中国人民财产保险股份有限公司

PICC PROPERTY AND CASUALTY COMPANY LIMITED

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

(Stock Code: 2328)

ANNOUNCEMENT OF AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2025

The Board of Directors of PICC Property and Casualty Company Limited (the "**Company**") announces the audited results of the Company and its subsidiaries for the year ended 31 December 2025. This announcement sets out the full text of the 2025 Annual Report of the Company and fulfils the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcements of annual results.

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

Beijing, the PRC, 26 March 2026

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

Company Profile

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

PRINCIPAL ACTIVITIES

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

Contents

Financial Summary

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

RESULTS

	Year ended 31 December					
	2025	2024	Change	2023	2022 (Restated)	2021
	RMB million	*RMB million*	*%*	*RMB million*	*RMB million*	*RMB million*
Original insurance premium income[2]	**555,777**	538,055	3.3	515,807	485,434	448,384
Insurance revenue	**511,594**	485,223	5.4	457,203	424,355	N/A
Underwriting profit[3]	**12,535**	5,713	119.4	10,189	14,364	1,521
Investment income	**Not applicable**	Not applicable	Not applicable	Not applicable	20,180	17,996
Net realised and unrealised gains/(losses) on investments	**Not applicable**	Not applicable	Not applicable	Not applicable	(3,706)	3,634
Interest income from financial assets not measured at fair value through profit or loss	**11,933**	11,860	0.6	11,710	Not applicable	Not applicable
Other investment income	**20,350**	15,118	34.6	4,077	Not applicable	Not applicable
Share of profit or loss of associates and joint ventures	**7,376**	7,123	3.6	5,530	4,777	4,524
Profit before income tax	**47,701**	38,015	25.5	28,035	34,020	26,028
Income tax expenses	**(7,324)**	(5,854)	25.1	(3,469)	(4,912)	(3,663)
Net profit for the year	**40,377**	32,161	25.5	24,566	29,108	22,365

ASSETS AND LIABILITIES

	At 31 December					
	2025	2024	Change	2023	2022 (Restated)	2021
	RMB million	*RMB million*	*%*	*RMB million*	*RMB million*	*RMB million*
Total assets	**860,498**	778,244	10.6	703,623	672,462	682,622
Total liabilities	**571,795**	517,622	10.5	469,319	450,857	476,973
Total equity	**288,703**	260,622	10.8	234,304	221,605	205,649

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

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

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

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

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

Financial Summary

Original insurance premium income	Market share	Underwriting profit	Combined ratio
RMB555,777 million	31.6%	RMB12,535 million	97.5%

Total investment income	Total investment yield	Net profit for the Year	Return on equity
RMB38,639 million	5.8%	RMB40,377 million	14.7%

Proposed final dividend per share	Proposed total dividend per share (including interim dividend) for the Year	Comprehensive solvency margin ratio	Core solvency margin ratio
RMB0.44	RMB0.68	232.4%	213.4%

Company Honours

Ranked 30th in the Main List of "Top 100 in Comprehensive Strengths" of "Hong Kong Stocks – Top 100"

On list for 13 consecutive years

Top 100 Hong Kong Listed Companies Research Centre, Finet

"Social Responsibility Unit for Disaster Prevention and Mitigation"

China Association for Disaster Prevention

The "Comprehensive Protection Model for Coordinating Agriculture-related Insurance Products to Help Farmland Protection and Quality Improvement"

was selected as one of the Top 10 Innovative Models in respect of

Financial Support for Agriculture in 2024

Ministry of Agriculture and Rural Affairs

The "Shipping Insurance Digital Platform Based on a Trustworthy Open Collaboration System" was awarded the First Prize for 2024 "Financial Technology Development Award"

People's Bank of China

The "'Insurance + Risk Reduction Service + Technology' Agricultural Insurance Digital Risk Protection System" project was awarded the "2025 National Digital Rural Innovation Competition Excellence Award"

Cyberspace Administration of China, Ministry of Agriculture and Rural Affairs

"Wanxiang Cloud Digital-Intelligent Risk Reduction Service Platform" was awarded the "2025 Ark Award for Insurance Industry Innovation"

Securities Times

"2025 Outstanding Digital-Intelligent Insurance Company"

The Paper

"2025 Leading Brand Institution of the Year"

Southern Finance, 21st Century Business Herald

"2025 Outstanding Competitiveness in Brand Building – Financial Institution"

China Business Journal

Chairperson's Statement

Dear Shareholders,

The year 2025 marks the conclusion of the 14th Five-Year Plan and has been a year of striving for progress for PICC P&C. During the Year, PICC P&C, under the correct leadership of PICC Group, resolutely advanced high-quality development, actively fulfilling our role as an industry leader and serving as an economic shock absorber and social stabilizer. We have achieved effective qualitative improvement and reasonable quantitative growth, elevating our intrinsic quality, service capabilities, comprehensive strength, and brand image to new heights, bringing the 14th Five-Year Plan to a successful close and laying a solid foundation for embarking on the new journey of the 15th Five-Year Plan.

Chairperson's Statement

We pursued steady progress with improvement in operating results. In 2025, faced with a complex and challenging development environment, the Company rose to the challenge and pressed ahead, strengthening our core functions and competitiveness, withstanding multiple risks and tests, and delivering development results that were steady and improving. Business growth remained solid, with original insurance premium income of RMB555.777 billion, representing a year-on-year increase of 3.3%, and with market share steadily ranking first in the industry. Operating efficiency continued to improve, with a combined ratio of 97.5%, an underwriting profit of RMB12,535 million, a total investment income of RMB38,639 million, a net profit of RMB40,377 million, and a return on equity of 14.7%. Shareholder returns were further strengthened, with an interim dividend of RMB0.24 per share and a final dividend of RMB0.44 per share proposed by the Board. Our strong results and comprehensive strength were highly appraised by all sectors of the society, and the Company received honours including the "2025 Insurance Innovation Ark Award" and "2025 Financial Institution of Outstanding Competitiveness in Brand Building".

We upheld national priorities and effectively served the overall developments. We focused on major national strategies and key areas, and thoroughly advanced the Five Priorities of "technology finance, green finance, inclusive finance, elderly care finance, and digital finance", continually improved the quality and effectiveness of our service for the broader economic and social development. To support the expansion of domestic demand and the promotion of consumption, we insured 15.56 million new energy vehicles, representing a year-on-year increase of 34.3%; we developed insurance products tailored for service consumption in areas such as cultural, tourism, sports and performances, with premium income for cultural and tourism insurance growing by 14.7% year-on-year. To advance science and technology self-reliance and self-strengthening, we enriched a full-lifecycle technology insurance product system, launched nine dedicated products for key industrial chains (including "Computing Chain Insurance"), and strengthened risk protection for commercial aerospace, low-altitude economy, energy storage and other emerging areas, supporting science and technology innovation and the construction of a modern industrial system. To support coordinated regional development, we set up four cross-regional leadership teams serving Beijing-Tianjin-Hebei, the Yangtze River Delta, Guangdong-Hong Kong-Macao, and the Chengdu-Chongqing regions, and advanced the building of Shanghai "three centres" for shipping insurance, technology insurance and reinsurance, together with a technology insurance sub-centre. To support high-level opening-up, we innovated integrated "finance + shipping" services, safeguarded the smooth operation of the world's first China-Europe Arctic Express route, and provided Chinese overseas interests business covering 149 countries and regions, demonstrating the responsibility and commitment of a central financial enterprise through concrete actions.

By fulfilling the original mission, we strived to safeguard a better life for the people. We deeply participated in the development of the multi-level social security system. Our social medical insurance business provided coverage totalling 863 million person-times. The participation rate of long-term care insurance program in national-level pilot cities reached 71.4%, and exclusive insurance products for new urban residents covered over 17 million people. We supported comprehensive rural revitalization and the building of an agricultural powerhouse by steadily expanding the coverage of agriculture insurance, increasing the varieties of agriculture insurance products and enhancing agriculture insurance protection, effectively safeguarding national food security and have been honoured by the Ministry of Agriculture and Rural Affairs for innovative financial support for agriculture for four consecutive years. We aligned proactively with the national emergency management system and established a multi-layer catastrophe insurance protection mechanism. We provided comprehensive claims services for major disasters, responding actively to events such as the Shigatse earthquake in Tibet, the landslide in Junlian, Sichuan, and the flash flood in Yuzhong, Lanzhou, Gansu, deploying over 110,000 claims personnel for cross-provincial disaster support. We deepened consumer rights protection and upgraded facilities for the elderly and disabled, ensuring that the public truly experiences the value and warmth of insurance.

We deepened innovation-driven development to foster new quality productive forces of insurance. We optimized product innovation, introducing risk models for emerging areas such as data breaches, photovoltaic power generation, and earthquake-related personal injuries, and launched the nation's first batch of dedicated insurance products for "proof of concept–pilot–pilot scale" projects, fostering new drivers of growth. We improved business quality by refining the independent underwriter system and strengthening meticulous expense management, enhancing claims efficiency and quality while protecting consumer rights. We innovated business models by embedding risk reduction services throughout the insurance process and accelerating scenario-based applications to create new value for customers. We expedited digital transformation, systematically advancing artificial intelligence applications to empower insurance operations and customer service.

We coordinated development and security and resolutely held the risk bottom line. From the perspective of safeguarding national financial security and social stability, we placed risk prevention in a more prominent position, upheld bottom-line thinking and heightened awareness of potential dangers, and further strengthened the risk-prevention network. We improved internal control, compliance and risk management systems, enhanced synergy across the "three lines of defense", improved risk monitoring, early warning and potential hazard screening and rectification, and intensified risk prevention and rectification in key areas, continually enhancing the foresight, penetration, and effectiveness of risk management. We resolutely resisted disordered "involutionary" competition, led efforts to consolidate industry self-discipline, strictly implemented the regulatory requirement of "underwriting as filed" in motor vehicle insurance and the comprehensive governance of non-motor vehicle insurance, and guided the industry toward high-quality development, thereby creating a favourable environment for our operations.

Our achievements would not have been possible without the strong support of our customers, shareholders, employees and all sectors of society. On behalf of the Board, I extend my sincere gratitude! We earnestly hope for your continued support as we jointly write and witness new chapters in the high-quality development of PICC P&C!

Spurred by the drumbeat, we set out anew. The year 2026 ushers in the first year of the 15th Five-Year Plan, and is also a crucial year for PICC P&C to implement PICC Group's strategy to "build a world-class enterprise" and to forge a globally leading property and casualty insurer. Guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, **we will strengthen functional capability building,** focus on key areas such as serving the modern industrial system, expanding domestic demand and promoting consumption, enhancing people's well-being, improving social security, and advancing high-standard opening-up, continue to increase the supply of high-quality financial and insurance services, and play a leading role in the insurance sector in serving national strategies. **We will enhance quality and efficiency,** follow the general principle of pursuing progress while ensuring stability, concentrate on development, stay unwaveringly profit-oriented, adapt to economic restructuring and industrial transformation, build a high-quality business portfolio, foster and expand emerging insurance businesses; apply new technologies to transform and upgrade traditional insurance, and ensure a smooth transition between old and new growth drivers, continuously expanding our competitive advantages. **We will strengthen development momentum,** promote development through reform, take capability building as the lever and innovation as the engine, accelerate digital transformation, strengthen the professional talent pipeline, refine differentiated assessment and evaluation systems, and stimulate the intrinsic momentum of high-quality development across all levels, tailored to local conditions. **We will reinforce risk prevention and control,** shoulder the political responsibility in preventing and defusing financial risks, better coordinate development and security, improve the comprehensive risk management system, prevent and rectify risks in key areas, take the lead in lawful and compliant operations, and lead the industry in underwriting motor vehicle insurance as filed and complying with comprehensive governance of non-motor vehicle insurance by the regulator. We will strive to open a new chapter for PICC P&C, delivering higher-quality and more sustainable operating results for customers, shareholders, employees and society, and making new and greater contributions to Chinese modernization!

Ding Xiangqun
Chairperson

Beijing, the PRC
26 March 2026

Discussion and Analysis of Operating Results and Financial Conditions

I. BUSINESS OVERVIEW

In 2025, the Company and its subsidiaries firmly implemented the decisions and plans of the CPC Central Committee and actively implemented the strategic requirements of PICC Group to “build a world-class enterprise”. We fully advanced the “Five Priorities” of financial work, remained true to our original aspiration, served the overall interests, continuously optimized and improved the operation and management system, and steadily advanced high-quality development. We led the industry in actively fulfilling our role as an economic shock absorber and social stabilizer, achieved sound development with steady progress and positive momentum, and elevated our intrinsic quality, service capabilities, comprehensive strength, and brand image to new heights, laying a solid foundation for forging ahead on the new journey of the 15th Five-Year Plan.

STEADY PROGRESS IN HIGH-QUALITY DEVELOPMENT AND CONTINUOUS IMPROVEMENT IN THE COMPANY’S OVERALL STRENGTH

In 2025, the Company and its subsidiaries adhered to the customer-centric philosophy, continuously strengthened risk research and development and product innovation, and upgraded the insurance product supply system. The overall business scale maintained steady growth. The original insurance premium income *(Note 1)* was RMB555,777 million, representing a year-on-year increase of 3.3%. The market share accounted for 31.6% *(Note 2)* of the property insurance market in the PRC. The insurance revenue reached RMB511,594 million, representing a year-on-year increase of 5.4%, continuing to maintain a leading position in the industry. While promoting the steady development of motor vehicle insurance business, the Company and its subsidiaries vigorously expanded the non-motor vehicle insurance business, with the proportion of non-motor vehicle insurance business in original insurance premium income reaching 45.0%, up by 0.3 pp year-on-year.

