by transition method is included in the following tables: (continued)*

	2022			
	Contracts measured under the modified retrospective approach	Contracts measured under the fair value approach	Other reinsurance contracts	TOTAL
Reinsurance contract assets as at 1 January (1)	807	331	–	1,138
Reinsurance contract liabilities as at 1 January (2)	123	3	–	126
Net reinsurance contract assets as at 1 January (3) = (1) + (2)	930	334	–	1,264
CSM recognised for the service provided (4)	(667)	(129)	(1,029)	(1,825)
Change in the risk adjustment for non-financial risk (5)	–	–	–	–
Experience adjustments for the period (6)	–	–	–	–
Changes that relate to current service (7) = (4) + (5) + (6)	(667)	(129)	(1,029)	(1,825)
Reinsurance contracts initially recognised in the period (8)	–	–	794	794
Changes in estimates that adjust the CSM (9)	507	8	736	1,251
Changes in estimates that do not adjust the CSM (10)	–	–	–	–
Reversals of a loss-recovery component (11)	3	1	14	18
Other changes that relate to future service (12)	–	–	–	–
Changes that relate to future service (13) = (8) + (9) + (10) + (11) + (12)	510	9	1,544	2,063
Changes in the FCF relating to incurred claims recovery (14)	–	–	–	–
Other changes that relate to past service (15)	–	–	–	–
Changes that relate to past service (16) = (14) + (15)	–	–	–	–
Changes in the risk of reinsurers non-performance (17)	–	–	–	–
Insurance income or expenses from reinsurance contracts held (18) = (7) + (13) + (16) + (17)	(157)	(120)	515	238
Finance income or expenses from reinsurance contracts held (19)	27	9	17	53
Other income or expenses recognised in P&L (20)	–	–	–	–
Other income or expenses recognised in OCI (21)	6	–	3	9
Total amounts recognised in comprehensive income (22) = (18) + (19) + (20) + (21)	(124)	(111)	535	300
Premiums ceded to reinsurers (23)	–	–	–	–
Amounts received from reinsurers relating to incurred claims and other expenses (including investment components)(24)	–	–	–	–
Other cash flows (25)	–	–	–	–
Total cash flows (26) = (23) + (24) + (25)	–	–	–	–
Other movements (27)	–	–	–	–
Net reinsurance contract assets as at 31 December (28) = (3) + (22) + (26) + (27)	806	223	535	1,564
Reinsurance contract assets as at 31 December (29)	703	204	507	1,414
Reinsurance contract liabilities as at 31 December (30)	103	19	28	150

(Amounts in millions of Renminbi, unless otherwise stated)

38. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)

(7) Expected release of the CSM for insurance contracts not measured under the PAA:

	As at 31 December 2023		As at 31 December 2022	
Number of years until expected to be released	Total CSM of insurance contracts issued	Total CSM of reinsurance contracts held	Total CSM for Insurance contracts issued	Total CSM of reinsurance contracts held
0-5	34,618	1,471	33,327	1,333
>5	59,110	396	54,291	231
Total	93,728	1,867	87,618	1,564

(8) Impact of contracts initially recognised in the year – insurance contracts not measured under the PAA:

	2023			2022		
	Non-onerous contracts	Onerous contracts	Total	Non-onerous contracts	Onerous contracts	Total
Insurance acquisition cash flows	10,409	6,029	16,438	5,550	5,664	11,214
Incurred claims and other directly attributable expenses	62,846	75,586	138,432	44,717	77,176	121,893
Estimates of the present value of future cash outflows	73,255	81,615	154,870	50,267	82,840	133,107
Estimates of the present value of future cash inflows	(90,549)	(79,800)	(170,349)	(60,373)	(80,932)	(141,305)
Risk adjustment for non-financial risk	1,338	858	2,196	885	759	1,644
CSM	15,956	–	15,956	9,221	–	9,221
Total	–	2,673	2,673	–	2,667	2,667

(Amounts in millions of Renminbi, unless otherwise stated)

38. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)

(9) Impact of contracts recognised in the year – reinsurance contracts not measured under the PAA:

	2023	2022
Estimates of the present value of future cash outflows	1,960	1,868
Estimates of the present value of future cash inflows	(3,185)	(2,783)
Risk adjustment for non-financial risk	110	121
CSM	1,115	794
Total	–	–

39. PENSION BENEFIT OBLIGATION

The Group is committed to defined benefit retirement benefit plans. Through the retirement benefit plans, the Group offered pension and medical benefits for employees who retired on or prior to 31 July 2003. The amounts of these pension and medical benefits are paid monthly according to a policy agreed with these employees and number of years of services of these employees with the Group. The Group also offered an early retirement program to certain employees during its group reorganisation in 2003. For employees who joined this program, they are entitled to various periodic benefits up to their normal retirement ages. The beneficiaries of these pension benefits are not in active employment with the Group and these benefits are fully vested. There is no plan asset for these pension benefits.

(a) The movements in the present value of early retirement and retirement benefits are shown below:

	2023	2022
At beginning of the year	2,776	2,872
Interest cost on pension benefit obligation (note 9)	75	81
Actuarial losses arising from experience adjustments	112	50
Actuarial losses arising from changes in financial assumptions	(33)	–
Benefits paid	(210)	(227)
At end of the year	2,720	2,776

The plans typically expose the Group to interest rate risk and longevity risk.

- Interest rate risk: an increase/(decrease) in the bond interest rate will (decrease)/increase the plan liability.
- Longevity risk: the present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

(Amounts in millions of Renminbi, unless otherwise stated)

39. PENSION BENEFIT OBLIGATION (continued)

(a) The movements in the present value of early retirement and retirement benefits are shown below: (continued)

In aggregate, actuarial losses of RMB79 million were charged to other comprehensive income for the current year of 2023 (2022: actuarial losses of RMB50 million).

For defined benefit retirement benefit plans, the Group offered pension and medical benefits for employees who retired on or prior to 31 July 2003. The Group employs a third-party actuary annually to conduct an actuarial assessment of the pension benefit scheme and issue a special actuarial report. At the end of 2023, Towers Watson was engaged to conduct an actuarial assessment of the pension benefit plan and issued the Actuarial Assessment Report for PICC Group as at 31 December 2023. The actuarial report was signed by Wu Haichuan, a North American actuary, a member of the American Association of Actuaries and a member of the China Association of Actuaries.

(b) The discount rates and the principal actuarial assumptions for the above obligations are as follows:

	31 December 2023	31 December 2022
Discount rates:		
– Early retirement benefits	2.25%	2.50%
– Retirement benefits	2.50%	2.75%
– Supplementary medical benefits	2.50%	3.00%
Average annual growth rates:		
– Early retirement benefits	2.50%	2.50%
– Medical expenses	8.00%	8.00%

Discount rates are set to be the government bond yields with similar maturities and vary for different types of benefits. The durations of early retirement benefits, retirement benefits and supplementary medical benefits are 4 years,8 years and 10 years as at 31 December 2023 (31 December 2022: 4 years,8 years and 11 years).

(c) The maturity of these benefits, in terms of undiscounted cash flows, is presented as follows:

	31 December 2023	31 December 2022
No more than 3 months	48	50
3 to 12 months (including 12 months)	145	151
1 to 5 years (including 5 years)	749	782
More than 5 years	2,604	2,815
Total	3,546	3,798

In order to reimburse the Company for this pension benefit obligation, a receivable of RMB2,847 million from MOF was recognised during the restructuring and reorganisation of the Company, as described in note 42(d)(2).

(Amounts in millions of Renminbi, unless otherwise stated)

39. PENSION BENEFIT OBLIGATION (continued)

(d) Sensitivity analysis

Significant actuarial assumptions for the determination of the defined obligation are discount rate and average annual growth rate. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

	Change in assumptions	Effect on the pension benefit obligation	
		2023	2022
Discount rate	+50bps	(127)	(128)
Discount rate	-50bps	138	139
Average annual growth rate	+50bps	132	134
Average annual growth rate	-50bps	(123)	(125)

40. OTHER LIABILITIES

	31 December 2023	31 December 2022 (Restated)
Salaries and welfare payable	30,700	26,865
Payables to non-controlling interests of consolidated structures entities	16,800	6,662
Value added tax and other taxes payable	8,229	7,780
Premiums received in advance	5,625	4,685
Payables to co-insurers	2,866	3,252
Suppliers payable	2,023	2,055
Bank borrowings	603	548
Insurance deposit received	574	673
Interests payable	N/A	1,274
Others	10,517	11,191
TOTAL	77,937	64,985

(Amounts in millions of Renminbi, unless otherwise stated)

41. ISSUED CAPITAL

	31 December 2023	31 December 2022
Issued and fully paid ordinary shares of RMB1 each (in million shares)		
A shares	35,498	35,498
H shares	8,726	8,726
	44,224	44,224
Issued capital (in RMB million)		
A shares	35,498	35,498
H shares	8,726	8,726
	44,224	44,224

42. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.

(a) General risk reserve

Pursuant to "Financial Standards of Financial Enterprises – Implementation Guide" issued by the MOF of the PRC on 30 March 2007, a general risk reserve should be set aside to cover catastrophic or other losses as incurred by companies operating in the insurance businesses. The Group's respective entities would need to make appropriations for such reserve based on their respective annual profit, year-end risk assets or asset management fee income as determined in their annual financial statements. This reserve is not available for profit distribution and cannot be transferred to capital.