The Company and its subsidiaries continuously optimized and improved the operation and management system, focused on enhancing business quality, continuously strengthened claims management, and deepened quality improvement, cost reduction and efficiency enhancement. The underwriting profit *(Note 3)* was RMB12,535 million, representing a year-on-year increase of 119.4%. The combined ratio was 97.5%, representing a year-on-year decrease of 1.3 pp. Adhering to the principle of long-term and prudent investment and actively implementing the requirements for medium and long-term funds to enter the market, the Company and its subsidiaries achieved a total investment income of RMB38,639 million, representing a year-on-year increase of 12.8%. The net profit was RMB40,377 million, representing a year-on-year increase of 25.5%. The return on equity was 14.7%, representing a year-on-year increase of 1.7 pp.

As at 31 December 2025, the total assets of the Company and its subsidiaries amounted to RMB860,498 million, representing an increase of 10.6% as compared to the beginning of 2025, and the net assets amounted to RMB288,703 million, representing an increase of 10.8% as compared to the beginning of 2025. The net cash flow from operating activities was RMB43,048 million, representing a year-on-year increase of 18.1%. The comprehensive solvency margin ratio *(Note 4)* was 232.4%, representing a decrease of 0.2 pp as compared to the beginning of 2025, and the core solvency margin ratio *(Note 4)* was 213.4%, representing an increase of 2.4 pp as compared to the beginning of 2025.

Notes:

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

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

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

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

GIVING FULL PLAY TO THE FUNCTIONAL ROLE OF INSURANCE AND FURTHER ENHANCING THE ABILITY TO SERVE THE OVERALL DEVELOPMENT

The Company and its subsidiaries always adhered to the core function of insurance protection, solidly advanced the “Five Priorities” of financial work, and strengthened risk protection for major national strategies and key areas. For the full year, the total amount of insurance liability assumed reached RMB3,403 trillion. **To support the expansion of domestic demand and the promotion of consumption**, we actively participated in the development of a multi-tier social security system, undertook 1,208 policy-oriented health insurance projects of various types, and our social medical insurance business covered 290 cities in 30 provinces (autonomous regions, municipalities), serving 863 million people. The participation rate of long-term care insurance program in national-level pilot cities reached 71.4%, and exclusive insurance products for new urban residents covered over 17 million people. We innovated and promoted cultural and tourism insurance such as “Youyou Bao”, with premium income for cultural and tourism insurance growing by 14.7% year-on-year. **To support science and technology self-reliance and self-strengthening**, we led the establishment of insurance consortia including the Beijing Commercial Aerospace Insurance consortium and local low-altitude economy insurance consortia. We enriched the full-life cycle product system of technology insurance, underwriting more than 360,000 technology enterprises across all product lines. **To support the comprehensive green transition of economic and social development**, we improved the green finance and ESG work system, and our MSCI rating was upgraded to AAA. The number of new energy vehicles underwritten increased by 34.3% year-on-year. We provided risk protection of RMB18.1 trillion for clean energy industries. **To support the comprehensive revitalization of rural areas and the construction of a strong agricultural country**, we built a “four-in-one” protection system for grain production, providing risk protection of approximately RMB2 trillion for rural households. We have been selected as one of the Top Ten Innovation Models for Financial Support to Agriculture by the Ministry of Agriculture and Rural Affairs for four consecutive years, helping the Group obtain the highest tier in the assessment of fixed-point assistance by central authorities for seven consecutive years. **To support coordinated regional development and high-level opening-up**, we safeguarded the smooth navigation of the world’s first China-Europe Arctic Express route, and marine cargo insurance provided risk protection of RMB32.1 trillion. We led the establishment of a domestic trade insurance coinsurance body. We optimized the layout for Chinese overseas interests business, covering 149 countries and regions and providing risk protection of over RMB2 trillion. **To safeguard social security and stability**, regional catastrophe insurance covered 157 cities in 23 provinces (autonomous regions, municipalities), protecting 480 million people. In 2025, we responded to 244 major disasters and accidents, including the Xigaze earthquake in Xizang, the Junlian landslide in Sichuan, the severe flooding in Rongjiang, Southeast Guizhou, persistent rainfall during the autumn harvest in the Huang-Huai region, and the snow and freezing disasters in North China, fully carrying out emergency rescue and claims settlement services. We efficiently paid disaster claims of over RMB13.1 billion, launched 39 major disaster emergency responses, and deployed more than 110,000 claims personnel, enabling the government, enterprises and customers to feel the value and warmth of insurance.

CONTINUING TO STRENGTHEN RISK CONTROL AND COMPLIANCE AND FURTHER IMPROVING SERVICE AND OPERATIONAL EFFICIENCY

The Company and its subsidiaries continued to strengthen risk control and compliance, took the lead in consolidating industry self-discipline, and resolutely implemented "underwriting motor vehicle insurance as filed" and complied with comprehensive governance of non-motor vehicle insurance by the regulator. We solidly promoted the improvement of regulatory ratings, with the comprehensive risk rating upgraded from BBB to A, and firmly guarded the bottom line of risks. **We accelerated the building of a value chain of risk reduction services**, systematically promoted the development of risk engineer teams, and strengthened the digital and intelligent service capabilities of the Wanxiang Cloud platform, enabling the implementation of service models for individual, corporate and other scenarios. For individual customers, we launched 30.47 million disaster alert services and 48.83 million IoV managed early warning services. For corporate customers, we carried out full digital risk surveys, provided 12.51 million services including hazard identification, monitoring and early warning, digital training and intervention improvement, served 3.02 million corporate customers and identified 1.42 million hazards, effectively playing the role of risk reduction services in improving society's risk resistance capacity. **We steadily advanced digital transformation** and carried out in-depth systematic development of artificial intelligence, independently built an AI infrastructure and developed more than 100 algorithm models. We established more than 30 standard training datasets with nearly 600 million data records, further enhancing the support capability of the Company's AI computing power platform. We deepened AI scenario applications in marketing, claims settlement, technology and other fields. Intelligent assistants and intelligent outbound calls were fully connected and launched, with the cumulative number of outbound calls exceeding 40 million in 2025. Intelligent medical review completed automated review of 2.65 million cases. The whole process of intelligent review for small-value personal injury cases was fully launched and promoted nationwide, and the intelligent claims cycle was shortened by 10.7 days year-on-year. During the Year, we won 44 science and technology awards issued by national ministries, commissions and industries, effectively enhancing the industry influence.

Discussion and Analysis of Operating Results and Financial Conditions

II. PRINCIPAL ACTIVITIES AND OPERATION ANALYSIS

(I) INSURANCE BUSINESS

1. Business Overview

Underwriting results

In 2025, the Company and its subsidiaries achieved an insurance revenue of RMB511,594 million, representing a year-on-year increase of RMB26,371 million (or 5.4%). The insurance service result amounted to RMB20,165 million, representing a year-on-year increase of 40.2%. The underwriting profit was RMB12,535 million, representing a year-on-year increase of 119.4%. The comprehensive loss ratio was 73.9%, representing a year-on-year increase of 0.9 pp. The comprehensive expense ratio was 23.6%, representing a year-on-year decrease of 2.2 pp. The combined ratio was 97.5%, representing a year-on-year decrease of 1.3 pp.

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

	2025 *RMB million*	2024 *RMB million*	Change %
Insurance revenue	**511,594**	485,223	5.4
Insurance service expenses	**(486,254)**	(465,392)	4.5
Net expenses from reinsurance contracts held	**(5,175)**	(5,451)	-5.1
Insurance service result	**20,165**	14,380	40.2
Finance expenses from insurance contracts issued	**(8,762)**	(9,901)	-11.5
Finance income from reinsurance contracts held	**1,132**	1,234	-8.3
Underwriting profit	**12,535**	5,713	119.4
Comprehensive loss ratio (%) [(1)]	**(73.9)**	(73.0)	Increased by 0.9 pp
Comprehensive expense ratio (%) [(2)]	**(23.6)**	(25.8)	Decreased by 2.2pp
Combined ratio (%) [(3)]	**(97.5)**	(98.8)	Decreased by 1.3 pp

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

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

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

Premiums by insurance segments

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

	2025 *RMB Million*	2024 *RMB Million*	Change %
Motor vehicle insurance	**305,745**	297,394	2.8
Accidental injury and health insurance	**107,585**	101,160	6.4
Agriculture insurance	**55,947**	54,919	1.9
Liability insurance	**38,234**	37,583	1.7
Commercial property insurance	**17,656**	16,909	4.4
Other insurance	**30,610**	30,090	1.7
Total	**555,777**	538,055	3.3

Premiums by distribution channels

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

	2025			2024	
	Amount *RMB Million*	**Percentage** %	**Change** %	Amount *RMB Million*	Percentage %
Insurance agents	**318,370**	**57.3**	**-2.3**	325,754	60.5
Among which:					
Individual insurance agents	**149,373**	**26.9**	**-10.1**	166,194	30.8
Ancillary insurance agents	**26,720**	**4.8**	**-6.1**	28,470	5.3
Professional insurance agents	**142,277**	**25.6**	**8.5**	131,090	24.4
Direct sales	**189,101**	**34.0**	**12.3**	168,315	31.3
Insurance brokers	**48,306**	**8.7**	**9.8**	43,986	8.2
Total	**555,777**	**100.0**	**3.3**	538,055	100.0

Premiums by region

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

	2025 *RMB Million*	2024 *RMB Million*	Change %
Guangdong Province	**59,660**	57,022	4.6
Jiangsu Province	**57,174**	55,342	3.3
Zhejiang Province	**47,669**	45,627	4.5
Shandong Province	**33,637**	32,905	2.2
Hebei Province	**29,431**	28,846	2.0
Sichuan Province	**27,674**	26,799	3.3
Hubei Province	**24,669**	23,463	5.1
Anhui Province	**22,342**	21,855	2.2
Hunan Province	**21,815**	22,373	-2.5
Fujian Province	**19,994**	21,370	-6.4
Other regions	**211,712**	202,453	4.6
Total	**555,777**	538,055	3.3

2. Operating Segment Data

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

(1) Motor vehicle insurance

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

	2025 *RMB Million*	2024 *RMB million*	Change %
Insurance revenue	**305,335**	294,701	3.6
Insurance service expenses	**(285,131)**	(278,658)	2.3
Underwriting profit [(1)]	**14,258**	9,285	53.6
Comprehensive loss ratio (%)	**(74.4)**	(72.6)	Increased by 1.8 pp
Comprehensive expense ratio (%)	**(20.9)**	(24.2)	Decreased by 3.3 pp
Combined ratio (%)	**(95.3)**	(96.8)	Decreased by 1.5 pp

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

The Company and its subsidiaries have always adhered to the high-quality development of motor vehicle insurance business, continuously upgraded actuarial pricing models, strengthened risk selection and optimized business structure. Focusing on customer needs and business scenarios, we enhanced the professional development of distribution channels, strengthened new car business, improved renewal quality and optimized transferred-in business to improve service quality and efficiency. The motor vehicle insurance business achieved an insurance revenue of RMB305,335 million, representing a year-on-year increase of 3.6%.

The Company and its subsidiaries focused on key links such as vehicle damage and personal injury, strengthened cost control, innovated claims service models, implemented risk reduction services, improved claims operation standards, promoted standardization and online development, cultivated the professional capacity of claims teams, deepened the transformation and upgrading of internal control for claims, actively promoted the continuous optimization of the industry ecosystem, and took the lead in maintaining market order. The combined ratio of the motor vehicle insurance business was 95.3%, representing a year-on-year decrease of 1.5 pp. The underwriting profit was RMB14,258 million, representing a year-on-year increase of 53.6%.

(2) *Accidental injury and health insurance*

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

	2025 *RMB million*	2024 *RMB million*	Change %
Insurance revenue	**61,788**	48,918	26.3
Insurance service expenses	**(60,191)**	(47,292)	27.3
Underwriting profit	**621**	242	156.6
Comprehensive loss ratio (%)	**(64.9)**	(62.1)	Increased by 2.8 pp
Comprehensive expense ratio (%)	**(34.1)**	(37.4)	Decreased by 3.3 pp
Combined ratio (%)	**(99.0)**	(99.5)	Decreased by 0.5 pp

The Company and its subsidiaries focused on the fundamental requirement of "serving to enhance the people's livelihood and well-being", strengthened the Company's functional role in the "1+3+N" multi-tier medical security system, closely aligned with basic medical insurance policies, and continuously upgraded the matrix of health insurance products by population, disease type and scenario based on the people's health protection needs. The Company promoted the integrated product supply of "vehicle, person and home" based on the product supply positioning of the individual business center, boosting the penetration rate of individual non-motor vehicle insurance sold alongside vehicles to new heights. Serving the expansion of domestic demand, we promoted the multi-model expansion of cultural and tourism insurance, with the accidental injury and health insurance business achieving an insurance revenue of RMB61,788 million, representing a year-on-year increase of 26.3%.

The Company and its subsidiaries focused on the linkage between underwriting and claim settlement risk management, and continuously improved the underwriting risk control system, carried out claims reduction in respect of personal injury and anti-leakage, pushed ahead with the investigation of high-risk cases of accidental injury and health insurance, strengthened the application of intelligent medical review tools, and enhanced expense control. The combined ratio of the accidental injury and health insurance business was 99.0%, representing a year-on-year decrease of 0.5 pp. The underwriting profit was RMB621 million, representing a year-on-year increase of 156.6%.

(3) *Agriculture insurance*

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

	2025 *RMB million*	2024 *RMB million*	Change %
Insurance revenue	**54,561**	55,466	-1.6
Insurance service expenses	**(56,034)**	(55,993)	0.1
Underwriting (loss)/profit	**(1,056)**	158	Not applicable
Comprehensive loss ratio (%)	**(85.6)**	(84.2)	Increased by 1.4 pp
Comprehensive expense ratio (%)	**(16.3)**	(15.5)	Increased by 0.8 pp
Combined ratio (%)	**(101.9)**	(99.7)	Increased by 2.2 pp

Discussion and Analysis of Operating Results and Financial Conditions

By focusing on the national strategic requirements of building China's strength in agriculture and comprehensive rural revitalization, the Company and its subsidiaries built a multi-tier, wide-coverage and sustainable agricultural insurance development system in an all-round way, and made every effort to promote the effective implementation of national policies supporting agriculture and rural areas. The agriculture insurance business achieved an insurance revenue of RMB54,561 million.

Guided by the core work philosophy of "insurance protection, risk prevention, risk mitigation, disaster relief and claim settlement", the Company and its subsidiaries further increased investment in technology empowerment, strengthened the application of scientific and technological tools such as satellite remote sensing and unmanned aerial vehicles, promoted the development of ground-level agriculture insurance claims service teams, and improved the quality and efficiency of claims services. The combined ratio of the agriculture insurance business was 101.9%, representing a year-on-year increase of 2.2 pp.

(4) Liability Insurance

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

	2025 ***RMB million***	2024 *RMB million*	Change %
Insurance revenue	**38,485**	37,112	3.7
Insurance service expenses	**(38,746)**	(37,622)	3.0
Underwriting loss	**(1,742)**	(1,914)	Not applicable
Comprehensive loss ratio (%)	**(74.9)**	(74.0)	Increased by 0.9 pp
Comprehensive expense ratio (%)	**(29.6)**	(31.2)	Decreased by 1.6 pp
Combined ratio (%)	**(104.5)**	(105.2)	Decreased by 0.7 pp

The Company and its subsidiaries served the expansion of domestic demand and consumption growth and the development of new-quality productive forces, continuously optimized the operation strategy of liability insurance, and strengthened the control over high-risk product business. Businesses such as those for new citizens, internet, new energy vehicle extended warranty and intelligent assisted driving developed rapidly. The liability insurance business achieved an insurance revenue of RMB38,485 million, representing a year-on-year increase of 3.7%.

The Company and its subsidiaries prioritized the special governance of claims in major insurance types, deepened expense control, strengthened risk selection and the building of pricing capability and promoted the improvement of liability insurance business quality. The combined ratio of the liability insurance business was 104.5%, representing a year-on-year decrease of 0.7 pp.

(5) *Commercial property insurance*

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

	2025 *RMB million*	2024 *RMB million*	Change %
Insurance revenue	**19,063**	18,042	5.7
Insurance service expenses	**(17,185)**	(18,278)	-6.0
Underwriting loss	**(191)**	(2,420)	Not applicable
Comprehensive loss ratio (%)	**(74.3)**	(85.8)	Decreased by 11.5 pp
Comprehensive expense ratio (%)	**(26.7)**	(27.6)	Decreased by 0.9 pp
Combined ratio (%)	**(101.0)**	(113.4)	Decreased by 12.4 pp

The Company and its subsidiaries kept pace with the construction of a modern industrial system, focused on serving the real economy and new-quality productive forces, implemented targeted operation by customer group and distribution channel, adopted list-based management and precise docking for key corporate customers, strengthened product supply and sales model innovation, and expedited the market response of underwriting quotation. The commercial property insurance business achieved an insurance revenue of RMB19,063 million, representing a year-on-year increase of 5.7%.

The Company and its subsidiaries strengthened business structure management, enhanced underwriting control over high-risk business, optimized risk reduction services, improved the efficiency of expense resource allocation, and improved business quality. The combined ratio of the commercial property insurance business was 101.0%, representing a year-on-year decrease of 12.4 pp.

(6) *Other Insurance*

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

	2025 *RMB million*	2024 *RMB million*	Change %
Insurance revenue	**32,362**	30,984	4.4
Insurance service expenses	**(28,967)**	(27,549)	5.1
Underwriting profit	**645**	362	78.2
Comprehensive loss ratio (%)	**(65.0)**	(65.5)	Decreased by 0.5 pp
Comprehensive expense ratio (%)	**(33.0)**	(33.3)	Decreased by 0.3 pp
Combined ratio (%)	**(98.0)**	(98.8)	Decreased by 0.8 pp

The Company and its subsidiaries continuously optimized the market layout, and focused on key areas including serving the construction of a modern industrial system, serving high-level scientific and technological self-reliance and self-improvement, serving high-level opening-up, serving people's livelihood and serving comprehensive green transition, and vigorously developed technology insurance, "Belt and Road" insurance, shipping insurance, governance insurance and green insurance. The other insurance business achieved an insurance revenue of RMB32,362 million, representing a year-on-year increase of 4.4%.

The Company and its subsidiaries continuously promoted underwriting portfolio management, strengthened the control over high-risk business, increased the coverage of risk reduction services, consolidated the development of claims expert teams in technology insurance and other fields, strengthened the development of overseas claims service system, implemented differentiated expense allocation plans, and improved the accuracy of sales expense allocation. The combined ratio of the other insurance business was 98.0%, representing a year-on-year decrease of 0.8 pp. The underwriting profit was RMB645 million, representing a year-on-year increase of 78.2%.

(II) INSURANCE FUND INVESTMENT BUSINESS

1. Investment Results

	2025 **RMB million**	2024 RMB million	Change %
Interest income from financial assets not measured at fair value through profit or loss	**11,933**	11,860	0.6
Other investment income	**20,350**	15,118	34.6
Investment assets impairment (losses)/reversal	**(316)**	836	Not applicable
Share of profit or loss of associates and joint ventures	**7,376**	7,123	3.6
Reduction: Interest on securities sold under agreements to repurchase	**704**	694	1.4
Total investment income	**38,639**	34,243	12.8
Total investment yield (unannualized) (%) [1]	**5.8**	5.7	Increased by 0.1 pp
Total investment assets [2]	**760,366**	676,512	12.4

1) Total investment yield = Total investment income/(Average total investment assets at the beginning and end of the period – Average securities sold under agreements to repurchase at the beginning and end of the period)

2) Total investment assets mainly consist of cash and cash equivalents, financial investments, term deposits, investments in associates and joint ventures, investment properties, and restricted statutory deposits, based on data as at 31 December 2025 and 31 December 2024.

In adherence to the principle of long-term and prudent investment, the Company and its subsidiaries actively implemented the requirement for medium- and long-term funds to enter the market. On the premise of ensuring liquidity safety, we increased the allocation of high-quality equity assets with long-term value and further amplified the positive effect of market growth by optimizing the structure of equity investment. In 2025, the Company and its subsidiaries achieved a total investment income of RMB38,639 million, representing an increase of RMB4,396 million (or 12.8%) as compared to last year. The total investment yield was 5.8%, representing a year-on-year increase of 0.1 pp.

2. Composition of Investment Assets

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

	31 December 2025			31 December 2024	
	Balance	Percentage	Change	Balance	Percentage
	RMB million	%	%	*RMB million*	%
Classified by accounting measurement:					
Cash and cash equivalents	**23,273**	**3.1**	**20.1**	19,370	2.9
Term deposits	**64,482**	**8.5**	**-16.4**	77,156	11.4
Financial investments at amortized cost	**150,493**	**19.7**	**10.6**	136,060	20.1
Financial assets at fair value through other comprehensive income	**286,708**	**37.7**	**17.6**	243,771	36.1
Financial assets at fair value through profit or loss	**149,630**	**19.7**	**24.6**	120,066	17.7
Investments in associates and joint ventures	**72,823**	**9.6**	**8.5**	67,129	9.9
Investment properties	**6,934**	**0.9**	**-4.1**	7,234	1.1
Other investment assets [(1)]	**6,023**	**0.8**	**5.2**	5,726	0.8
Total investment assets	**760,366**	**100.0**	**12.4**	676,512	100.0

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

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

	31 December 2025			31 December 2024	
	Balance	Percentage	Change	Balance	Percentage
	RMB million	%	%	*RMB million*	%
Classified by investment object:					
Cash and cash equivalents	23,273	3.1	20.1	19,370	2.9
Fixed-income investments	438,281	57.6	7.7	407,026	60.2
Term deposits	64,482	8.5	-16.4	77,156	11.4
Government bonds	164,865	21.6	33.9	123,139	18.2
Financial bonds	75,220	9.9	6.8	70,406	10.4
Corporate bonds	69,715	9.2	5.4	66,139	9.8
Long-term debt investment schemes	27,587	3.6	-11.6	31,208	4.6
Other fixed-income investments (1)	36,412	4.8	-6.6	38,978	5.8
Equity investments	212,481	27.9	25.0	170,027	25.1
Funds	39,114	5.1	6.2	36,834	5.4
Shares	86,546	11.3	77.4	48,781	7.3
Unlisted equity	20,456	2.7	10.7	18,482	2.7
Preferred shares	6,769	0.9	-9.5	7,482	1.1
Perpetual bonds	39,432	5.2	-5.8	41,881	6.2
Other equity investments (2)	20,164	2.7	21.7	16,567	2.4
Investments in associates and joint ventures	72,823	9.6	8.5	67,129	9.9
Investment properties	6,934	0.9	-4.1	7,234	1.1
Other investment assets (3)	6,574	0.9	14.8	5,726	0.8
Total investment assets	760,366	100.0	12.4	676,512	100.0

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

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

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

As at 31 December 2025, the balance of investment assets of the Company and its subsidiaries was RMB760,366 million, representing an increase of 12.4% as compared to the beginning of 2025, among which, the balance of fixed income investment assets was RMB438,281 million, representing an increase of RMB31,255 million (or 7.7%) as compared to the beginning of 2025, and its share in the total portfolio decreased by 2.6 pp as compared to the beginning of 2025, which was mainly attributable to a decline in the proportion of non-standard fixed-income financial products and bank deposits. The balance of equity investment assets was RMB212,481 million, representing an increase of RMB42,454 million (or 25.0%) as compared to the beginning of 2025, and its share in the total portfolio increased by 2.8 pp as compared to the beginning of 2025, which was mainly due to the increase in stock allocation by the Company and the rise in the market value of equity assets.

3. Investments in Associates and Joint Ventures

As at 31 December 2025, the amount of investments in associates and joint ventures of the Company and its subsidiaries was RMB72,823 million, representing an increase of RMB5,694 million (or 8.5%) as compared to the beginning of the Year. Please refer to Note 23 to the consolidated financial statements for details.

4. Material Investments

The Company and its subsidiaries hold a 16.11% equity interest in Hua Xia Bank and have representation on its board of directors, enabling the Company and its subsidiaries to exercise significant influence over Hua Xia Bank. Therefore, Hua Xia Bank is classified as an associate of the Company and its subsidiaries and accounted using the equity method. In recent years, Hua Xia Bank has contributed stable dividends and investment income to the Company. In 2025, the Company and its subsidiaries recognized their share of Hua Xia Bank's profit or loss as RMB4,151 million and received cash dividends of RMB1,038 million. As at 31 December 2025, the carrying amount of equity held by the Company and its subsidiaries in Hua Xia Bank was RMB51,113 million, accounting for approximately 5.9% of the total assets of the Company and its subsidiaries, and the fair value was RMB17,610 million, accounting for approximately 2.0% of the total assets of the Company and its subsidiaries. The Company and its subsidiaries performed an impairment test on the carrying amount of Hua Xia Bank, which confirmed that there was no impairment of the investment at 31 December 2025 as the recoverable amount as determined by a value-in-use approach was higher than the carrying amount. Detailed information of investment in such associate was described in Note 23 to the consolidated financial statements.

5. Asset Pledge

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

(III) OVERALL RESULTS

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

	2025	2024	Change
	RMB million	*RMB million*	%
Profit before income tax	**47,701**	38,015	25.5
Income tax expense	**(7,324)**	(5,854)	25.1
Net profit for the year	**40,377**	32,161	25.5
Total assets [(1)]	**860,498**	778,244	10.6
Net assets [(1)]	**288,703**	260,622	10.8

(1) Based on the data as at 31 December 2025 and 31 December 2024.

Profit before income tax

As a result of the foregoing, the profit before income tax of the Company and its subsidiaries in 2025 was RMB47,701 million, representing a year-on-year increase of RMB9,686 million (or 25.5%).

Income tax expense

In 2025, the Company and its subsidiaries recorded an income tax expense of RMB7,324 million, representing a year-on-year increase of RMB1,470 million (or 25.1%). The increase in income tax expense was mainly attributable to the increase in taxable profit.

Net profit for the year

As a result of the foregoing, the net profit of the Company and its subsidiaries increased by RMB8,216 million (or 25.5%) from RMB32,161 million in 2024 to RMB40,377 million in 2025. The basic earnings per share was RMB1.815.

III. SPECIFIC ANALYSIS

(I) ANALYSIS OF LIQUIDITY AND CAPITAL ADEQUACY

Cash Flow Analysis

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

	2025 *RMB million*	2024 *RMB million*	Change %
Net cash flows generated from operating activities	**43,048**	36,464	6,584
Net cash flows used in investing activities	**(43,120)**	(27,546)	-15,574
Net cash flows generated from/(used in) financing activities	**4,012**	(6,050)	10,062
Effects of exchange rate changes on cash and cash equivalents	**(35)**	7	-42
Net increase in cash and cash equivalents	**3,905**	2,875	1,030

In 2025, the net cash flows generated from operating activities of the Company and its subsidiaries were RMB43,048 million, representing a year-on-year increase of RMB6,584 million (or 18.1%), which was mainly attributable to the increase of business scale and the increase of cash inflow due to the decrease of premiums receivable.

In 2025, the net cash flows used in investing activities of the Company and its subsidiaries were RMB43,120 million, representing a year-on-year increase of RMB15,574 million (or 56.5%), which was mainly due to the increase in the allocation scale of investment assets by the Company.