(b) Catastrophic loss reserve

Pursuant to the relevant regulatory requirements, the Group is required to make appropriation to a reserve when the agriculture and nuclear insurance business records underwriting profits. This reserve cannot be used for dividend distribution or conversion into capital, but can be utilised when there are catastrophic losses.

(Amounts in millions of Renminbi, unless otherwise stated)

42. RESERVES (continued)

(c) Surplus reserve

In accordance with the Company Law and the Articles of Association, the Company is required to make appropriation to a statutory surplus reserve based on its profit for the year (after offsetting any prior years' losses) as determined based on applicable financial regulations in the PRC in their annual statutory financial statements. When the balance of such reserve fund reaches 50% of the capital, any further appropriation is optional. The Company may also make appropriation to a discretionary surplus reserve provided that the appropriation is approved by a resolution of the shareholders. Subject to resolutions passed in general meetings, the statutory and discretionary surplus reserves can be transferred to the share capital. The balance of the statutory surplus reserve fund after transfers to the share capital should not be less than 25% of the share capital.

On 24 March 2023, the Board of Directors of PICC P&C, a subsidiary of the Company, proposed to appropriate other surplus reserve of RMB10,000 million, which was approved by the shareholders' meeting of PICC P&C on 19 June 2023.

(d) Principal items of other reserves were summarised as follows:

	Transfer to issued capital (1)	Compensation for post-employment benefit obligation (2) (note 39)	Transactions with non-controlling interests	Other reserves of associates	Total
As at 31 December 2023	(17,942)	2,847	(69)	(62)	(15,226)
As at 31 December 2022	(17,942)	2,847	(69)	(45)	(15,209)

(1) In 2009, the Company obtained approval from the MOF for converting into a joint stock company. During the process, certain assets were revalued and the corresponding revaluation surplus was transferred to the issued capital. On consolidation, these revaluations were reversed, creating a negative balance.

(2) In 2009, the Company recognised an amount of RMB2,847 million recoverable from the MOF as compensation for the Company's assumption of post-employment benefit obligation. The amount was recognised as a special capital contribution from the MOF and was credited to other reserves. The amount has been fully recovered from the MOF.

(Amounts in millions of Renminbi, unless otherwise stated)

43. NON-CONTROLLING INTERESTS

	31 December 2023	31 December 2022 (Restated)
PICC P&C	79,557	73,851
PICC Life	7,195	6,486
PICC Health (a)	2,920	394
Others	25	9
Total	89,697	80,740

(a) PICC Health issued an undated capital bond with a nominal value of RMB2.5 billion in the national interbank bond market on 7 December 2023. The undated capital bond does not contain any interest rate jump mechanism or other redemption incentives and adopts a phased-adjustment coupon rate comprising two components, namely, the base rate and the fixed spread, with a coupon rate adjustment period of every five years from the closing date of the issuance of payment and the coupon rate for the first five years is 3.50%. The undated capital bond does not include contractual obligations to deliver cash or other financial assets to other parties or to exchange financial assets or financial liabilities with other parties under potentially unfavorable conditions; nor do they include provisions for settlement in their own equity instruments. The undated capital bond is classified by the Group as equity instruments and presented in non-controlling interests.

44. CAPITAL AND RISK MANAGEMENT

44.1 Capital management

(a) Governance framework

The primary objective of the Group's risk and financial management framework is to protect the Group's shareholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Key management recognises the critical importance of having efficient and effective risk management systems in place.

The risk management structure runs through the board of directors, the management and all functional departments and covers all business sectors and branches at all levels of the Group. The board of directors is ultimately responsible for the risk management, internal control, and compliance policy formulation of the Group. The Risk Management & Consumers' Rights and Interests Protection Committee is responsible for having a comprehensive understanding of significant risks faced by the Group and relevant risk management, as well as supervising the effectiveness of the operation of risk management system.

44. CAPITAL AND RISK MANAGEMENT (continued)

44.1 Capital management (continued)

(b) Capital management approach

The Group seeks to optimise the structure and sources of capital to ensure that it consistently maximises returns to the shareholders.

The Group's approach to managing capital involves managing assets, liabilities and risks in a coordinated way, assessing shortfalls between reported and required capital levels (by each regulated entity) on a regular basis and taking appropriate actions to adjust the capital position of the Group in light of changes in economic conditions and risk characteristics.

The primary source of capital used by the Group is equity shareholders' funds and issued bonds. The Group also makes reinsurance arrangements to manage its regulatory capital requirements.

The solvency results of the Group's principal subsidiaries of the fourth quarter of 2023 are prepared in accordance with the requirements of the "Notice on the Distribution of the Regulatory Rules on the Solvency of Insurance Companies (II) " (CBIRC [2021] No. 51) and the "Notice on Matters concerning the Formal Implementation of the the Regulatory Rules on the Solvency of Insurance Companies (II) " (CBIRC [2021] No. 52) and the "Notice on Optimizing the Regulatory Standards for the Solvency of Insurance Companies by the National Financial Regulatory Administration" (NFRA [2023] No.5) and the relevant notices issued by the former CBIRC.

Insurance companies carrying out business in China are required to comply with capital requirements imposed by the NFRA. These capital requirements are generally known as solvency requirements in the insurance industry.

Insurance companies comply with requirements on both the core capital and actual capital (sum of core and supplementary capital). Under China Risk Oriented Solvency System, the minimum capital is calculated by formula prescribed by the NFRA. The minimum capital requirement is a result of quantifications of underwriting risks, market risks, credit risks and results of an internal control assessment.

Comprehensive and core solvency margin ratios are defined as actual capital and core capital divided by the minimum capital requirements, respectively. Comprehensive and core solvency margin ratio have to be higher than 100% and 50% respectively for compliance with the solvency requirements. The solvency results of PICC P&C, PICC Life and PICC Health of the fourth quarter of 2023 meet the above regulatory requirements.

The NFRA can take a number of regulatory measures against any insurance company non-compliant with the solvency requirements. These regulatory measures include restriction on business scope, dividend distributions, investment strategy; order to transfer business or place reinsurance; removal of senior executives of the insurance companies.

44. CAPITAL AND RISK MANAGEMENT (continued)

44.1 Capital management (continued)

(c) Regulatory framework

Regulators are primarily interested in protecting the rights of policyholders and monitor them closely to ensure that the Group is satisfactorily managing affairs for their benefit. At the same time, regulators are also interested in ensuring that the Group maintains an appropriate solvency position to meet unforeseen liabilities arising from economic shocks or natural disasters.

44.2 Risk management

The Group's activities are exposed to insurance risk and varieties of financial risks. The Group issues contracts that transfer insurance risk or financial risk or both. The key financial risk is that proceeds from the sale of financial assets will not be sufficient to fund the obligations arising from the Group's insurance and investment contracts. The most important components of financial risk are credit risk, liquidity risk and market risk. This section summarises these risks.

(a) Insurance risk

(1) Insurance risk types

The risk under an insurance contract is the possibility of occurrence of insured events and uncertainty of the amount and timing of the resulting claims. The principal risk the Group faces under such contracts is that the actual claims and benefit payments exceed the carrying amount of insurance liabilities. This could occur due to any of the following factors:

Occurrence risk – the possibility that the number of insured events will differ from that expected.

Severity risk – the possibility that the costs of the events will differ from those expected.

Development risk – the possibility that changes may occur in the amount of a policyholder's obligation at the end of the contract period.

The variability of risks is improved by diversification of risk of loss to a large portfolio of insurance contracts as a more diversified portfolio is less likely to be affected across the board by change in any subset of the portfolio. The variability of risks is also improved by careful risk selection and implementation of underwriting strategy and guidelines.

When the underwriting risks principally are mortality risks, epidemics, widespread changes in lifestyle and natural disasters, they may result in earlier or more claims than expected; when the underwriting risks principally are longevity risks, continued improvement in medical science and social conditions that would improve longevity, they may result in losses to annuity or similar contracts. For contracts with discretionary participation features, a significant portion of these insurance risks is shared with the insured parties.

(Amounts in millions of Renminbi, unless otherwise stated)

44. CAPITAL AND RISK MANAGEMENT (continued)

44.2 Risk management (continued)

(a) Insurance risk (continued)

(1) Insurance risk types (continued)

Insurance risk of life insurance contracts is also affected by the policyholders' rights to terminate the contracts, to pay reduced premiums, refuse to pay premiums or to avail annuity conversion rights. Therefore, the resulting insurance risk is subject to policyholders' behaviour and decisions.

For non-life insurance contracts, claims are often affected by many factors such as climate changes, natural disasters, calamities, and terrorist activities.

The Group's risk management objectives, policies and processes and the methodology used to measure risk have not changed significantly compared with previous period.

(2) Insurance risk concentration

Non-life claims of certain provinces in the PRC are often affected by natural disasters including flooding, earthquakes and typhoons. Therefore, an undue concentration of risk units in these areas may have an impact on the severity of claim payments on a portfolio basis. The Group has achieved geographical diversification by accepting risks in different provinces of the PRC (including Hong Kong SAR).

The Group's concentration of non-life insurance risk are managed by geographical locations, including premiums before and after reinsurance. The location with the highest insurance risk concentration is coastal and developed provinces (including Hong Kong SAR).

For life and health insurance contracts, their insurance risks usually do not vary significantly in relation to the geographical locations of the insured and therefore geographical concentration by locations is not presented.

An analysis for estimation of insurance risk exposure per class of business is provided in the following tables:

31 December 2023	Insurance contract assets	Insurance contract liabilities	Reinsurance contract assets	Reinsurance contract liabilities
PICC P&C	2,885	371,829	38,891	21
PICC Life	–	528,290	42	99
PICC Health	–	75,668	2,721	–

(Amounts in millions of Renminbi, unless otherwise stated)

44. CAPITAL AND RISK MANAGEMENT (continued)

44.2 Risk management (continued)

(a) Insurance risk (continued)

(2) Insurance risk concentration (continued)

31 December 2022	Insurance contract assets	Insurance contract liabilities	Reinsurance contract assets	Reinsurance contract liabilities
PICC P&C	611	351,254	36,827	–
PICC Life	–	463,441	44	261
PICC Health	–	62,347	1,674	–

(3) Reinsurance

The Group limits its exposure to losses within non-life insurance operations through participation in reinsurance arrangements. The majority of the business ceded is placed on the quota share basis or the surplus line basis with retention limits varying by product lines. There are profit commission, sliding, scale commission and loss participation limit clauses in various proportional reinsurance contracts. Excess of loss catastrophic reinsurance is also arranged to limit the Group's exposure to certain catastrophic events.

Even though the Group may have reinsurance arrangements, it is not relieved of its direct obligations to its policyholders, and thus a credit exposure exists with respect to the businesses ceded, to the extent that the reinsurers are unable to meet their obligations assumed under such reinsurance agreements.

(4) Key assumptions and sensitivity analysis

Long-term life insurance contracts

In the process of measuring the insurance contract reserves for long-term life insurance contracts, the Group has to make significant judgments on the assumptions of insurance accident rate, surrender rate, expense, discount rate, mortality, morbidity and policy dividends. These measurement assumptions are based on information available at the balance sheet date. The relevant assumptions are detailed in Note 3.

The Group has considered the respective impact of various independent assumptions based on future experience on the insurance contract reserves. When testing an assumption, the other assumptions remain the same.

(Amounts in millions of Renminbi, unless otherwise stated)

44. CAPITAL AND RISK MANAGEMENT (continued)

44.2 Risk management (continued)

(a) Insurance risk (continued)

(4) Key assumptions and sensitivity analysis (continued)

Long-term life insurance contracts (continued)

The following tables present information on how reasonably possible changes in assumptions impact insurance contract liabilities for PICC Life:

		Pre-tax impact on profit		Pre-tax impact on equity		Pre-tax impact on profit		Pre-tax impact on equity	
		2023		31 December 2023		2022		31 December 2022	
Assumptions	Change in assumptions	Before reinsurance	After reinsurance	Before reinsurance	After reinsurance	Before reinsurance	After reinsurance	Before reinsurance	After reinsurance
Mortality/morbidity	+10%	(545)	(444)	(1,498)	(1,397)	(461)	(364)	(1,218)	(1,121)
Mortality/morbidity	-10%	520	419	1,543	1,442	444	366	1,236	1,158
Lapse and surrenders rate	+25%	240	239	625	624	96	95	379	379
Lapse and surrenders rate	-25%	(348)	(348)	(794)	(794)	(526)	(526)	(945)	(944)
Expenses	+10%	(202)	(203)	(322)	(323)	(247)	(247)	(348)	(348)
Expenses	-10%	161	160	281	280	198	198	299	299

The following tables present information on how reasonably possible changes in assumptions impact insurance contract liabilities for PICC Health:

		Pre-tax impact on profit		Pre-tax impact on equity		Pre-tax impact on profit		Pre-tax impact on equity	
		2023		31 December 2023		2022		31 December 2022	
Assumptions	Change in assumptions	Before reinsurance	After reinsurance	Before reinsurance	After reinsurance	Before reinsurance	After reinsurance	Before reinsurance	After reinsurance
Mortality/morbidity	+10%	(717)	(574)	(1,021)	(877)	(694)	(524)	(865)	(693)
Mortality/morbidity	-10%	718	576	1,029	884	695	525	868	697
Lapse and surrenders rate	+25%	176	193	75	93	198	222	77	102
Lapse and surrenders rate	-25%	(183)	(202)	(7)	(27)	(222)	(248)	(47)	(74)
Expenses	+10%	(23)	(23)	(34)	(34)	(28)	(28)	(34)	(34)
Expenses	-10%	23	23	34	34	28	28	34	34

The above analyses do not take into account the mitigating effect from asset-liability management and possible actions taken by management in view of these changes.

Non-life insurance and short-term health insurance contracts

The principal assumption underlying the estimates is the Group's past claims development experience. Judgement is used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

(Amounts in millions of Renminbi, unless otherwise stated)

44. CAPITAL AND RISK MANAGEMENT (continued)

44.2 Risk management (continued)

(a) Insurance risk (continued)

(4) Key assumptions and sensitivity analysis (continued)

Non-life insurance and short-term health insurance contracts (continued)

The range of reasonable estimates of LIC, projected using different statistical techniques and various key assumptions, represents different views on the speed of settlements, changes in premium rates and the underwriting controls over ultimate losses.

It is not possible to quantify the sensitivity of certain variables such as legislative change and uncertainty in the estimation process with any degree of confidence. Furthermore, because of delays that arise between the occurrence of a claim and its subsequent notification and eventual settlement, the LIC is not quantifiable with certainty at the end of 2023 and 2022.

The following analysis shows the development of claims over a period of time on a gross basis:

	Accident year – gross					
	Year ended 31 December					
	2019	2020	2021	2022	2023	Total
Estimated cumulative claims paid by PICC P&C:						
Total cumulative undiscounted claims paid						
At the end of current year	268,651	279,884	315,563	331,070	362,420	
One year later	269,007	278,261	315,081	321,466		
Two years later	269,206	277,899	315,012			
Three years later	269,483	277,602				
Four years later	269,131					
Estimated cumulative claims of PICC P&C	269,131	277,602	315,012	321,466	362,420	1,545,631
Cumulative claims paid by PICC P&C	(264,714)	(269,845)	(299,578)	(278,241)	(244,784)	(1,357,162)
Subtotal as at 31 December 2023						188,469
Prior year adjustments, unallocated loss adjustment expenses, discount, non-financial risk adjustment, etc. of PICC P&C						21,863
Gross LIC of other insurance subsidiaries						22,415
LIC, gross						232,747

(Amounts in millions of Renminbi, unless otherwise stated)

44. CAPITAL AND RISK MANAGEMENT (continued)

44.2 Risk management (continued)

(a) Insurance risk (continued)

(4) Key assumptions and sensitivity analysis (continued)

Non-life insurance and short-term health insurance contracts (continued)

The following analysis shows the development of non-life claims over a period of time on a net basis:

	Accident year – net					
	Year ended 31 December					
	2019	2020	2021	2022	2023	Total
Estimated cumulative claims paid by PICC P&C:						
Total cumulative undiscounted claims paid						
At the end of current year	245,536	255,114	287,366	299,423	331,652	
One year later	245,671	253,738	285,476	290,387		
Two years later	245,782	253,116	285,239			
Three years later	245,732	252,973				
Four years later	245,628					
Estimated cumulative claims of PICC P&C	245,628	252,973	285,239	290,387	331,652	1,405,879
Cumulative claims paid by PICC P&C	(242,390)	(246,776)	(273,382)	(252,938)	(225,948)	(1,241,434)
Subtotal as at 31 December 2023						164,445
Prior year adjustments, unallocated loss adjustment expenses, discount, non-financial risk adjustment, etc. of PICC P&C						6,405
Net LIC of other insurance subsidiaries						18,140
LIC, net						188,990

The ultimate liabilities will vary as a result of subsequent developments. Differences resulting from the re-assessment of the ultimate liabilities are recognised in subsequent years.

As the claims of PICC Life and PICC Health are usually settled within one year, an analysis of the development of claims by year was not reflected.

44. CAPITAL AND RISK MANAGEMENT (continued)

44.2 Risk management (continued)

(b) Financial risks

(1) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation.

The Group is exposed to credit risks primarily associated with its cash and cash equivalents, financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income, insurance contract assets, reinsurance contract assets, term deposits, financial assets measured at fair value through profit or loss, prepayment and other assets etc. The Group uses a variety of controls to identify, measure, monitor and report credit risk.

The Group evaluates its credit risks in investments by both qualitative and quantitative analysis, including studying the relevant industry, enterprise management, financial factors, company prospects, as well as the use of internal credit models. The Group mitigates credit risk by using a variety of methods including impositions of aggregate counterparty exposure limits and increasing the diversification of fixed income investment portfolios.

Except for domestic reinsurance company, the Group's credit risk associated with insurance mainly arises from non-life insurance business for which the Group only issues insurance policies on credit to corporate customers or to individuals who purchase certain policies through insurance intermediaries. A policyholder usually has a maximum credit period of three months but a longer period can be granted on a discretionary basis. For large corporate customers and certain multi-year policies, payments by instalments are usually arranged.