In 2025, the net cash flows generated from financing activities of the Company and its subsidiaries were RMB4,012 million, as compared to net cash outflows of RMB6,050 million for the previous year, which was mainly attributable to the year-on-year increase in the volume of securities sold under repurchase agreements.

As at 31 December 2025, cash and cash equivalents of the Company and its subsidiaries (exclusive of accrued interest) amounted to RMB23,268 million.

Gearing Ratio

As at 31 December 2025, the gearing ratio *(Note)* of the Company and its subsidiaries was 65.0%, representing an increase of 1.1 pp as compared to the gearing ratio of 63.9% at the beginning of the Year.

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

Source of Working Capital

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

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

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

Capital Expenditure

The capital expenditure of the Company and its subsidiaries primarily includes expenditures for operational properties under construction and acquisition of motor vehicles for operational purposes as well as development of the information system. In 2025, the capital expenditure of the Company and its subsidiaries was RMB3,442 million.

Solvency Margin

According to the Rules for the Supervision of Insurance Company Solvency (II) (Yin Bao Jian Fa [2021] No. 51) and the relevant notices issued by the NFRA, the Company disclosed its summary of solvency margin report for the fourth quarter of 2025 on the official website of the Company (property.picc.com) and the website of Insurance Association of China (www.iachina.cn) on 26 March 2025.

The following table sets forth the major solvency margin indicators of the Company as of the dates indicated:

	31 December 2025 RMB million	31 December 2024 RMB million	Change %
Actual capital	**287,896**	265,560	8.4
Core capital	**264,301**	240,863	9.7
Minimum capital	**123,864**	114,171	8.5
Comprehensive solvency margin ratio (%)	**232.4**	232.6	Decreased by 0.2 pp
Core solvency margin ratio (%)	**213.4**	211.0	Increased by 2.4 pp

(II) RISK MANAGEMENT

Credit Risk

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

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

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

The Company and its subsidiaries analyzed the creditworthiness of investee companies prior to making investments and strictly conformed to the relevant regulations issued by the NFRA on the investment ratings of corporate bonds. More than 99% of the bonds held by the Company and its subsidiaries have actual subject rating of AAA or are exempted from rating.

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

Exchange Rate Risk

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

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

Interest Rate Risk

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

Interest Rate Swaps

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

In 2025, the Company and its subsidiaries did not engage in interest rate swap operations.

(III) OTHER SPECIFIC ANALYSIS

Contingent Events

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

As at 31 December 2025, there were certain pending legal proceedings of the Company and its subsidiaries. After taking professional opinions into account, the management of the Company believes that such legal proceedings will not induce a significant impact on the operation of the Company and its subsidiaries.

Events after the Reporting Period

On 26 March 2026, the Board of Directors of the Company proposed a final dividend of RMB0.44 per ordinary share in respect of the year 2025, which is subject to the approval of shareholders' general meeting of the Company. A total dividend of RMB0.68 per ordinary share is proposed for the year 2025, including the distribution of an interim dividend of RMB0.24 per ordinary share.

Development of New Products

In 2025, the Company adhered to the guidance of the central government's decisions and plans, strengthened its support for the construction of Chinese modernization, delivered solid outcomes in the "Five Priorities" of financial work, further promoted the upgrading of the insurance product supply system, and provided high-quality products and services for the real economy and people's livelihood. During the Year, the Company developed or amended a total of 3,225 insurance provisions, including 1,520 national provisions and 1,705 regional provisions, or 1,789 main insurance provisions and 1,436 rider provisions.

Employees

As at 31 December 2025, the Company had 165,656 employees. In 2025, the employees' remuneration paid by the Company and its subsidiaries amounted to RMB42,288 million, mainly including basic salaries, performance-related bonuses, and various insurance and welfare contributed in accordance with the relevant PRC laws and regulations. The Company and its subsidiaries attach great importance to employee training, establish individual learning records for employees, encourage employees to sit for professional qualification examinations, carry out the development of role-based learning roadmaps, and develop a professional curriculum framework tailored to the Company's needs. The Company and its subsidiaries enhanced the performance and working efficiency of employees by providing various career development paths, strengthening employee training, implementing performance appraisal and other measures. The Company is of the view that the Company and its subsidiaries maintain a good relationship with their employees.

IV. LOOKING FORWARD

The Outline of the 15th Five-Year Plan has set the stage for national economic and social development, creating a favorable environment for the high-quality development of the insurance industry. Placing the development of new quality productive forces tailored to local conditions in a more prominent strategic position, building a modern industrial system, fostering and strengthening emerging industrial clusters, and making forward-looking plans for future industries will generate greater demand for risk protection and risk management solutions addressing emerging risks. The Central Government's push to closely integrate investment in physical assets with investment in people will further enhance the role and functions of insurance, and insurance is entering a new stage where its functional value is fully unleashed, with great potential to contribute to the construction of Chinese modernization. In 2026, which marks the beginning of the 15th Five-Year Plan, the Company and its subsidiaries will fully implement the spirit of the 20th National Congress of the Communist Party of China and all plenary sessions of the 20th Central Committee, actively adapt to the changing trends of economic and social development, adhere to taking the completion of the "Five Priorities" of financial work as the guidance, focus on capacity building and leverage on innovation empowerment to accelerate the construction of an insurance protection system that is more compatible with the development of new-quality productive forces, enhance core functions, improve core competitiveness, and push the high-quality development of the Company to a new level.

Firstly, serving national strategies and fulfilling the function of insurance. We will vigorously promote science and technology finance, improve the supply of science and technology insurance products throughout their entire life cycle, and enhance the insurance coverage for science and technology enterprises and activities. We will vigorously promote green finance, accelerate innovation in green insurance products and service models, and serve green, low-carbon and circular economies. We will vigorously promote inclusive finance, and expand insurance supply in areas such as agriculture, rural development, and farmers, new urban residents, small and medium-sized enterprises, and catastrophes. We will vigorously promote elderly care finance, deeply participate in the construction of a multi-tier medical insurance system, and enrich insurance supply for the silver economy. We will vigorously promote digital finance, accelerate the application of new technologies such as artificial intelligence, deepen online, automated, and intelligent construction, and enhance the service and support for the digital economy.

Secondly, continuously deepening reform and innovation to foster new competitive advantages. Focusing on implementing PICC Group's strategy of "building a world-class insurance and financial group", we will strive to build a globally leading property and casualty insurance company, strengthen standardized construction, refined operations, differentiated management and digital-intelligent empowerment, and further establish an operation and management model aligned with the development requirements of new-quality productive forces. We will implement the Group's digital reform requirements, unswervingly advance digital transformation, fully implement the "Artificial Intelligence+" action, promote the upgrading of the insurance operation value chain toward standardization, intellectualization and professionalization, and accelerate the building of an insurance operation system compatible with the development of the digital economy. Efforts will also be made to optimize strategic layout in key areas and build core competitiveness with new models and technologies, bolstering self-driven high-quality development.

Thirdly, strengthening professional operations and enhancing value creation capabilities. To promote the quality and efficiency of business development, we will advance the intelligent operation of motor vehicle insurance to align its development with the market, strengthen the innovation-driven development of individual non-motor vehicle insurance to actively expand incremental business, and ensure the transition between old and new growth drivers of corporate insurance business with focus on expanding six major incremental markets, namely technology insurance, shipping insurance, insurance for micro, small and medium-sized enterprises, health insurance, overseas insurance and service governance insurance. We will deeply integrate into the construction of the agricultural risk management system and the multi-tier social security system, and promote the high-quality development of policy-oriented business. We will promote the precise and efficient allocation of resources, further enhance the detail-oriented management of expenses, tilt resources toward strategic areas and front-line operations, and improve the autonomy of sales incentives. We will promote the construction of a "comprehensive consumer protection" work framework, deepen the development of the service ecosystem, and comprehensively enhance the quality and efficiency of consumer protection work. We will advance the digital transformation in a deeper and more practical manner, deepen the integration of technology and business, and enhance technological strength and operational efficiency.

Fourthly, always adhering to compliant operations and firmly upholding risk bottom lines. We will, from the political height of safeguarding national financial security, firmly establish correct views on operations, performance and risk, improve internal control compliance and comprehensive risk management systems, enforce the responsibilities of the "three lines of defense", and enhance the foresight, systematic nature and effectiveness of risk prevention and control. We will promote financial culture with Chinese characteristics, take the lead in guiding industry compliance, and strictly enforce the regulatory requirement of "underwriting as filed" in motor vehicle insurance and comprehensive governance of non-motor vehicle insurance to jointly create a favorable environment for high-quality development of the industry and shape a trustworthy, reliable, and caring image.

Fifthly, continuously optimizing asset structure and maintaining steady and robust portfolio. In respect of equity investments, we will adhere to the principles of value investing and long-term investing, leverage the advantages of patient capital, continue to implement the requirement for medium- and long-term funds to enter the market, conduct in-depth research and grasp investment opportunities along the main line of technology and growth, actively invest in fields related to new quality productive forces, and timely increase the allocation of high-dividend assets. At the same time, we will promote industrial investment layout in an orderly manner and increase equity investments in technological innovation fields that are aligned with national strategic priorities. In respect of fixed-income investments, we will steadily expand the scale of assets and stabilize investment returns, flexibly adjust duration and category strategies based on interest rate market trends, uphold rigorous credit rating standards, allocate bank deposits and non-standard fixed-income assets on a selective basis, and strengthen investment research reserves for innovative fixed-income products.

Biographical Details of Directors and Senior Management

DIRECTORS

Ding Xiangqun, aged 60, a member of the 20th Central Committee, a non-executive Director and the Chairperson of the Board of the Company and a senior economist. Ms. Ding Xiangqun served as the deputy general manager of China Taiping Insurance Group Co. and China Taiping Insurance Group Ltd. (China Taiping Insurance Group (HK) Company Limited); vice president of China Development Bank; member of the Party Group and the vice chairperson of the People's Government of Guangxi Zhuang Autonomous Region; and a member of the Standing Committee and head of the organization department of the Anhui Provincial Party Committee. Since November 2024, she has been serving as an executive director and the chairperson of the board of directors of The People's Insurance Company (Group) of China Limited*, and has been concurrently serving as a non-executive Director and Chairperson of the Board of Directors of the Company since December 2024. Ms. Ding Xiangqun also concurrently serves as the chairperson of The People's Insurance Company of China (Hong Kong), Limited, the honorary president of the Council of Insurance Association of China, and the vice president of the China Finance Society. Ms. Ding Xiangqun holds a Master's degree in Economics from Renmin University of China.

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

Zhang Daoming, aged 50, the Temporary Responsible Officer, an executive Director, a Vice President and the Responsible Financial Officer of the Company, a postgraduate with a master's degree in Business Administration and a senior economist. Mr. Zhang Daoming also serves as a non-executive director of PICC Life Insurance Company Limited, a non-executive director and the chairperson of PICC Financial Services Company Limited, the director member of the Specialised Committee on Financial Accounting, the vice director member of the Specialised Committee on Insurance Technology, the vice director member of the Specialised Committee on the Statistics and Research, the vice director member of the Specialised Committee on Group Standards and the vice director member of the Specialised Committee on Insurance Anti-fraud of the Insurance Association of China, a vice president of the council of China Association for Disaster Prevention, chairperson of the Disaster Insurance and Risk Mitigation Branch of China Association for Disaster Prevention, and a standing director of China Society for Finance and Accounting. Mr. Zhang Daoming was the Deputy Division Chief of the Comprehensive Planning Division of the Human Resources Department and the Deputy Division Chief of the Market Research Division of the Strategic Development Department of the Company, the Assistant to the General Manager, the Deputy General Manager, the Deputy General Manager (in charge) of the Market Research Department/Channel Management Department of the Company, the Deputy General Manager of the Zhejiang Provincial Branch of the Company, the General Manager of the Compliance Department of the Company, the General Manager of the Compliance Department/Risk Management Department of the Company, the General Manager of the Jiangxi Provincial Branch of the Company, the General Manager of the Guangdong Provincial Branch of the Company, and an Assistant to the President of the Company.

Biographical Details of Directors and Senior Management

Jiang Caishi, aged 60, an executive Director and a Vice President of the Company, a postgraduate with a Ph.D. in Economics and a senior economist. Mr. Jiang Caishi also serves as a non-executive director of PICC Reinsurance Co., Ltd., the director member of the Specialised Committee on Non-Motor Vehicle Property Insurance and the director member of the Specialised Committee on Education and Training of the Insurance Association of China, the president of China Integrated Circuit Insurance Pool, the vice president of China Classification Society and the general conference chairperson of the China Urban and Rural Residential Building Catastrophe Insurance Pool, and a member of the Academic Committee of the Key Laboratory of Disaster Chain Monitoring, Assessment and Risk Prevention of the Ministry of Emergency Management, National Disaster Reduction Center of the Ministry of Emergency Management, etc. Mr. Jiang Caishi joined the People's Insurance Company of China (PICC) in 1988 and was seconded to work in New York, U.S.A. for 2 years. Mr. Jiang Caishi was previously the general manager of the International Insurance Department of PICC Tianjin Branch, deputy general manager of PICC Tianjin Branch, general manager of the Property Insurance Department of PICC, General Manager of the Group Insurance Marketing and Management Department and General Manager of the Large-Scale Commercial Risk Insurance Department of the Company, General Manager of the Shenzhen Branch of the Company, General Manager of the Agriculture Insurance Department of the Company, a senior specialist and concurrently the general manager of the Business Development Department of The People's Insurance Company (Group) of China, an executive Vice President, the Chairperson of the Supervisory Committee and a Supervisor of the Company.