Reinsurance of the Group is mainly placed with stated-owned reinsurers and reinsurers with Standard & Poor's ratings of A- (or ratings of an equal level given by other international rating institutions such as A. M. Best, Fitch or Moody's) or above. The Group's management performs regular assessment of creditworthiness of reinsurers to update reinsurance purchase strategies and ascertain suitable allowances for impairment of reinsurance assets.

As to debt investment, the Group rates these investments by internal credit rating policies, selects counterparties with high credit quality and sets strict entry criteria.

The Group's debt investment mainly includes domestic government bonds, financial institution bonds, corporate bonds guaranteed by state-owned commercial banks and large enterprise groups, deposits in state-owned or national commercial banks, trust schemes, debt investment plans and asset backed plans, etc. The Group manages the credit risk for these investments mainly through controlling the investment scales, selecting counterparties within the financial institutions with appropriate credit quality prudently, balancing the credit risks and rate of return of investment and considering the internal and external credit rating information comprehensively.

44. CAPITAL AND RISK MANAGEMENT (continued)

44.2 Risk management (continued)

(b) Financial risks (continued)

(1) Credit risk (continued)

Guarantees and other credit enhancement arrangements

The group holds securities purchased under resale agreements where debt-type investments held by counterparties are used as collateral. In the event of a default by the counterparties, the group has the right to obtain the collateral.

Credit quality

The majority of the Group's bank deposits are with the four largest state-owned commercial banks and other national commercial banks. Most of the reinsurance contracts are entered into with state-owned reinsurance companies or large international reinsurance companies. The Group believes these commercial banks and reinsurance companies have a high credit quality. The trustees of the Group's trust plans, creditors' investments plans and asset support plans are mostly large domestic trust companies and asset management companies.

Expected credit loss

From 1 January 2023, the Group formulates the credit losses of debt instruments measured at amortized cost and financial assets measured at fair value through other comprehensive income using ECL models according to IFRS 9 requirements.

Parameters of ECL model

The parameters and assumptions involved in ECL model are described below;

The Group considers the credit risk characteristics of different financial instruments when determining if there is significant increase in credit risk. For financial instruments with or without significant increase in credit risk,12-month or lifetime expected credit losses are provided respectively. The expected credit loss is the result of discounting the product of EAD, PD and LGD.

(1) Exposure at Default (EAD): EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months or over the remaining lifetime.

(2) Probability of Default (PD): The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.

(3) Loss given Default (LGD): LGD represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by seniority of claim and availability of collateral or other credit support.

44. CAPITAL AND RISK MANAGEMENT (continued)

44.2 Risk management (continued)

(b) Financial risks (continued)

(1) Credit risk (continued)

Judgement of significant increase in credit risk ("SICR")

The Group considers various reasonable supporting information to judge if there is significant increase in credit risk, including the forward-looking information, when determining the ECL staging for financial assets. Major factor being considered include regulatory and operating environment, internal and external credit ratings, solvency, and operational capabilities. The Group could base on individual financial instruments or portfolios of financial instruments with similar credit risk characteristics to determine ECL staging by comparing the credit risks of the financial instruments at the reporting date with initial recognition.

The judgement criteria mainly includes the significant fluctuations in evaluation of bonds, significant changes in the financial business performance of the issuers, obvious changes in the issuers' ability and willingness of the solvency, incidents that affect the security of the bonds and other indicators of SICR, etc. In the judgement of whether the financial instruments have SICR after initial recognition, the Group considers the 30 days past due as one of criteria of SICR, in accordance with the standard.

The definition of credit-impaired assets

Under IFRS 9, in order to determine whether credit impairment occurs, the defined standards adopted by the Group are consistent with the internal credit risk management objectives for relevant financial assets, while considering quantitative and qualitative indicators. When the Group assesses whether the debtor has credit impairment, the following factors are mainly considered:

- Default (considered to be default if it is 90 days past due);
- The debtor has significant financial difficulties;
- The lender gives the debtor concessions for economic or contractual reasons due to the debtor's financial difficulties, where such concessions are normally reluctant to be made by the lender;
- The debtor is likely to go bankrupt or other financial restructuring;
- The active market for financial assets disappears;
- Purchase or generate a financial asset at a significant discount that reflects the fact of credit loss.

The credit impairment of financial assets may be caused by the joint effects of multiple events, and may not be caused by separately identifiable events.

(Amounts in millions of Renminbi, unless otherwise stated)

44. CAPITAL AND RISK MANAGEMENT (continued)

44.2 Risk management (continued)

(b) Financial risks (continued)

(1) Credit risk (continued)

Forward-looking information

The determinations of 12 months and the lifetime EAD, PD and LGD also incorporates forward-looking information. The Group has performed historical data analysis and identified the key macroeconomic variables associated with credit risk and expected credit losses for each portfolio. The Group has developed macroeconomic forward looking adjustment model by establishing a pool of macro-economic indicators, preparing data, filtering model factors and adjusting forward-looking elements, and the indicators include Gross Domestic Product (GDP), Customer Price Index (CPI), term doposit rate and other macroeconomic variables. Through regression analysis, the relationship for ECL is established, and the ECL is then determined through forecasting economic indicator.

During the reporting period, the Group adjusted the predicted values of forward-looking economic indicators by statistical analysis and also considered the range of possible outcomes represented by each scenario, to determine the final macroeconomic scenarios and weights for measuring the relevant expected credit loss. The weight of base scenario is highest than the sum of the weight of other scenarios.

Specific input values for the main macroeconomic assumptions used in assessing expected credit losses as of December 31,2023, under different scenarios are as follows:

Scenarios	The GDP year on year percentage change
Pessimistic scenario	4.15%
Baseline scenario	5.08%
Optimistic scenario	5.10%

Similar to other economic forecasts, the estimates of economic indicators have high inherent uncertainties, actual results may have significant difference with estimates. The Group considered the estimates above represented the optimal estimation of possible outcomes.

Sensitivity analysis

The Group has conducted a sensitivity analysis of the macroeconomic indicators used in the forward measurement. As at 31 December 2023, the change in expected credit losses will not exceed 5% when the material economic indicators in the baseline scenario rise or fall by 10%.

(Amounts in millions of Renminbi, unless otherwise stated)

44. CAPITAL AND RISK MANAGEMENT (continued)

44.2 Risk management (continued)

(b) Financial risks (continued)

(1) Credit risk (continued)

Credit exposure

The following table presents the credit risk exposure of the financial assets under the scope of expected credit loss. Without considering guarantee or any other credit enhancement measures, for on-balance sheet assets, the maximum credit risk exposure is presented as the net carrying amount of the financial assets:

	31 December 2023				31 December 2022
	Stage 1	Stage 2	Stage 3	Maximum credit risk exposure	Maximum credit risk exposure
Cash and cash equivalents	28,835	–	–	28,835	40,599
Financial investments:					
Financial assets measured at amortized cost	310,191	8,386	28	318,605	N/A
Financial assets measured at fair value through other comprehensive income-Debt instruments	338,717	–	–	338,717	N/A
Debt securities	N/A	N/A	N/A	N/A	536,254
Investments classified as loans and receivables	N/A	N/A	N/A	N/A	176,082
Term deposits	81,487	–	–	81,487	101,180
Restricted statutory deposits	13,433	–	–	13,433	12,923
TOTAL	772,663	8,386	28	781,077	867,038

(Amounts in millions of Renminbi, unless otherwise stated)

44. CAPITAL AND RISK MANAGEMENT (continued)

44.2 Risk management (continued)

(b) Financial risks (continued)

(1) Credit risk (continued)

Credit exposure (continued)

The following tables explain the changes in the gross carrying amount and impairment provision of the main financial assets between the beginning and the end of the annual period due to these factors:

	Stage 1		Stage 2		Stage 3		
	12-month ECL		Lifetime ECL		Lifetime ECL		TOTAL
Financial assets measured at amortized cost	Gross carrying amount	Impairment provision	Gross carrying amount	Impairment provision	Gross carrying amount	Impairment provision	Impairment provision
1 January 2023	271,322	(982)	8,226	(180)	589	(573)	(1,735)
Net increase/(decrease) for the year	44,373	(841)	(3,152)	(189)	(57)	69	(961)
Net amount transfer (out)/in from Stage 1 to Stage 2	(3,711)	30	3,711	(30)	–	–	–
Net amount transfer in/(out) from Stage 1 to Stage 3	–	–	–	–	–	–	–
Net amount transfer in/(out) from Stage 2 to Stage 3	–	–	–	–	–	–	–
31 December 2023	311,984	(1,793)	8,785	(399)	532	(504)	(2,696)

	Stage 1		Stage 2		Stage 3		
	12-month ECL		Lifetime ECL		Lifetime ECL		TOTAL
Financial assets measured at fair value through other comprehensive income – Debt instruments	Gross carrying amount	Impairment provision	Gross carrying amount	Impairment provision	Gross carrying amount	Impairment provision	Impairment provision
1 January 2023	305,993	(374)	156	(125)	–	–	(499)
Net increase/(decrease) for the year	32,724	(278)	(156)	125	–	–	(153)
Net amount transfer in/(out) from Stage 1 to Stage 2	–	–	–	–	–	–	–
Net amount transfer in/(out) from Stage 1 to Stage 3	–	–	–	–	–	–	–
Net amount transfer in/(out) from Stage 2 to Stage 3	–	–	–	–	–	–	–
31 December 2023	338,717	(652)	–	–	–	–	(652)

(Amounts in millions of Renminbi, unless otherwise stated)

44. CAPITAL AND RISK MANAGEMENT (continued)

44.2 Risk management (continued)

(b) Financial risks (continued)

(1) Credit risk (continued)

Credit exposure (continued)

The following table contains an analysis of the credit risk grading of financial assets at amortized cost and debt instruments measured at fair value through other comprehensive income. The carrying amount of financial assets below also represents the Group's maximum exposure to credit risk on these assets:

For financial assets that meet the condition of only paying principal and interest, except for overseas bonds held, the credit ratings of other financial assets are given by qualified domestic rating agencies, and their risk disclosures is as follows:

Domestic debt investments measured at amortized cost and debt investments measured at fair value through other comprehensive income	31 December 2023
Credit rating	
AAA	534,636
AA+	337
AA	142
A-	–
A-1	–
A and lower rating	111
Not rated or exempted from rating	118,116
TOTAL	653,342

Government bonds and certain financial bonds issued by policy banks with low credit risks are included in the not rated or exempted from rating category.

For overseas bonds that meet the condition of only paying principal and interest, Moody's ratings are used, and their credit risk exposures is as follows:

Overseas debt investments measured at amortized cost and debt investments measured at fair value through other comprehensive income	31 December 2023
Credit rating	
Aaa	34
Aa (include Aa1, Aa2 and Aa3)	206
A (include A1, A2 and A3)	2,594
Baa (include Baa1, Baa2 and Baa3)	523
Not rated	623
TOTAL	3,980

44. CAPITAL AND RISK MANAGEMENT (continued)

44.2 Risk management (continued)

(b) Financial risks (continued)

(2) Liquidity risk

Liquidity risk is the risk of not having access to sufficient funds or being unable to liquidate a position in a timely manner at a reasonable price to meet the Group's obligations as they become due.

The Group is exposed to liquidity risk on insurance policies that permit surrender, withdrawal or other forms of early termination. The Group seeks to manage its liquidity risk by matching to the extent possible the duration of its investment assets with the duration of its insurance policies and to ensure that the Group is able to meet its payment obligations and fund its lending and investment operations on a timely basis.

The Group manages the liquidity risks of its major operating subsidiaries by requiring them to perform cash flow forecasts on a quarterly basis under different scenarios and establish contingency plans for any expected shortfall of liquidity.

The Group held cash and cash equivalents which accounted for 1.85% of total assets as at 31 December 2023 (31 December 2022: 2.87%).

It is unusual for an enterprise primarily transacting insurance business to predict the requirements of funding with absolute certainty, as the theory of probability is applied on insurance contracts to ascertain the likely provision and the period when such liabilities will require settlement. The amounts and maturity periods of these insurance liabilities are thus based on management's best estimate according to statistical techniques and past experience.

Maturity profiles of financial assets and financial liabilities

The table below summarises maturity profiles of financial assets and financial liabilities of the Group. Maturity profiles of financial assets and financial liabilities are prepared, using the contractual or expected collection or repayment dates. The maturity date is determined based on the remaining contractual term, liabilities payable upon notification are classified as demand liabilities.

(Amounts in millions of Renminbi, unless otherwise stated)

44. CAPITAL AND RISK MANAGEMENT (continued)

44.2 Risk management (continued)

(b) Financial risks (continued)

(2) Liquidity risk (continued)

Maturity profiles of financial assets and financial liabilities (continued)

	31 December 2023						
	Repayable on demand	Within 3 months	3 to 12 months	1 to 5 years	More than 5 years	No Maturity date	TOTAL
Financial assets							
Cash and cash equivalents	20,274	8,561	–	–	–	–	28,835
Financial assets measured at amortized cost	–	7,745	27,461	184,977	221,245	–	441,428
Financial assets measured at fair value through other comprehensive income	–	7,059	24,203	140,999	289,300	96,541	558,102
Financial assets measured at fair value through profit or loss	–	3,771	11,335	37,455	178,597	202,491	433,649
Term deposits	–	4,259	12,643	68,499	2,072	–	87,473
Restricted statutory deposits	–	3,271	2,911	7,937	–	–	14,119
TOTAL	20,274	34,666	78,553	439,867	691,214	299,032	1,563,606
Financial liabilities							
Financial liabilities measured at fair value through profit or loss	–	–	–	–	–	4,089	4,089
Securities sold under agreements to repurchase	–	109,000	–	–	–	–	109,000
Investment contract liabilities	1,736	184	3,145	2,741	198	–	8,004
Bonds payable	–	110	953	5,321	42,687	–	49,071
Lease liabilities	–	193	646	1,544	148	–	2,531
TOTAL	1,736	109,487	4,744	9,606	43,033	4,089	172,695

(Amounts in millions of Renminbi, unless otherwise stated)

44. CAPITAL AND RISK MANAGEMENT (continued)

44.2 Risk management (continued)

(b) Financial risks (continued)

(2) Liquidity risk (continued)

Maturity profiles of financial assets and financial liabilities (continued)

	31 December 2022						
	Repayable on demand	Within 3 months	3 to 12 months	1 to 5 years	More than 5 years	No Maturity date	TOTAL
Financial assets							
Cash and cash equivalents	21,090	19,523	–	–	–	–	40,613
Debt securities	–	14,588	26,014	193,911	558,795	–	793,308
Equity securities, mutual funds and investment schemes	–	–	–	–	–	258,022	258,022
Investments classified as loans and receivables	584	7,253	17,675	147,196	37,627	–	210,335
Term deposits	–	463	40,330	67,685	–	–	108,478
Restricted statutory deposits	–	1,177	2,170	10,450	–	–	13,797
TOTAL	21,674	43,004	86,189	419,242	596,422	258,022	1,424,553
Financial liabilities							
Securities sold under agreements to repurchase	–	100,952	–	–	–	–	100,952
Investment contract liabilities	1,741	223	2,625	2,914	156	–	7,659
Bonds payable	–	182	1,343	10,443	43,789	–	55,757
Lease liabilities	–	193	690	1,466	133	–	2,482
TOTAL	1,741	101,550	4,658	14,823	44,078	–	166,850

Insurance liquidity risk

For insurance and reinsurance contracts issued, the liquidity of undiscounted cash flow is as follows:

	31 December 2023						
	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years	TOTAL
Reinsurance contract assets, net	24,810	6,690	3,163	1,786	926	1,383	38,758
Insurance contract liabilities, net	150,510	71,470	61,741	49,481	47,991	1,188,239	1,569,432

	31 December 2022						
	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years	TOTAL
Reinsurance contract assets, net	25,601	5,260	3,073	1,880	878	43	36,735
Insurance contract liabilities, net	153,903	61,409	55,261	41,381	47,275	1,011,385	1,370,614

(Amounts in millions of Renminbi, unless otherwise stated)

44. CAPITAL AND RISK MANAGEMENT (continued)

44.2 Risk management (continued)

(b) Financial risks (continued)

(2) Liquidity risk (continued)

Insurance liquidity risk (continued)

Amount that policyholders can demand repayment at any time:

	31 December 2023		31 December 2022	
	Amount that policyholders can demand repayment at any time	Carrying amount	Amount that policyholders can demand repayment at any time	Carrying amount
Insurance contract liabilities	499,606	601,655	439,923	523,563

(3) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates (currency risk), market interest rates (interest rate risk) or market prices (other price risk).

The Group uses multiple methods managing market risk, including using sensitive analysis, Value-at-Risk ("VaR"), stress test, scenario analysis and other quantitative models to analyse market risks; mitigating market risk through a diversified investment portfolio; implementing investment risk budget management, setting an acceptable risk tolerance level according to development goals, making investment risk budget and tracking the risk control results dynamically to maintain market risk exposure within an acceptable level.

Foreign currency risk

Currency risk is the risk that the future cash flow of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's principal operations and transactions are conducted in RMB, and is also exposed to foreign exchange risk because certain financial assets and financial liabilities held are denominated in foreign currencies such as United States Dollars (USD) and Hong Kong Dollars (HKD), and certain non-life insurance contracts are denominated in USD. The Group seeks to limit its exposure to foreign currency risk by minimizing its net foreign currency position.