Hu Wei, aged 57, an executive Director and a Vice President of the Company, a university graduate and a senior economist. Mr. Hu Wei also serves as the Standing vice director member of the Specialised Committee on Rural Revitalisation of the Insurance Association of China, the vice director member of the Specialised Committee on Medical Insurance Handling and the vice director member of the Specialised Committee on Commercial Health Insurance of China Health Insurance Research Association. Mr. Hu Wei joined PICC in September 1990. Since December 1993, he successively served in the Company as the section chief of Shizhong sub-branch, the deputy manager of the Business Department and the manager of Yanzhou sub-branch of the Jining Branch in Shandong Province, the deputy general manager and general manager of the Jining Branch, the general manager of the Jinan Branch, the deputy general manager and general manager of the Shandong Provincial Branch and an Assistant to the President of the Company.

Li Ling, aged 52, the employee representative Director, Vice Chairperson of the Trade Union, and the Deputy General Manager (in charge) of the Party Building and Mass Work Department and the Publicity Department of the Party Committee of the Company, a postgraduate with a master's degree in Arts. Ms. Li Ling commenced her career in 1996 and joined the Company in 2003. She previously served as the Assistant to the Division Chief of the Administrative Division of the Administrative Department, the Deputy Division Chief of the Documentation Division, the Deputy Division Chief (in charge) and the Division Chief of the Course Development Division of the Education and Training Department, the Assistant General Manager and the Deputy General Manager of the Trade Union Work Department, the Deputy General Manager of the Party Building Work Department, the Party Building and Mass Work Department and the Publicity Department of the Party Committee, and the Deputy General Manager and the Chairperson of the Trade Union of Hebei Provincial Branch of the Company.

Biographical Details of Directors and Senior Management

Cheng Fengchao, aged 66, Ph.D. in management, and an Independent Director of the Company. Mr. Cheng Fengchao is a researcher of financial science, a Chinese certified public accountant, a Chinese certified public valuer, a senior accountant. Mr. Cheng Fengchao is currently the chairperson of Zhongguancun Guorui Financial and Industrial Development Research Institute and a member of Academic Advisory Committee of China Association for Public Companies. He also serves as an independent director of Sinochem International Corporation*, an independent director of China Minsheng Banking Corp., Ltd.** and an independent director of ICBC Financial Asset Investment Co., Ltd. Mr. Cheng Fengchao was previously a non-executive director of Agricultural Bank of China Limited** and Industrial and Commercial Bank of China Limited**, a supervisor of China Everbright Group, an independent director of Minmetals Capital Company Limited* and an external supervisor of Everbright Securities Co., Ltd.**. Mr. Cheng Fengchao is currently a doctoral supervisor of Hunan University and an adjunct professor of the PBC School of Finance, Tsinghua University and the Graduate School of the Chinese Academy of Social Sciences. Mr. Cheng Fengchao graduated from Hunan University, majoring in management science and engineering, with a doctoral degree in Management.

* These companies are listed on the Shanghai Stock Exchange.

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

Wei Chenyang, aged 53, Ph.D., an Independent Director of the Company. Mr. Wei Chenyang is currently a full-time research fellow at PBC School of Finance, Tsinghua University, director of Tsinghua-Cornell Dual Degree Finance MBA Program, director of China Insurance and Pension Research Center of PBC School of Finance, Tsinghua University, and secretary general of the Global Real Estate Finance Forum of PBC School of Finance, Tsinghua University, a member of the Editorial Board of Tsinghua Financial Review, the associate dean of Beijing Fintech Research Institute, an independent director of Waterdrop Holdings (WDH)* and an independent director of HSBC Life Insurance Company Limited. Mr. Wei Chenyang served as an economist at the Federal Reserve Bank of New York, and a senior economist at the Federal Reserve Bank of Philadelphia, the founding director of the credit research department of AIG*, senior managing director and chief economist in North America of Zenity Holdings/Zenity Asset Management Limited, and an associate dean of the Institute for Fintech Research, Tsinghua University. Mr. Wei Chenyang graduated with a bachelor's degree in Finance from the School of Economics and Management of Tsinghua University. He also earned his M.S. in Economics and Ph.D. in Finance from McCombs School of Business at the University of Texas at Austin and Stern School of Business at New York University, respectively.

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

Biographical Details of Directors and Senior Management

Li Weibin, aged 64, with a master's degree in Law, qualified as an Attorney in China, a Solicitor in Hong Kong, England and Wales and an Attorney in the United States of America (New York), a China Appointed Attesting Officer designated by the Ministry of Justice of China, and an Independent Director of the Company. Mr. Li Weibin is currently a member of the National Committee of Political Consultative Committee of China, a distinguished professor in the Liaison Office of the Central People's Government in Hong Kong S.A.R., an arbitrator of The China International Economic and Trade Arbitration Commission, an arbitrator of Shenzhen Court of International Arbitration, a distinguished mediator of the HKCEA Commercial Affairs Mediation Committee, a legal consultant of the Hong Kong Chinese Enterprises Association, an honorary legal adviser of the Chinese Financial Association of Hong Kong, a legal consultant of the Chinese Securities Association of Hong Kong, a legal consultant of the Hong Kong Volunteers Federation, a legal consultant of Virtus Foundation, the founder of China Innovation Foundation, the founder of Li & Partners Charity Foundation and the founder and senior partner of Li & Partners. He was an independent non-executive director of Skyworth Group Limited* and an independent director of China Life Insurance (Overseas) Company Limited.

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

Qu Xiaobo, aged 43, a doctoral supervisor and a chair professor (tenured) under the Yangtze River Scholars Programme with the School of Vehicle and Mobility, Tsinghua University, an elected member of Academia Europaea, and an Independent Director of the Company. Mr. Qu Xiaobo currently serves as the editor-in-chief of Communications in Transportation Research, the executive editor-in-chief of Journal of Intelligent and Connected Vehicles, and an editor of Transportation Research Part A/Part E, The Innovation, IEEE Transactions on Cybernetics, and ASCE Journal of Transportation Engineering, etc. He has been a panel member or assessor for multiple major funding schemes, including European Research Council, Centre of Excellence of Australian Research Council, Netherlands NWO VICI program, Theme-based scheme of the Hong Kong Research Grants Council, thematic research grants of Singapore and domestic talent projects. Prior to his current appointment with Tsinghua University, he was a lecturer/senior lecturer with Griffith University from 2012 to 2016, a senior lecturer with University of Technology Sydney from 2016 to 2018, a professor with Chalmers University of Technology from 2018 to 2019, and a chair professor with Chalmers University of Technology from 2020 to 2021.

Xue Shuang, aged 55, Ph.D., a professor and doctoral supervisor at the School of Accountancy of Shanghai University of Finance and Economics, was selected into the Ministry of Finance's "Accounting Experts Training Project", the Ministry of Education's "New Century Outstanding Talents Plan", Shanghai Municipal's "Shuguang Scholars" and "Pujiang Talents Plan", and an Independent Director of the Company. Ms. Xue Shuang currently serves as a director of the China Audit Society, vice president of the Shanghai Finance Society, an independent director of Juneyao Airlines Co., Ltd.* and Donghai Fund Management Co., Ltd. Ms. Xue Shuang previously worked in Dalian Branch of Agricultural Bank of China Limited**, Dalian Branch of Guangdong Development Bank, visited the University of California, Berkeley, and served as an independent director of Jiangsu Hengrui Pharmaceutical Co., Ltd.**, Aeolus Tyre Co., Ltd.*, Shanghai Zijiang Enterprise Group Co., Ltd.*, Guohua Life Insurance Co., Ltd., Shanghai Mechanical & Electrical Industry Co., Ltd.*, Smarter Microelectronics (Guangzhou) Co., Ltd.* and Jiangsu Financial Leasing Co., Ltd.*, etc. Ms. Xue Shuang graduated from Tsinghua University with a doctorate degree in Management (Accounting).

* These companies are listed on the Shanghai Stock Exchange.

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

Biographical Details of Directors and Senior Management

SENIOR MANAGEMENT

For biographical details of Zhang Daoming, Jiang Caishi and Hu Wei, please refer to the section of "Directors".

Fu Lianghua, aged 59, the Secretary of the Discipline Inspection Commission of the Company, a postgraduate, with a master's degree in Military Science. Mr. Fu Lianghua also serves as a standing member of Specialised Committee on Integrity Culture Construction and Legal Compliance of the Insurance Association of China. Mr. Fu Lianghua served in the People's Liberation Army from October 1983 to December 2016. He joined China Life Insurance Company Limited* in December 2016, successively serving as the deputy general manager of the Audit and Supervision Department, the secretary of the Discipline Inspection Commission of Jilin Branch, a member of the Party Committee and the director of the Trade Union (headquarters department general manager level). Mr. Fu Lianghua joined The People's Insurance Company (Group) of China Limited* in April 2018, successively serving as the deputy general manager of General Office (department manager level), the deputy director of the Party Committee Office, the general manager of General Office and the director of the Party Committee Office.

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

Lv Chen, aged 54, a Vice President and the Responsible Audit Officer of the Company, a university graduate, with a master's degree in Business Administration, and a senior economist. Mr. Lv Chen also serves as a non-executive director of the PICC Health Insurance Company Limited, a non-executive director of Hua Xia Bank Co., Limited*, a vice director member of Specialised Committee on Insurance Institutional Investors of Insurance Asset Management Association of China, a vice director member of Specialised Committee on Reputation Risk Management of Insurance Association of China, a member of the Council of China Financial Ideological and Political Work Research Association, and a vice president of PICC Philanthropy Charity Foundation. Mr. Lv Chen joined PICC in August 1993. Since September 1997, he served as the secretary of the Youth League Committee of PICC Property Insurance Company, the director of the Foreign Affairs Division. Since December 2000, he served as the assistant to the general manager of the International Affairs Department of PICC, the deputy general manager of the International Affairs Department of PICC Holding Company, the general manager of the International Affairs and Policy-oriented Insurance Department of The People's Insurance Company (Group) of China, the general manager of the International Affairs and Training Department. He served as the business director of The People's Insurance Company (Group) of China Limited** in August 2013, and an Assistant to the President of the Company, the Responsible Officer and the General Manager of Jilin Provincial Branch of the Company in February 2022.

* This company is listed on the Shanghai Stock Exchange.

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Dong Xiaolang, aged 60, a Vice President of the Company, a postgraduate with a master's degree in Management, and a senior economist. Mr. Dong Xiaolang also serves as a director member of the Specialised Committee on Motor Vehicle Insurance of the Insurance Association of China, the leader of the Accidental and Short Term Health Insurance Working Group under the Specialised Committee on Non-Motor Vehicle Property Insurance of the Insurance Association of China, a standing director of the Insurance Society of China, and a member of the Steering Committee of CIRI Auto Technology Institute. Mr. Dong Xiaolang served as the Deputy Chief Officer of the City Insurance Division, the Chief Officer of the City Insurance Division, the Assistant to the General Manager of the Business Management Department and the Manager of the second sub-branch of Anhui Provincial Branch, the Deputy General Manager of the Chuzhou Branch, the Deputy General Manager and General Manager of the Hefei Branch, the Deputy General Manager of the Anhui Provincial Branch, the General Manager of the Ningxia Hui Autonomous Region Branch, the General Manager of the Anhui Provincial Branch, and an Assistant to the President of the Company.

Zhang Wei, aged 50, an Assistant to the President of the Company and the general manager of the Beijing Branch of the Company, a postgraduate with a Ph.D. in Economics. Mr. Zhang Wei also serves as the vice president of the Beijing Insurance Association, the director of The Insurance Institute of Beijing and the vice director of the Inclusive Finance Cooperation Committee of the Asian Financial Cooperation Association. Mr. Zhang Wei previously worked in the Strategy Planning Department of China Life Insurance (Group) Company from August 2003 to July 2008, joined The People's Insurance Company (Group) of China in July 2008, served as the deputy general manager of the Secretariat of the Board of Directors/Office of the Board of Supervisors, the general manager of the Investment and Finance Management Department, and the general manager of the Operation Sharing Department of The People's Insurance Company (Group) of China Limited*, and the Deputy General Manager (provincial branch general manager level) and the General Manager of the Hebei Provincial Branch of the Company.

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

Jin Xin, aged 58, the Responsible Compliance Officer and Chief Risk Officer of the Company, and a postgraduate with a master's degree in Management. Mr. Jin Xin joined PICC in July 1990 and successively served as the deputy chief officer and chief officer of the Cargo Insurance Division, the deputy director of the Liquidation Division of Cargo Insurance Department of PICC Property Insurance Company, the assistant to the general manager and deputy general manager of the Marine Hull and Cargo Insurance Department of PICC, the Deputy General Manager of the Underwriting Management Department, the Deputy General Manager of the Planning and Actuarial Department, the General Manager of the Actuarial Department, the General Manager of the Capital Operation Department and the Chief Investment Officer of the Company.

Biographical Details of Directors and Senior Management

Bi Xin, aged 56, the Secretary of the Board of the Company, a university graduate with a master's degree in Economics, and a senior economist. Mr. Bi Xin is also a vice director member of the Mainland China Board Secretaries Subcommittee of The Hong Kong Chartered Governance Institute, a standing member of the Corporate Governance and Internal Audit Committee of the Insurance Association of China, and an external tutor for graduate students at the School of Insurance of Central University of Finance and Economics. Mr. Bi Xin joined the Company in July 1992, successively served as Deputy Section Chief and Section Chief of Haidian District Sub-branch of Beijing Branch, Assistant Director, Deputy Director, Deputy Director (in charge) and Director of the Beijing Branch, the Deputy General Manager of the Vehicle Insurance Department of the headquarter, and the Deputy General Manager of the Shanghai Branch of the Company. Since March 2004, he successively worked for Beijing Branch of China Continent Property & Casualty Insurance Co., Ltd. and BOC Insurance Co., Ltd.. Since November 2009, he successively served as the Deputy General Manager of the Claims Management Department, and the Deputy General Manager (in charge) of the Claims Settlement Department of the Company. Since December 2016, he has successively served as the General Manager of the Claims Settlement Department, the General Manager of the Claims Department/Disaster Research Center, and the General Manager of the Claims Department.