(Amounts in millions of Renminbi, unless otherwise stated)

44. CAPITAL AND RISK MANAGEMENT (continued)

44.2 Risk management (continued)

(b) Financial risks (continued)

(3) Market risk (continued)

Foreign currency risk (continued)

The table below summarizes the Group's assets and liabilities by major currency, expressed in RMB equivalent:

31 December 2023	RMB	USD in RMB equivalent	HKD in RMB equivalent	Others in RMB equivalent	Total in RMB equivalent
Cash and cash equivalents	27,154	1,145	488	48	28,835
Financial assets measured at amortized cost	318,605	–	–	–	318,605
Financial assets measured at fair value through other comprehensive income	430,755	4,021	482	–	435,258
Financial assets measured at fair value through profit or loss	373,854	4,567	4,599	–	383,020
Insurance contract assets	1,480	1,415	(2)	9	2,902
Reinsurance contract assets	36,827	903	1,701	(172)	39,259
Term deposits	78,898	2,514	75	–	81,487
Restricted statutory deposits	13,433	–	–	–	13,433
Total assets	1,281,006	14,565	7,343	(115)	1,302,799
Financial liabilities measured at fair value through profit or loss	4,089	–	–	–	4,089
Securities sold under agreements to repurchase	108,969	–	–	–	108,969
Insurance contract liabilities	975,731	2,445	2,685	(131)	980,730
Reinsurance contract liabilities	104	14	(1)	1	118
Investment contract liabilities	7,985	–	–	–	7,985
Bonds payable	37,992	–	–	–	37,992
Total liabilities	1,134,870	2,459	2,684	(130)	1,139,883
Net exposure	146,136	12,106	4,659	15	162,916

(Amounts in millions of Renminbi, unless otherwise stated)

44. CAPITAL AND RISK MANAGEMENT (continued)

44.2 Risk management (continued)

(b) Financial risks (continued)

(3) Market risk (continued)

Foreign currency risk (continued)

The table below summarizes the Group's assets and liabilities by major currency, expressed in RMB equivalent: *(continued)*

31 December 2022	RMB	USD in RMB equivalent	HKD in RMB equivalent	Others in RMB equivalent	Total in RMB equivalent
Cash and cash equivalents	37,894	1,809	779	117	40,599
Debt securities	532,667	3,453	134	–	536,254
Equity securities, mutual funds and investment schemes	248,774	4,795	4,453	–	258,022
Insurance contract assets	496	250	(20)	56	782
Reinsurance contract assets	35,465	664	1,312	(112)	37,329
Term deposits	98,487	2,388	300	5	101,180
Restricted statutory deposits	12,923	–	–	–	12,923
Investments classified as loans and receivables	176,082	–	–	–	176,082
Total financial assets	1,142,788	13,359	6,958	66	1,163,171
Securities sold under agreements to repurchase	100,890	–	–	–	100,890
Insurance contract liabilities	879,166	1,849	2,270	(230)	883,055
Reinsurance contract liabilities	271	72	(6)	25	362
Investment contract liabilities	7,629	–	–	–	7,629
Bonds payable	43,356	–	–	–	43,356
Total financial liabilities	1,031,312	1,921	2,264	(205)	1,035,292
Net exposure	111,476	11,438	4,694	271	127,879

(Amounts in millions of Renminbi, unless otherwise stated)

44. CAPITAL AND RISK MANAGEMENT (continued)

44.2 Risk management (continued)

(b) Financial risks (continued)

(3) Market risk (continued)

Foreign currency risk (continued)

Sensitivity analysis

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax and equity due to changes in the fair value of currency sensitive financial assets and liabilities.

	31 December 2023	
Exchange rate of foreign currencies (RMB: million)	Pre-tax impact on profit	Pre-tax impact on equity
+5%	858	897
–5%	(858)	(897)

	31 December 2022	
Exchange rate of foreign currencies (RMB: million)	Pre-tax impact on profit	Pre-tax impact on equity
+5%	450	912
–5%	(450)	(912)

The method used for deriving sensitivity information and significant variables has not changed from the previous year.

Interest rate risk

Interest rate risk is the risk that the value/future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Floating rate instruments expose the Group to cash flow interest rate risk, while fix rate instruments expose the Group to fair value interest rate risk.

Based on asset liability matching gap analysis, the Group implements sensitive analysis and stress tests to monitor and to evaluate interest rate risk regularly. The Group manages interest rate risk by monitoring the average duration and expiry dates as well as adjusting composition of portfolio.

44. CAPITAL AND RISK MANAGEMENT (continued)

44.2 Risk management (continued)

(b) Financial risks (continued)

(3) Market risk (continued)

Interest rate risk (continued)

Sensitivity analysis

At 31 December 2023, with all other variables held constant, if market interest rates had been 50 basis points higher or lower, the impact on the Group's profit before tax for the year from the corresponding changes in the Group's related financial assets and insurance and reinsurance contracts would be a decrease of RMB4,439 million or an increase of RMB3,926 million (31 December 2022: a decrease of RMB2,782 million or an increase of RMB1,802 million); the impact on the Group's shareholders' equity before tax was an increase of RMB13,249 million or a decrease of RMB17,956 million (31 December 2022: an increase of RMB16,183 million or a decrease of RMB20,883 million).

Other price risk

Other price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Group's price risk exposure mainly relates to the stock and fund investments whose values will fluctuate as a result of changes in market prices, and insurance contracts with direct participation features.

The Group's price risk policy requires setting and managing investment objectives. Subject to laws and regulatory policies, the Group manages price risk by diversification of investments, setting limits for investments in different securities, etc.

Sensitivity analysis

At 31 December 2023, with all other variables held constant, if the value of investments held by the Group, including stocks, funds etc, which fluctuates with market prices had been 5% higher or lower, the impact on the Group's profit before tax for the year from the corresponding changes in the Group's related financial assets and insurance contracts would be an increase of RMB9,958 million or a decrease of RMB10,028 million (31 December 2022: an increase of RMB2,816 million or a decrease of RMB3,022 million); the impact on the Group's shareholders' equity before tax was an increase of RMB13,701 million or a decrease of RMB13,771 million (31 December 2022: an increase of RMB11,686 million or a decrease of RMB11,891 million).

(Amounts in millions of Renminbi, unless otherwise stated)

45. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS

Determination of fair value and the fair value hierarchy

The Group's financial instruments mainly consist of cash and cash equivalents, term deposits, debt securities, equity securities, mutual funds and investment schemes, securities sold under agreements to repurchase and bonds payable and etc. The following table sets out the carrying values and fair values of the Group's major financial instruments by classification:

	31 December 2023		31 December 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial Assets				
Cash and cash equivalents	28,835	28,835	40,599	40,599
Financial assets measured at fair value through profit or loss	383,020	383,020	38,301	38,301
Available-for-sale	N/A	N/A	557,507	557,507
Held-to-maturity financial assets	N/A	N/A	198,393	215,334
Investments classified as loans and receivables	N/A	N/A	176,082	179,070
Term deposits	81,487	81,487	101,180	101,180
Financial assets measured at amortized cost	318,605	337,671	N/A	N/A
Financial assets measured at fair value through other comprehensive income	435,258	435,258	N/A	N/A
Restricted statutory deposits	13,433	13,433	12,923	12,923
Total financial assets	1,260,638	1,279,704	1,124,985	1,144,914
Financial Liabilities				
Financial liabilities measured at fair value through profit or loss	4,089	4,089	–	–
Securities sold under agreements to repurchase	108,969	108,969	100,890	100,890
Investment contract liabilities	7,985	7,985	7,629	7,629
Bonds payable	37,992	38,226	43,356	43,134
Total financial liabilities	159,035	159,269	151,875	151,653

This note provides information on how the Group determines the fair values of various financial assets and liabilities. Details of fair value measurements of investment properties are disclosed in note 27 to these consolidated financial statements.

(Amounts in millions of Renminbi, unless otherwise stated)

45. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Determination of fair value and the fair value hierarchy (continued)

(a) Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

Items	Fair value 31 December 2023	Fair value hierarchy	Valuation technique(s) and key input(s)
Financial assets measured at fair value through profit or loss	129,004	Level 1	Quoted bid prices in an active market.
Financial assets measured at fair value through profit or loss	200,642	Level 2	Quotes for the same or similar assets in inactive markets, or for the same or similar assets from third-party valuation service providers.
Financial assets measured at fair value through profit or loss	35,496	Level 3	Valuation techniques with non-observable input value are used to determine fair value, such as comparable company method, net asset value method and recent financing price.
Financial assets measured at fair value through profit or loss	17,878	Level 3	Fair value of the investments is based on the use of discounted cash flow valuation models.
Financial assets measured at fair value through other comprehensive income-Debt instruments	15,470	Level 1	Quoted bid prices in an active market.
Financial assets measured at fair value through other comprehensive income-Debt instruments	323,247	Level 2	Quotes for the same or similar assets in inactive markets, or for the same or similar assets from third-party valuation service providers.
Financial assets measured at fair value through other comprehensive income-Equity instruments	12,820	Level 1	Quoted bid prices in an active market.

(Amounts in millions of Renminbi, unless otherwise stated)

45. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Determination of fair value and the fair value hierarchy (continued)

(a) Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Items	Fair value 31 December 2023	Fair value hierarchy	Valuation technique(s) and key input(s)
Financial assets measured at fair value through other comprehensive income-Equity instruments	52,704	Level 2	Quotes for the same or similar assets in inactive markets, or for the same or similar assets from third-party valuation service providers.
Financial assets measured at fair value through other comprehensive income-Equity instruments	3,371	Level 3	Valuation techniques with non-observable input value are used to determine fair value, such as comparable company method, net asset value method and recent financing price.
Financial assets measured at fair value through other comprehensive income-Equity instruments	27,646	Level 3	Fair value of the investments is based on the use of discounted cash flow valuation models.

Items	Fair value 31 December 2022	Fair value hierarchy	Valuation technique(s) and key input(s)
At fair value through profit or loss equity securities, mutual funds and investment schemes	5,395	Level 1	Quoted bid prices in an active market.
At fair value through profit or loss equity securities, mutual funds and investment schemes	6,362	Level 2	Quotes for the same or similar assets in inactive markets, or for the same or similar assets from third-party valuation service providers.
At fair value through profit or loss equity securities, mutual funds and investment schemes	7,104	Level 3	Valuation techniques with non-observable input value are used to determine fair value, such as comparable company method, net asset value method and recent financing price.
At fair value through profit or loss debt securities	2,798	Level 1	Quoted bid prices in an active market.

(Amounts in millions of Renminbi, unless otherwise stated)

45. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Determination of fair value and the fair value hierarchy (continued)

(a) *Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)*

Items	Fair value 31 December 2022	Fair value hierarchy	Valuation technique(s) and key input(s)
At fair value through profit or loss debt securities	16,642	Level 2	Quotes for the same or similar assets in inactive markets, or for the same or similar assets from third-party valuation service providers.
Available-for-sale equity securities, mutual funds and investment schemes	117,667	Level 1	Quoted bid prices in an active market.
Available-for-sale equity securities, mutual funds and investment schemes	63,501	Level 2	Quotes for the same or similar assets in inactive markets, or for the same or similar assets from third-party valuation service providers.
Available-for-sale equity securities, mutual funds and investment schemes	27,830	Level 3	Valuation techniques with non-observable input value are used to determine fair value, such as comparable company method, net asset value method and recent financing price.
Available-for-sale equity securities, mutual funds and investment schemes	30,088	Level 3	Fair value of the investments is based on the use of discounted cash flow valuation models.
Available-for-sale debt securities	19,146	Level 1	Quoted bid prices in an active market.
Available-for-sale debt securities	299,275	Level 2	Quotes for the same or similar assets in inactive markets, or for the same or similar assets from third-party valuation service providers.

As at 31 December 2023, the Group transferred certain debt securities with a carrying amount of RMB8,109 million (2022: RMB10,510 million) from Level 1 to Level 2 as the Group could not obtain quoted prices in active markets. The Group transferred debt securities with a carrying amount of RMB8,743 million (2022: RMB8,616 million) from Level 2 to Level 1 as the Group is able to obtain quoted prices in active markets.

(Amounts in millions of Renminbi, unless otherwise stated)

45. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Determination of fair value and the fair value hierarchy (continued)

(b) Reconciliation of Level 3 fair value measurements

	2023	2022
At 31 December	65,022	54,561
Change of accounting policy	6,150	–
At 1 January	71,172	54,561
Unrealised gains recognised in other comprehensive income	1,656	168
Additions	18,077	13,209
Losses recognised in profit or loss	(1,182)	(10)
Transfer from Level 3 to Level 1	(441)	(410)
Disposals	(4,891)	(2,496)
At 31 December	84,391	65,022

As at 31 December 2023 and 31 December 2022, the majority of Level 3 assets and liabilities measured at fair value mainly uses unobservable inputs such as the discount rate, liquidity discount etc in valuation.

(c) Fair value of financial assets and liabilities not measured at fair value

Some of the Group's financial assets and financial liabilities are not measured at fair value at the end of each reporting period but their fair values are disclosed in the table set out at the beginning of this note. The levels of fair value in the fair value hierarchy in respect of these fair values disclosed are as follows:

	Fair value level at 31 December 2023			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets measured at amortized cost	3,152	131,097	203,422	337,671
Financial liabilities:				
Bonds payable	–	38,226	–	38,226

The fair value of debt instruments classified within the Level 2 and Level 3 of the hierarchy is determined by discounted cash flow model. The significant input value in this model reflects the discount rate that represents the counterparty's or the Group's risk.

(Amounts in millions of Renminbi, unless otherwise stated)

45. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Determination of fair value and the fair value hierarchy (continued)

(d) Fair value of underlying items of insurance contracts with direct participation feature

As at 31 December 2023, the fair value of the underlying items of the Group's insurance contracts with direct participation feature was RMB219,047 million (31 December 2022: RMB208,233 million), of which the fair value of assets was RMB246,901 million (31 December 2022: RMB232,863 million), which mainly includes financial assets measured at fair value through profit or loss, financial assets measured at amortized cost and financial assets measured at fair value through other comprehensive income. The fair value of liabilities was RMB27,854 million (31 December 2022: RMB24,630 million), which mainly contains securities sold under agreements to repurchase.

46. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	2023					
	Securities sold under agreements to repurchase (note 35)	Bonds payable (note 36)	Bank borrowings (note)	Interests payable	Lease liabilities (note 37)	Total
At 31 December 2022	100,890	43,356	548	1,274	2,291	148,359
Change of accounting policy	49	1,225	–	(1,274)	–	–
At 1 January 2023	100,939	44,581	548	–	2,291	148,359
Financing cash flows	7,885	(9,723)	53	–	(1,170)	(2,955)
Finance costs	145	3,134	2	–	73	3,354
New leases entered/lease modified	–	–	–	–	1,076	1,076
At 31 December 2023	108,969	37,992	603	–	2,270	149,834

Note: Bank borrowings were included in other liabilities and disclosed in note 40.

(Amounts in millions of Renminbi, unless otherwise stated)

46. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (continued)

	2022					
	Securities sold under agreements to repurchase (note 35)	Bonds payable (note 36)	Bank borrowings (note)	Interests payable (note 40)	Lease liabilities (note 37)	Total
At 31 December 2021	77,598	43,804	637	1,236	2,993	126,268
Change of accounting policy	–	–	–	(20)	–	(20)
At 1 January 2022	77,598	43,804	637	1,216	2,993	126,248
Financing cash flows	23,292	(500)	(89)	(4,195)	(1,149)	17,359
Finance costs	–	52	–	4,253	83	4,388
New leases entered/lease modified	–	–	–	–	364	364
At 31 December 2022	100,890	43,356	548	1,274	2,291	148,359

Note: Bank borrowings were included in other liabilities and disclosed in note 40.

47. CONTINGENCIES AND COMMITMENTS

(a) Contingencies

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

(b) Capital commitments

	31 December 2023	31 December 2022
Property and equipment commitments:		
Contracted, but not provided for	725	674

(Amounts in millions of Renminbi, unless otherwise stated)

48. OPERATING LEASING ARRANGEMENTS

The Group as lessor

The Group leases its investment properties (note 27) under operating lease arrangements, with lease terms ranging from 1 to 15 years. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rental adjustments according to the then prevailing market conditions.

Undiscounted lease payments receivable on leases are as follows:

	31 December 2023	31 December 2022
Within one year, inclusive	410	467
In the second year, inclusive	261	319
In the third year, inclusive	194	187
In the fourth year, inclusive	129	128
In the fifth year, inclusive	71	96
After five years	138	124
TOTAL	1,203	1,321

49. RELATED PARTY DISCLOSURES

(a) A party is considered to be related to the Group if:

(1) the party is a person or a close member of that person's family and that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group; or

(2) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or a joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a); and

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(Amounts in millions of Renminbi, unless otherwise stated)

49. RELATED PARTY DISCLOSURES (continued)

(b) The Company is a state-owned enterprise and its controlling shareholder is the MOF.

(c) During the year, the Group had the following significant related party transactions:

Transactions with associates:	2023	2022
Industrial Bank		
Policy sales	241	177
Investment income	535	679
Dividend	3,183	2,773
Claims and policyholders' benefits	176	183
Handling charges and commissions	40	61
Hua Xia Bank		
Policy sales	16	6
Investment income	1	1
Dividend	982	866
Claims and policyholders' benefits	5	2
Other associates		
Investment income	275	39
Dividend	480	515
Other income	5	13
Purchase of spare parts	122	389
Other operating and administrative expenses	4	42

Transactions with these associates were conducted on a basis with reference to prevailing rates with other third parties.

(Amounts in millions of Renminbi, unless otherwise stated)

49. RELATED PARTY DISCLOSURES (continued)

(d) Balances with related parties

Receivables from associates	31 December 2023	31 December 2022
Industrial Bank		
Cash and cash equivalents	3,141	4,352
Equity securities, mutual funds and investment schemes	N/A	670
Financial assets measured at fair value through other comprehensive income	675	N/A
Term deposits	6,242	13,679
Restricted statutory deposits	–	578
Other assets	–	36
Hua Xia Bank		
Cash and cash equivalents	188	25
Term deposits	–	38
Other associates		
Financial assets measured at fair value through other comprehensive income	811	N/A
Debt securities	N/A	1,651
Other assets	9	52

	31 December 2023	31 December 2022
Payables to associates		
Other associates		
Other liabilities	11	30

(e) Compensation of key management personnel

Key management personnel of the Company include certain Directors, Supervisors and Senior Management. The summary of compensation of key management personnel for 2023 and 2022 is as follows:

	2023 (in RMB'000)	2022 (in RMB'000) (Restated)
Short-term employee benefits	8,429	15,677
Other long-term benefits	1,158	2,063
Retirement benefits	2,195	2,293
Total compensation paid to key management personnel	11,782	20,033

49. RELATED PARTY DISCLOSURES (continued)

(f) Transactions with state-owned entities in the PRC

The Company is a state-owned enterprise which is subject to the control of the State Council of the PRC government. The Group operates in an economic environment dominated by enterprises directly or indirectly controlled, jointly controlled or significantly influenced by the government through its authorities, affiliates or other organisations (collectively the "government-related entities").