Zhang Lang, aged 48, the Chief Actuary and General Manager of the Product Actuarial Department of the Company, a postgraduate with a master's degree in Economics, a North American actuary and a Chinese actuary. Ms. Zhang Lang is also an expert member of the Sixth Council of the China Society of Financial Accounting, a member of the North American Society of Actuaries for General Insurance, and a council member of the Society of Actuaries of China. Ms. Zhang Lang was the Responsible Actuarial Officer of the Company.

Report of the Board of Directors

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

BUSINESS REVIEW

PRINCIPAL ACTIVITIES

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

OPERATING RESULTS AND FINANCIAL POSITION

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

FINANCIAL SUMMARY

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

PRINCIPAL RISKS AND UNCERTAINTIES

In 2025, the Company faced an increasingly complex internal and external environment, which placed higher demands on our risk management capabilities.

In terms of credit risks, continued attention is required with respect to the credit risk associated with the Company's insurance premium receivables. **In terms of insurance risks,** the threat of natural disasters remains severe and may lead to greater claims pressure on the Company going forward. **In terms of market risks,** recurring geopolitical tensions have increased volatility in the capital markets. **In terms of operational risks,** new technologies and new business models are becoming intertwined with traditional compliance and legal risks, rendering the prevention and control of operational risks more complex.

In 2026, the Company will focus on PICC group's strategic requirement of "building a first-class enterprise", steadfastly fulfil the mission of "People's Insurance Serves the People", adhere to high-quality development, and resolutely safeguard the bottom line of preventing systemic risks. The Company will continue to improve its risk management policies and framework, optimize the information systems related to risk management, strengthen the assessment and evaluation system for risk management, promote stronger risk management awareness across all levels of the Company, and enhance the effectiveness of risk prevention and control as well as the risk management capabilities.

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

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

FUTURE DEVELOPMENT

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

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Company strictly complied with applicable laws and regulations including the Environmental Protection Law of the PRC, implemented the idea of green development, and upheld the environmental protection and sustainable development goals (SDGs) in its development strategy. The Company developed green finance to address climate risks and reduce environmental costs. The Company was not classified by competent environmental protection authorities as a key pollutant discharging unit. In 2025, the Company was not subject to administrative penalties due to environmental issues.

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

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

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

Particulars of the environmental policies and performances of the Company during the Year are set out in 2025 Sustainability Report, the full text of which will be disclosed by the Company separately.

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

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

In 2025, the Company actively adapted to the development and reform trends of the insurance industry, focused on the newly promulgated policies in the financial sector, comprehensively strengthened internal control, proactively promoted the improvement of corporate governance mechanisms and enhanced its ability to serve society and people's livelihood. The Company continuously strengthened compliance publicity and education, guided all employees to consciously uphold compliance concepts, comply with compliance requirements and participate in compliance training, and cultivated a compliance culture with corporate characteristics.

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

In 2025, the overall compliance status of the Company's operation and management was good, and the compliance risk management system was in normal operation. There was no material systematic compliance risk.

RELATIONSHIP BETWEEN THE COMPANY AND EMPLOYEES

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

RELATIONSHIP BETWEEN THE COMPANY AND CUSTOMERS

In 2025, guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Company thoroughly implemented the guiding principles of the 20th National Congress of the Communist Party of China and all subsequent plenary sessions. The Company remained steadfast in upholding the political and people-oriented nature of financial work, deepened the construction of the "Comprehensive Consumer Protection" system, built the "Heartfelt Service · Innovative Service" brand, and actively established a consumer rights protection system that is "focused, covers the entire chain, has clear responsibilities, and operates effectively", staying true to the original aspiration of finance serving the people and fulfilling its social responsibilities.

Focusing on the core themes of “strengthening consumer protection, reducing complaints, and preventing risks”, the Company built a comprehensive complaint management system based on the participation of all staff, process integration, and adequate resource support. The Company promoted the embedding of all requirements for protecting consumers’ legitimate rights and interests into every aspect and process of business operations across the entire system. By continuously optimising management tools such as systems, mechanisms, and processes, the Company standardised the implementation of consumer protection review, information disclosure, personal information protection, consumer protection audits, consumer protection assessments, education and publicity, and suitability management. Anchored on the main service principles of “more, faster, better, and cost-effective”, the Company comprehensively upgraded its services, optimised both online and offline service touchpoints, strengthened the high-quality operation and management of the 95518 hotline and policy issuance services, and empowered business development with high-quality consumer protection. The Company’s political orientation in operations has been continuously strengthened, and the functions of its financial services have been further enhanced.

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

DIVIDEND DISTRIBUTION AND CLOSURE OF REGISTER OF H SHARE MEMBERS

The Board proposed the distribution of a final dividend of RMB0.44 per share (inclusive of applicable tax) for the year ended 31 December 2025. The total amount of dividend was approximately RMB9,787 million. The above proposal is subject to consideration and approval at the forthcoming annual general meeting. The specific arrangement regarding announcement and distribution of the final dividend, the closure of registration of H share members, etc. will be disclosed separately in the circular for the annual general meeting. The Company will disclose the payment date of the final dividend separately. To the knowledge of the Company, there was no arrangement under which the shareholders waived or agreed to waive any dividend.

On 30 October 2025, the shareholders of the Company approved the distribution of interim dividend of RMB0.24 per share (inclusive of applicable tax) for the six months ended 30 June 2025. The total amount of dividend was approximately RMB5,338 million. On 12 December 2025, the above interim dividend was distributed to the shareholders recorded on the register of shareholders of the Company on 11 November 2025.

A total dividend of RMB0.68 per share (inclusive of applicable tax) for the Year was proposed for distribution to shareholders.

WITHHOLDING AND PAYMENT OF DIVIDEND INCOME TAX

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

SHARE CAPITAL

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

PRE-EMPTIVE RIGHTS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The Company and its subsidiaries did not purchase, sell or redeem any of the Company's listed securities (including sale of treasury shares) during the Year. As at 31 December 2025, the Company and its subsidiaries did not hold any treasury shares.

DISTRIBUTABLE RESERVES

As at 31 December 2025, according to the PRC Accounting Standards for Business Enterprises, the distributable reserves of the Company and its subsidiaries were RMB104,293 million and the distributable reserves of the Company were RMB104,235 million.

CAPITAL SUPPLEMENTARY BONDS

On 23 March 2020, the Company issued capital supplementary bonds of RMB8 billion in the national inter-bank bond market. The term of the capital supplementary bonds is 10 years. The coupon rate is 3.59% per annum for the first five years. The Company has the option to redeem the capital supplementary bonds at the end of the fifth year. On 24 March 2025, the Company has exercised the redemption right and fully redeemed such capital supplementary bonds.

The Company did not issue any capital supplementary bonds during the Year.

INVESTMENT PROPERTIES, PROPERTY AND EQUIPMENT

Details of the investment properties, property and equipment of the Company are set out in notes 25 and 26 to the consolidated financial statements. As at 31 December 2025, the Company did not own any properties for investment purposes or held for development and/or sale where one or more percentage ratios (as defined under Rule 14.07 of the Listing Rules) exceed 5%.

CHARITABLE AND OTHER DONATIONS

Charitable and other donations made by the Company and its subsidiaries in the Year were RMB42 million, of which RMB39 million were donations for public benefits.

MAJOR CUSTOMERS

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

DIRECTORS AND SUPERVISORS

The Directors and Supervisors *(Note)* in office during the Year, and the changes in the members of the Board of Directors and the former members of the Supervisory Committee as well as the reasons for resignation of Directors and former Supervisors from 1 January 2025 to the date of this report are set out in the "Corporate Governance Report" section of this annual report.

Note: At the annual general meeting of the Company held on 27 June 2025, the shareholders approved the proposed amendments to the Articles of Association by way of a special resolution. The amended Articles of Association became effective on 20 November 2025 (the date of approval by the NFRA). Following the amended Articles of Association becoming effective, the Company no longer maintained a Supervisory Committee, and the former shareholder supervisors, employee supervisors and external supervisors retired from their positions.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Company are set out in the "Biographical Details of Directors and Senior Management" section of this annual report. Except as disclosed in this annual report, there are no changes in the information of Directors and chief executive required to be disclosed in this report pursuant to Rule 13.51B(1) of the Listing Rules.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS AND REMUNERATION

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

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

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

HIGHEST PAID INDIVIDUALS

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

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

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS

PICC Life, a subsidiary of PICC Group, the controlling shareholder of the Company, is also engaged in accidental injury insurance and short-term health insurance businesses. From 1 January 2025 to the date of this report, Mr. Zhang Daoming, an Executive Director of the Company, was also a non-executive director of PICC Life.

Save as disclosed above, none of the Directors has or had any interest in business that competes or competed or is or was likely to compete, either directly or indirectly, with the Company's business from 1 January 2025 to the date of this report.

EQUITY-LINKED AGREEMENTS

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

PERMITTED INDEMNITY PROVISION

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

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

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES

As at 31 December 2025, the Company had no President, and the Directors of the Company did not hold any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations as defined in Part XV of the SFO that were required to be recorded in the register as required to be kept under Section 352 of the SFO or required to be notified to the Company and the Hong Kong Stock Exchange under the Model Code.

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

DISCLOSEABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS UNDER THE SFO

As at 31 December 2025, the following persons held interests or short positions in the shares or underlying shares of the Company that were required to be disclosed pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO and recorded in the register as required to be kept by the Company pursuant to Section 336 of the SFO, or notified to the Company and the Hong Kong Stock Exchange by other means:

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

Name of shareholder	Capacity	Number of H shares	Nature of interests	Percentage of total number of H shares in issue *(Note 1)*	Percentage of total number of shares in issue *(Note 1)*
JPMorgan Chase & Co.	Beneficial owner, investment manager, person having a security interest in shares, approved lending agent	656,231,131 *(Note 2)*	Long position	9.51%	2.95%
	Beneficial owner	37,294,150 *(Note 2)*	Short position	0.54%	0.17%
	Approved lending agent	536,947,063	Lending pool	7.78%	2.41%
The Capital Group Companies, Inc.	Interest of controlled corporations	481,461,561	Long position	6.98%	2.16%
Citigroup Inc. *(Note 5)*	Interest of controlled Corporations, approved lending agent	474,639,505 *(Note 3)*	Long position	6.87%	2.13%
	Interest of controlled corporations	86,703,560 *(Note 3)*	Short position	1.25%	0.39%
	Approved lending agent	453,072,749	Lending pool	6.56%	2.04%
BlackRock, Inc. *(Note 6)*	Interest of controlled corporations	432,209,222 *(Note 4)*	Long position	6.26%	1.94%
	Interest of controlled corporations	13,098,000 *(Note 4)*	Short position	0.19%	0.06%

Notes:

1. As at 31 December 2025, the Company has issued a total of 15,343,471,470 domestic shares and 6,899,293,833 H shares. As such, the Company has issued a total of 22,242,765,303 shares.

2. Among which, 1,648,000 H shares (Long position) and 1,674,000 H shares (short position) were held through derivatives, categorised as held through physically settled listed derivatives; 600 H shares (Short position) were held through derivatives, categorised as held through cash settled listed derivatives; 5,726,129 H shares (long position) and 904,538 H shares (short position) were held through derivatives, categorised as held through physically settled unlisted derivatives; and 33,718,000 H shares (long position) and 11,454,756 H shares (short position) were held through derivatives, categorised as held through cash settled unlisted derivatives.

3. Among which, 2,593,666 H shares (long position) and 1,489,543 H shares (short position) were held through derivatives, categorised as held through physically settled unlisted derivatives; and 1,980,000 H shares (long position) and 70,831,416 H shares (short position) were held through derivatives, categorised as held through cash settled unlisted derivatives.

4. Among which, 3,788,000 H shares (long position) and 11,200,000 H shares (short position) were held through derivatives, categorised as held through cash settled unlisted derivatives.

5. The details of the shareholding interests of the companies directly or indirectly controlled by Citigroup Inc. are set out below:

Name of controlled corporation	Name of controlling person	% control	Number of shares	
Citicorp LLC	Citigroup Inc.	100.00	Long position	453,072,749
			Short position	0
Citibank, N.A.	Citicorp LLC	100.00	Long position	453,072,749
			Short position	0
Citigroup Global Markets Holdings Inc.	Citigroup Inc.	100.00	Long position	21,566,756
			Short position	85,344,740
Citigroup Financial Products Inc.	Citigroup Global Markets Holdings Inc.	100.00	Long position	21,566,756
			Short position	85,344,740
Citigroup Global Markets Hong Kong Limited	Citigroup Financial Products Inc.	100.00	Long position	2,593,666
			Short position	130,723
Citigroup Global Markets Holdings Bahamas Limited	Citigroup Financial Products Inc.	90.00	Long position	18,973,090
			Short position	85,214,017
Citigroup Global Markets Limited	Citigroup Global Markets Holdings Bahamas Limited	100.00	Long position	18,973,090
			Short position	85,214,017
Citigroup Global Markets Holdings Inc.	Citigroup Inc.	100.00	Long position	0
			Short position	1,358,820

6. The details of the shareholding interests of the companies directly or indirectly controlled by BlackRock, Inc. are set out below:

Name of controlled corporation	Name of controlling person	% control	Number of shares	
BlackRock Finance, Inc.	BlackRock, Inc.	100.00	Long position	432,209,222
			Short position	13,098,000
Trident Merger, LLC	BlackRock Finance, Inc.	100.00	Long position	3,914,688
BlackRock Investment Management, LLC	Trident Merger, LLC	100.00	Long position	3,010,688
BlackRock Investment Management, LLC	Trident Merger, LLC	100.00	Long position	904,000
BlackRock Holdco 2, Inc.	BlackRock Finance, Inc.	100.00	Long position	428,294,534
			Short position	13,098,000
BlackRock Financial Management, Inc.	BlackRock Holdco 2, Inc.	100.00	Long position	421,904,018
			Short position	1,710,000
BlackRock Financial Management, Inc.	BlackRock Holdco 2, Inc.	100.00	Long position	6,390,516
			Short position	11,388,000
BlackRock Holdco 4, LLC	BlackRock Financial Management, Inc.	100.00	Long position	262,954,829
			Short position	1,652,000
BlackRock Holdco 6, LLC	BlackRock Holdco 4, LLC	90.00	Long position	262,954,829
			Short position	1,652,000
BlackRock Delaware Holdings Inc.	BlackRock Holdco 6, LLC	100.00	Long position	262,954,829
			Short position	1,652,000
BlackRock Institutional Trust Company, National Association	BlackRock Delaware Holdings Inc.	100.00	Long position	82,047,156
			Short position	1,652,000
BlackRock Fund Advisors	BlackRock Delaware Holdings Inc.	100.00	Long position	180,907,673
BlackRock Capital Holdings, Inc.	BlackRock Financial Management, Inc.	100.00	Long position	88,000
BlackRock Advisors, LLC	BlackRock Capital Holdings, Inc.	100.00	Long position	88,000
BlackRock International Holdings, Inc.	BlackRock Financial Management, Inc.	100.00	Long position	158,861,189
			Short position	58,000
BR Jersey International Holdings L.P.	BlackRock International Holdings, Inc.	86.00	Long position	155,265,789
			Short position	58,000
BlackRock Lux Finco S.à r.l.	BlackRock HK Holdco Limited	100.00	Long position	17,374,855

Name of controlled corporation	Name of controlling person	% control		Number of shares
BlackRock Japan Holdings GK	BlackRock Lux Finco S.à r.l.	100.00	Long position	17,374,855
BlackRock Japan Co., Ltd.	BlackRock Japan Holdings GK	100.00	Long position	17,374,855
BlackRock Holdco 3, LLC	BR Jersey International Holdings L.P.	100.00	Long position	119,160,681
			Short position	58,000
BlackRock Canada Holdings ULC	BlackRock International Holdings, Inc.	100.00	Long position	3,595,400
BlackRock Asset Management Canada Limited	BlackRock Canada Holdings ULC	100.00	Long position	3,595,400
BlackRock Australia Holdco Pty. Ltd.	BR Jersey International Holdings L.P.	100.00	Long position	4,198,700
BlackRock Investment Management (Australia) Limited	BlackRock Australia Holdco Pty. Ltd.	100.00	Long position	4,198,700
BlackRock (Singapore) Holdco Pte. Ltd.	BR Jersey International Holdings L.P.	100.00	Long position	31,906,408
BlackRock HK Holdco Limited	BlackRock (Singapore) Holdco Pte. Ltd.	100.00	Long position	30,746,408
BlackRock Asset Management North Asia Limited	BlackRock HK Holdco Limited	100.00	Long position	13,371,553
BlackRock Cayman 1 LP	BlackRock Holdco 3, LLC	100.00	Long position	119,160,681
			Short position	58,000
BlackRock Cayman West Bay Finco Limited	BlackRock Cayman 1 LP	100.00	Long position	119,160,681
			Short position	58,000
BlackRock Cayman West Bay IV Limited	BlackRock Cayman West Bay Finco Limited	100.00	Long position	119,160,681
			Short position	58,000
BlackRock Group Limited	BlackRock Cayman West Bay IV Limited	90.00	Long position	119,160,681
			Short position	58,000
BlackRock Finance Europe Limited	BlackRock Group Limited	100.00	Long position	35,046,708
BlackRock (Netherlands) B.V.	BlackRock Finance Europe Limited	100.00	Long position	270,000
BlackRock (Netherlands) B.V.	BlackRock Finance Europe Limited	100.00	Long position	5,379,028
BlackRock Advisors (UK) Limited	BlackRock Finance Europe Limited	100.00	Long position	86,000
BlackRock International Limited	BlackRock Group Limited	100.00	Long position	3,369,418

Name of controlled corporation	Name of controlling person	% control	Number of shares	
BlackRock Group Limited-Luxembourg Branch	BlackRock Group Limited	100.00	Long position	80,744,555
			Short position	58,000
BlackRock Luxembourg Holdco S.à r.l.	BlackRock Group Limited-Luxembourg Branch	100.00	Long position	80,744,555
			Short position	58,000
BlackRock Investment Management Ireland Holdings Unlimited Company	BlackRock Luxembourg Holdco S.à r.l.	100.00	Long position	76,454,747
BlackRock Asset Management Ireland Limited	BlackRock Investment Management Ireland Holdings Unlimited Company	100.00	Long position	76,454,747
BLACKROCK (Luxembourg) S.A.	BlackRock Luxembourg Holdco S.à r.l.	100.00	Long position	4,187,808
			Short position	58,000
BlackRock Investment Management (UK) Limited	BlackRock Finance Europe Limited	100.00	Long position	13,869,680
BlackRock Investment Management (UK) Limited	BlackRock Finance Europe Limited	100.00	Long position	15,442,000
BlackRock (Netherlands) B.V. – German Branch – Frankfurt BlackRock	BlackRock (Netherlands) B.V.	100.00	Long position	270,000
BlackRock Asset Management Deutschland AG	BlackRock (Netherlands) B.V. – German Branch – Frankfurt BlackRock	100.00	Long position	270,000
BlackRock Fund Managers Limited	BlackRock Investment Management (UK) Limited	100.00	Long position	13,869,680
BlackRock Life Limited	BlackRock International Limited	100.00	Long position	3,369,418
BlackRock (Singapore) Limited	BlackRock (Singapore) Holdco Pte. Ltd.	100.00	Long position	1,160,000
BlackRock UK Holdco Limited	BlackRock Luxembourg Holdco S.à r.l.	100.00	Long position	102,000
BlackRock Asset Management Schweiz AG	BlackRock UK Holdco Limited	100.00	Long position	102,000
EG Holdings Blocker, LLC	BlackRock Investment Management, LLC	100.00	Long position	3,010,688
Amethyst Intermediate, LLC	BlackRock Investment Management, LLC	100.00	Long position	3,010,688
Aperio Holdings, LLC	Amethyst Intermediate, LLC	60.00	Long position	3,010,688
Aperio Holdings, LLC	EG Holdings Blocker, LLC	40.00	Long position	3,010,688
Aperio Group, LLC	Aperio Holdings, LLC	100.00	Long position	3,010,688

Save as disclosed above, the Company is not aware of any other persons having any interests or short positions in the shares or underlying shares of the Company that were required to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO and recorded in the register as required to be kept under Section 336 of the SFO, or being substantial shareholders of the Company as at 31 December 2025.

PUBLIC FLOAT

For the period from 1 January 2025 to the date of this report, 31.02% of the total number of issued shares of the Company is held by the public and therefore the Company continues to comply with the minimum public float requirement under the Listing Rules.

MANAGEMENT CONTRACT

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

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

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

CONTINUING CONNECTED TRANSACTIONS

The continuing connected transactions of the Company in the Year that were subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules include: (I) the 2025 Framework Agreement on Reinsurance Business Cooperation with PICC HK; (II) the 2025 Framework Agreement on Reinsurance Business Cooperation with PICC Reinsurance; (III) the Asset Management Agreements and Supplemental Agreements with PICC AMC and PICC Capital and the Asset Management Supplemental Agreement (II) with PICC Capital; (IV) the Asset Management Agreement and the Supplemental Asset Management Agreement with PICC AMC and PICC Capital, respectively; (V) the Equity Investment Advisory Services and Technical Support Agreement with PICC Capital; (VI) the Investment Business Agreement with PICC Life, PICC Health, PICC Reinsurance and PICC Capital; (VII) the Mutual Agency Agreements with each of PICC Life and PICC Health; (VIII) the Auto Parts Procurement Supplemental Contract and Auto Spare Parts Procurement Contract with Bangbang Auto Sales & Services; (IX) the Insurance Brokerage Business Cooperation Agreement and the Business Cooperation Agreement with PIB; (X) the 2025 Customer Services Cooperation Framework Agreement with Aibao Technology; (XI) the 95518 Entrusted Operation Service Framework Agreement with PICC Technology; and (XII) the Fully Entrusted Service Agreement For Business Workplace Property Management with PICC Investment and PICC Operation.

As at the dates of the above-mentioned agreements, as PICC Group is the controlling shareholder of the Company, and all of PICC HK, PICC Reinsurance, PICC AMC, PICC Capital, PICC Life, PICC Health, PIB, PICC Technology, PICC Investment and PICC Operation are subsidiaries directly or indirectly controlled by PICC Group, such companies are all connected persons of the Company according to the Listing Rules. As the Company and PICC Financial Services, a subsidiary of PICC Group (the controlling shareholder of the Company) each holds 24.5% of the registered capital in Bangbang Auto Sales & Services, pursuant to the Listing Rules, Bangbang Auto Sales & Services is a connected person of the Company. As PICC Financial Services holds 45.1% of the registered capital in Aibao Technology, pursuant to the Listing Rules, Aibao Technology is an associate of PICC Group and thereby is a connected person of the Company.

(I) THE 2025 FRAMEWORK AGREEMENT ON REINSURANCE BUSINESS COOPERATION WITH PICC HK

On 27 December 2024, the Company and PICC HK entered into the 2025 Framework Agreement on Reinsurance Business Cooperation, with a term commencing from 1 January 2025 and expiring on 31 December 2025. Pursuant to such framework agreement, the Company agreed to cede insurance premiums to PICC HK, and PICC HK agreed to cede insurance premiums to the Company from time to time. One party to the agreement who acted as reinsurer accepted the risks of and paid commissions to the other party to the agreement in return for the agreed insurance premiums received from such other party. Under the framework agreement, the parties to the agreement would enter into various types of reinsurance agreements in respect of specific reinsurance business. Under the framework agreement, the annual caps for the insurance premiums ceded to PICC HK by the Company and the commissions received by the Company from PICC HK for the Year were estimated to be RMB1,100 million and RMB495 million, respectively. The annual caps for the premiums assumed by the Company from PICC HK and commissions paid to PICC HK by the Company were expected to be RMB2,000 million and RMB800 million, respectively. The actual premiums ceded to PICC HK by the Company and the commissions received by the Company from PICC HK for the Year were RMB680 million and RMB192 million, respectively. The actual premiums assumed by the Company from PICC HK and commissions paid to PICC HK by the Company were RMB830 million and RMB215 million, respectively. PICC HK has long been one of the reinsurers of the Company. The Company entered into such agreement with PICC HK to achieve risk diversification and stabilization of operation. Meanwhile, in consideration of the advantages of PICC HK in overseas business and to form an underwriting synergy to support the development of the business, the Company and PICC HK further developed the inward reinsurance business.

On 31 December 2025, the Company and PICC HK entered into the 2026 Framework Agreement on Reinsurance Business Cooperation, with a term commencing from 1 January 2026 and expiring on 31 December 2026. For relevant details please refer to the Company's announcement dated 31 December 2025.

(II) THE 2025 FRAMEWORK AGREEMENT ON REINSURANCE BUSINESS COOPERATION WITH PICC REINSURANCE

On 27 December 2024, the Company and PICC Reinsurance entered into the 2025 Framework Agreement on Reinsurance Business Cooperation, with a term commencing from 1 January 2025 and expiring on 31 December 2025. Pursuant to such framework agreement, the Company agreed to cede insurance premiums to PICC Reinsurance from time to time, and PICC Reinsurance agreed to cede insurance premiums to the Company from time to time. One party to the agreement who acted as reinsurer accepted the risks of and paid commissions to the other party to the agreement in return for the agreed insurance premiums received from such other party. Under the framework agreement, the parties to the agreement would enter into various types of reinsurance agreements in respect of specific reinsurance business. Under the framework agreement, the annual caps for the insurance premiums ceded to PICC Reinsurance by the Company and the commissions received by the Company from PICC Reinsurance for the Year were estimated to be RMB6,000 million and RMB2,700 million, respectively, and the inward reinsurance transactions constitute de minimis exempted continuing connected transactions under Rule 14A.76 of the Listing Rules. The actual insurance premiums ceded to PICC Reinsurance by the Company and the commissions received by the Company from PICC Reinsurance for the Year were RMB5,491 million and RMB1,454 million, respectively. PICC Reinsurance is the fourth Chinese-funded corporate reinsurance company in the PRC. The Company entered into such agreement with PICC Reinsurance to achieve risk diversification and stabilization of operation.

On 31 December 2025, the Company and PICC Reinsurance entered into the 2026 Framework Agreement on Reinsurance Business Cooperation, with a term commencing from 1 January 2026 and expiring on 31 December 2026. For relevant details please refer to the Company's announcement dated 31 December 2025.