Transactions with other government-related entities include insurance policies sold, reinsurance purchased, deposits placed with banks, investments in debts or bonds and commissions pay to banks and postal offices for insurance policies distributed.

Management considers that transactions with government-related entities are activities conducted in the ordinary course of business, and that the dealings of the Group have not been significantly or unduly affected by the fact that the Group and those government-related entities are ultimately controlled or owned by the PRC government. The Group has also established pricing policies for products and services and such pricing policies do not depend on whether or not the customers are government-related entities.

Due to the complex ownership structure, the PRC government may hold indirect interests in many companies. Some of these interests may, in themselves or when combined with other indirect interests, be controlling interests which may not be known to the Group.

50. STRUCTURED ENTITIES

The Group invested in a variety of structured entities including asset management products sponsored by asset management companies, securities companies or insurance asset management companies, mutual funds sponsored by mutual fund management companies, trusts sponsored by trust companies and wealth management products sponsored by banks. Certain subsidiaries of the Group are managers of these structured entities and therefore are considered sponsor of these entities. In addition, the Group may be exposed to variability of returns as a result of holding interests in the structured entities. Determining whether the Group controls such structured entities usually focuses on the assessment of the aggregate economic interests of the Group in the entities (including any carried interests and expected management fees) and the decision-making rights on the entity.

(Amounts in millions of Renminbi, unless otherwise stated)

50. STRUCTURED ENTITIES (continued)

(a) As at 31 December 2023, management determined that the Group has control of certain structured entities and the significant consolidated structured entities are as follows:

Name	Attributable equity interest	Paid-in capital (in RMB million)	Principal activities
Beijing PICC Health and Pension Industry Investment Fund (Limited Partnership)	100.00%	2,881	Equity investment schemes
PICC AMC Anxin Tonggang No.1 Assets Management Product	89.06%	2,600	Asset management products
PICC AMC – Shenzhou Youche Equity Investment Schemes	100.00%	2,400	Equity investment schemes
PICC AMC – China Railway Construction Debt Investment Schemes (Phase 1)	100.00%	2,300	Debt investment schemes
PICC AMC – China Railway Construction Debt Investment Schemes (Phase 2)	86.96%	2,300	Debt investment schemes

(b) Investments in unconsolidated structured entities are disclosed in respective notes of "Financial assets measured at amortized cost", "Financial assets measured at fair value through other comprehensive income" and "Financial assets measured at fair value through profit or loss". The corresponding investment income is recorded in profit or loss as changes in fair values, realised gains/losses, dividend or interest income, and impairment losses. Certain subsidiaries of the Group are managers of these structured entities and therefore are considered sponsor of these entities. Assets management income earned by the asset management segment is disclosed in note 7 to these consolidated financial statements.

As at 31 December 2023, the interest rate of the Group's debt investment schemes were 3.67%-6.52% per annum; The trust schemes mainly invest in debt instruments and provides an annual return of 3.58%-6.00% to the Group. Asset management products contain a variety of financial products that are not quoted in active markets and provide their investors with fixed or determinable returns. These financial products include securitised assets, creditor's right of return and asset-backed security offered by banks securities companies or asset management companies. As at 31 December 2023, the yields of these financial products were 2.98%-6.08%.

(Amounts in millions of Renminbi, unless otherwise stated)

50. STRUCTURED ENTITIES (continued)

The Group does not control any of these structured entities and therefore does not consolidate these structured entities. The following table shows the Groups' interests in unconsolidated structured entities. It also shows the Group's maximum exposure to these unconsolidated structured entities, representing the Group's maximum possible risk exposure that could occur. The Group does not provide any financial support for these unconsolidated structured entities:

	31 December 2023		
	Funding provided by the Group and carrying amount of the investment	The Group's Maximum exposure	Interest held by the Group
Products managed by the Group (note 1)	93,460	93,460	Investment income and management fee
Products managed by third parties (note 2)	282,927	282,927	Investment income
Total	376,387	376,387	

	31 December 2022		
	Funding provided by the Group and carrying amount of the investment	The Group's Maximum exposure	Interest held by the Group
Products managed by the Group (note 1)	96,504	96,504	Investment income and management fee
Products managed by third parties (note 2)	244,438	244,438	Investment income
Total	340,942	340,942	

Note 1: As at 31 December 2023, the size of unconsolidated structured entities that the Group sponsored was RMB678,074 million (31 December 2022: RMB551,020 million). As at 31 December 2023, the size of the unconsolidated structured entities that the Group sponsored but had no interest was RMB489,832 million (as at 31 December 2022: RMB368,962 million), which were mainly funds, asset management products and pension products, etc., sponsored by the Group to generate management service fee income. In 2023, the management service fee from these structured entities was RMB543 million (2022: RMB479 million), which was recorded as other income.

Note 2: The structured entities are sponsored by third party financial institutions and the information related to the size of these structured entities were not publicly available.

(Amounts in millions of Renminbi, unless otherwise stated)

51. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

Company	31 December 2023	31 December 2022
ASSETS		
Cash and bank balances	139	1,170
Financial assets purchased under resale agreements	499	–
Financial investment:		
Financial assets held for trading	3,632	N/A
Financial assets at amortized cost	5,647	N/A
Debt financial assets at fair value through other comprehensive income	6,332	N/A
Equity financial assets at fair value through other comprehensive income	4,021	N/A
Financial assets at fair value through profit or loss	N/A	93
Available-for-sale financial assets	N/A	16,804
Held-to-maturity financial assets	N/A	134
Investments classified as loans and receivables	N/A	5,840
Term Deposits	572	4,327
Long-term equity investment	92,209	91,142
Investment properties	2,499	2,448
Fixed assets	2,854	2,807
Intangible assets	135	111
Other assets	806	585
TOTAL ASSETS	119,345	125,461
LIABILITIES AND EQUITY		
LIABILITIES		
Securities sold under agreements to repurchase	600	480
Salaries and staff welfare payables	3,588	3,686
Tax payable	2	2
Bonds payable	12,224	17,998
Other liabilities	604	1,053
TOTAL LIABILITIES	17,018	23,219
EQUITY		
Issued capital	44,224	44,224
Capital reserves	35,578	35,578
Other comprehensive income	(79)	85
Surplus reserves	15,697	14,938
Retained profits	6,907	7,417
TOTAL EQUITY	102,327	102,242
TOTAL EQUITY AND LIABILITIES	119,345	125,461

(Amounts in millions of Renminbi, unless otherwise stated)

51. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (continued)

The movements in reserves and retained profits of the Company are set out below:

	2023					
	Issued capital	Capital reserves	Other comprehensive income	Surplus reserves	Retained profits	Total equity
Balance at 31 December 2022	44,224	35,578	85	14,938	7,417	102,242
Change of accounting policy	–	–	133	(16)	(141)	(24)
Balance at 1 January 2023 (Restated)	44,224	35,578	218	14,922	7,276	102,218
Amount of change this year						
(1) Net profit	–	–	–	–	7,747	7,747
(2) Other comprehensive income	–	–	(297)	–	–	(297)
Total comprehensive income	–	–	(297)	–	7,747	7,450
(3) Profit Distribution						
1. Appropriations to surplus reserves	–	–	–	775	(775)	–
2. Profit distribution to shareholders	–	–	–	–	(7,341)	(7,341)
Balance at 31 December 2023	44,224	35,578	(79)	15,697	6,907	102,327

	2022					
	Issued capital	Capital reserves	Other comprehensive income	Surplus reserves	Retained profits	Total equity
Balance at 1 January 2022	44,224	35,578	473	14,187	7,155	101,617
Amount of change this year						
(1) Net profit	–	–	–	–	7,514	7,514
(2) Other comprehensive income	–	–	(388)	–	–	(388)
Total comprehensive income	–	–	(388)	–	7,514	7,126
(3) Profit Distribution						
1. Appropriations to surplus reserves	–	–	–	751	(751)	–
2. Profit distribution to shareholders	–	–	–	–	(6,501)	(6,501)
Balance at 31 December 2022	44,224	35,578	85	14,938	7,417	102,242

51. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (continued)

The balance sheet and reserve movement of the Company disclosed in this note are prepared in accordance with PRC GAAP, the primary GAAP for the Company to determine the amount of retained profits available for distribution.

There is no material difference in recognition and measurement between PRC GAAP and the significant accounting policies as disclosed in Note 2.5 in preparation of the above balance sheet and reserve movement of the Company.

There is no significant difference between the consolidated financial statements prepared in accordance with IFRS accounting standards and PRC GAAP by the Group in the equity as at 31 December 2023 and 31 December 2022 and no significant difference in the net profit for the respective years then ended.

52. EVENT AFTER THE REPORTING PERIOD

On 26 March 2024, the Board of Directors of the Company proposed a final dividend of RMB15.60 cents (tax inclusive) per ordinary share for the year ended 31 December 2023, amounting to a total of approximately RMB6,899 million. The above proposal is subject to the approval of shareholders' general meeting of the Company.

53. APPROVAL OF THE FINANCIAL STATEMENTS

These consolidated financial statements were approved by the Board of Directors of the Company on 26 March 2024.

中国人民保险集团股份有限公司

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