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

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

Pursuant to the relevant provisions of the Listing Rules, continuing connected transactions under the agreements include (1) the payments of entrusted management fees to PICC AMC and PICC Capital by the Company, (2) the payments of product management fees to PICC AMC, PICC Capital, PICC Equity and China Credit Trust by the Company, (3) the subscriptions by PICC AMC and PICC Capital of debt investment products sponsored and managed by PICC AMC, PICC Capital or China Credit Trust with assets entrusted by the Company, of which other subscribers include connected persons of the Company, and (4) the subscriptions by PICC AMC and PICC Capital of equity investment products sponsored and managed by PICC AMC, PICC Capital or PICC Equity with assets entrusted by the Company, of which other subscribers include connected persons of the Company. Under the agreements, (1) from 1 January 2025 to 30 June 2025, the aggregated cap of entrusted management fees paid to PICC AMC and PICC Capital by the Company was RMB300 million, and the actual entrusted management fees paid to PICC AMC and PICC Capital by the Company was RMB168 million; (2) from 1 January 2025 to 30 June 2025, the aggregated cap of product management fees paid to PICC AMC, PICC Capital, PICC Equity and China Credit Trust by the Company was RMB200 million, and the actual product management fees paid to PICC AMC, PICC Capital, PICC Equity and China Credit Trust by the Company was RMB121 million; (3) the aggregated annual cap of the amount of the debt investment products subscribed by the Company where connected persons participate in the subscription for the Year was RMB8,500 million, and the actual amount of the debt investment products subscribed by the Company where connected persons participate in the subscription from 1 January 2025 to 30 June 2025 was RMB3,806 million; (4) the aggregated annual cap of the amount of the equity investment products subscribed by the Company where connected persons participate in the subscription for the Year was RMB8,500 million, and the actual amount of the equity investment products subscribed by the Company where connected persons participate in the subscription from 1 January 2025 to 30 June 2025 was RMB11 million.

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

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

(IV) THE ASSET MANAGEMENT AGREEMENTS AND THE SUPPLEMENTAL ASSET MANAGEMENT AGREEMENTS WITH PICC AMC AND PICC CAPITAL, RESPECTIVELY

On 30 June 2025, the Company renewed the Asset Management Agreements and the Supplemental Asset Management Agreements with PICC AMC and PICC Capital, respectively, both with a term from 1 July 2025 to 30 June 2028. Pursuant to these agreements, PICC AMC and PICC Capital will provide entrusted asset management services to the Company, and the Company will pay entrusted management fees to PICC Asset Management and PICC Capital. In addition, PICC AMC and PICC Capital can subscribe for investment products sponsored and managed by PICC AMC, PICC Capital, PICC Equity, China Credit Trust or CCT Asset (a wholly-owned subsidiary of China Credit Trust) with assets entrusted by the Company, and the Company shall pay product management fees to PICC AMC, PICC Capital, PICC Equity, China Credit Trust or CCT Asset.

Under these agreements, (1) the payments of entrusted management fees to PICC AMC and PICC Capital by the Company, (2) the payments of product management fees to PICC AMC, PICC Capital, PICC Equity, China Credit Trust and CCT Asset by the Company, (3) the subscriptions by PICC AMC and PICC Capital of debt-related investment products sponsored and managed by PICC AMC, PICC Capital or China Credit Trust with assets entrusted by the Company, of which other subscribers include connected persons of the Company, and (4) the subscriptions by PICC AMC and PICC Capital of equity-related investment products sponsored and managed by PICC AMC, PICC Capital, PICC Equity, China Credit Trust or CCT Asset with assets entrusted by the Company, of which other subscribers include connected persons of the Company constitute continuing connected transactions of the Company. Under these agreements: (1) the annual cap for the aggregate entrusted management fees payable by the Company to PICC AMC and PICC Capital for the Year is RMB510 million, and the actual entrusted management fees paid by the Company to PICC AMC and PICC Capital for the Year amounted to RMB364 million; (2) the annual cap for the aggregate product management fees payable by the Company to PICC AMC, PICC Capital, PICC Equity, China Credit Trust and CCT Asset for the Year is RMB450 million, and the actual product management fees paid by the Company to PICC AMC, PICC Capital, PICC Equity, China Credit Trust and CCT Asset for the Year amounted to RMB151 million; (3) the annual cap for the aggregate amount subscribed by the Company for debt-related investment products participated in by connected persons for the Year is RMB12 billion, and the actual amount subscribed by the Company for such debt-related investment products for the Year amounted to RMB8,728 million; and (4) the annual cap for the aggregate amount subscribed by the Company for equity-related investment products participated in by connected persons for the year is RMB8.5 billion, and the actual amount subscribed by the Company for such equity-related investment products for the year amounted to RMB3,318 million.

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

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

On 13 February 2023, the Company entered into the Equity Investment Advisory Services and Technical Support Agreement with PICC Capital, with a term commencing on 13 February 2023 and expiring on 12 February 2026. Pursuant to such agreement, PICC Capital shall provide the Company with equity investment advisory services and technical support services and the Company shall pay advisory service fees and share of excess return (if the hurdle rate is reached upon exit from the projects) to PICC Capital. Pursuant to such agreement, the annual cap of advisory service fees and share of excess return paid by the Company to PICC Capital for the Year was RMB500 million. There was no actual transaction between the Company and PICC Capital during the Year under such agreement. The agreement helps to leverage PICC Capital's professional advantages to assist the Company in carrying out relevant equity investment businesses, enhancing the Company's investment income and preventing and defusing investment risks. PICC AMC is the first asset management company in China's insurance industry. It primarily provides asset management and asset management consultancy services in China, possesses extensive experience and expertise in asset management, demonstrates strong investment management capabilities, and has established a sound cooperative relationship with the Company.

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

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

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

On 30 August 2022, the Company renewed the Mutual Agency Agreements with each of PICC Life and PICC Health in order to continue with the sale of insurance products of each other on a mutual agency basis, each with a term commencing on 31 August 2022 and expiring on 30 August 2025. Pursuant to such agreements, PICC Life and PICC Health shall act as agencies for selling insurance products of the Company, and the Company shall pay commissions to PICC Life and PICC Health. Meanwhile, the Company shall act as an agency for selling insurance products of PICC Life and PICC Health, and PICC Life and PICC Health shall pay commissions to the Company. Under such agreements, from 1 January 2025 to 30 August 2025, the estimated cap of the commissions paid by the Company to PICC Life and PICC Health in aggregate was RMB990 million, and the estimated cap of the commissions paid by PICC Life and PICC Health to the Company in aggregate was RMB295 million. From 1 January 2025 to 30 August 2025, the actual commissions paid by the Company to PICC Life and PICC Health in aggregate was RMB158 million, and the actual commissions paid by PICC Life and PICC Health to the Company in aggregate was RMB70 million. PICC Life and PICC Health have their own distribution channels and customer bases, and the Company renewed the Mutual Agency Agreements with PICC Life and PICC Health to lead the strategic synergies into further play and expand the distribution channels of the Company.

In order to lead the strategic synergies into further play and expand the distribution channels of the Company, on 29 August 2025, the Company entered into Mutual Agency with each of PICC Life and PICC Health to continue with the sale of insurance products of each other on a mutual agency basis. The agreements are effective from 31 August 2025 to 30 August 2028. Pursuant to these agreements, PICC Life and PICC Health will act as agencies for selling insurance products of the Company and the Company will pay commissions to PICC Life and PICC Health. Meanwhile, the Company will act as an agency for selling insurance products of PICC Life and PICC Health and PICC Life and PICC Health will pay commissions to the Company. Under these agreements, for the period from 31 August 2025 to 31 December 2025, the aggregate cap for commissions payable by the Company to PICC Life and PICC Health is estimated to be RMB151 million, and the aggregate cap for commissions payable by PICC Life and PICC Health to the Company is estimated to be RMB109 million. For the period from 31 August 2025 to 31 December 2025, the actual aggregate commissions paid by the Company to PICC Life and PICC Health amounted to RMB93 million, and the actual aggregate commissions paid by PICC Life and PICC Health to the Company amounted to RMB19 million.

(VIII) THE AUTO PARTS PROCUREMENT SUPPLEMENTAL CONTRACT AND THE AUTO SPARE PARTS PROCUREMENT CONTRACT WITH BANGBANG AUTO SALES & SERVICES

On 7 February 2024, the Company entered into the Auto Parts Procurement Supplemental Contract with Bangbang Auto Sales & Services. The term of such contract commences from 7 February 2024 and ends upon 6 February 2025. Pursuant to such contract, the Company shall purchase auto spare parts from Bangbang Auto Sales & Services for the maintenance of insured vehicles damaged in accidents, and Bangbang Auto Sales & Services shall supply the goods ordered under the contract, undertake the responsibility of delivery, instalment, adjustment of goods, and provide the Company with services including warranty, maintenance, consultation and training. The Company shall pay the cost of the auto spare parts to Bangbang Auto Sales & Services. Under such contract, during the period from 1 January 2025 to 6 February 2025, the estimated cap for the auto spare parts fees to be paid by the Company to Bangbang Auto Sales & Services is RMB50 million, and the actual auto spare parts fees paid by the Company to Bangbang Auto Sales & Services was RMB23 million. The Company entered into such contract with Bangbang Auto Sales & Services to continue the parties' previous cooperation in the purchase of auto spare parts and continuously improve the Company's service quality and customer satisfaction.

On 17 April 2025, the Company entered into the Auto Spare Parts Procurement Contract with Bangbang Auto Sales & Services. The term of the contract is from 17 April 2025 to 16 April 2026. Pursuant to the contract the Company shall purchase spare parts from Bangbang Auto Sales & Services for the repair of insured vehicles damaged in accidents, and Bangbang Auto Sales & Services shall supply the goods ordered under the Contract to the Company, undertake the responsibility of delivery, instalment and commissioning of goods, and provide the Company with services including warranty, repair, consultation and training. The Company shall pay the cost of the auto spare parts to Bangbang Auto Sales & Services. Under the contract, during the period from 17 April 2025 to 31 December 2025, the cap for the auto spare parts fees to be paid by the Company to Bangbang Auto Sales & Services is estimated to be RMB250 million, and the actual auto spare parts fees to be paid by the Company to Bangbang Auto Sales & Services amounted to RMB135 million. The Company procured auto spare parts by way of bidding and five auto spare parts e-commerce platforms including Bangbang Auto Sales & Services, were confirmed as the successful bidders. The Company entered into the Contract with Bangbang Auto Sales & Services so as to conduct the parties' cooperation in the purchase of auto spare parts and continuously improve the Company's service quality and customer satisfaction.

Between 7 February 2025 and 16 April 2025, the Company did not purchase any auto spare parts from Bangbang Auto Sales & Services for the repair of insured vehicles damaged in accidents.

(IX) THE INSURANCE BROKERAGE BUSINESS COOPERATION AGREEMENT AND THE BUSINESS COOPERATION AGREEMENT WITH PIB

On 15 June 2022, the Company entered into the Insurance Brokerage Business Cooperation Agreement with PIB with a term commencing on 17 June 2022 and expiring on 16 June 2025. Pursuant to such agreement, the Company continues to cooperate with PIB in insurance business. PIB provides insurance brokerage services for the insurance contracts entered into between the insurance purchasers and the Company, and the Company pays brokerage commissions to PIB. Under such agreement, between 1 January 2025 and 16 June 2025, the cap of the brokerage commissions expected to be paid by the Company to PIB was RMB600 million. The actual brokerage commissions paid by the Company to PIB was RMB143 million. The Company entered into such agreement with PIB for the benefit of the resource integration and business synergy with PIB. It is also beneficial for the construction of sales channels of the Company and promotion of the development ability of the Company in the brokerage business market. The agreement between the Company and PIB shall not affect the cooperation between the Company and other insurance brokers companies.

On 16 June 2025, the Company entered into a Business Cooperation Agreement with PIB, effective from 17 June 2025 to 16 June 2028. Pursuant to the agreement, the Company continues to cooperate with PIB in insurance business. PIB provides insurance brokerage services for insurance contracts entered into between the insurance purchasers and the Company, and the Company pays brokerage commissions to PIB. Under the agreement, the annual cap for the brokerage commissions to be paid by the Company to PIB for the Year is RMB600 million, and the actual brokerage commissions paid by the Company to PIB amounted to RMB184 million. The Company entered into the Business Cooperation Agreement with PIB for the benefit of the resource integration and business synergy with PIB, and it is also beneficial for the construction of sales channels of the Company and promotion of the development ability of the Company in the brokerage business market. The Agreement between the Company and PIB shall not affect the cooperation between the Company and other insurance brokers companies.

(X) THE 2025 CUSTOMER SERVICES COOPERATION FRAMEWORK AGREEMENT WITH AIBAO TECHNOLOGY

On 30 December 2024, the Company entered into the 2025 Customer Service Cooperation Framework Agreement with Aibao Technology, with a term commencing from 1 January 2025 and expiring on 31 December 2025. Pursuant to such agreement, Aibao Technology and its subsidiaries shall provide value-added services for customers' motor vehicle insurance, value-added services related to online activities, online advertising services, etc. to the Company, and the Company shall pay service fees to Aibao Technology and its subsidiaries. Value-added services for customers are beneficial to the Company in terms of creating more scenarios and opportunities for the Company to provide services to customers, enhancing the level of customers' perception of the Company's services, raising the frequency of interaction between the Company and its customers, improving customer stickiness and satisfaction as well as promoting the Company's brand influence, which are in line with the Company's business development objectives and conducive to the Company's business development. Under such agreement, the annual cap for the service fees paid by the Company to Aibao Technology and its subsidiaries for the Year was RMB800 million. The actual service fees paid by the Company to Aibao Technology and its subsidiaries for the Year was RMB299 million.

On 29 December 2025, the Company entered into the 2026 Customer Services Cooperation Framework Agreement with Aibao Technology, with a term commencing from 1 January 2026 to 31 December 2026. For relevant details please refer to the Company's announcement dated 29 December 2025.

(XI) THE 95518 ENTRUSTED OPERATION SERVICE FRAMEWORK AGREEMENT WITH PICC TECHNOLOGY

According to PICC Group's plan to build a unified omni-channel intelligent customer service system and the work arrangements for optimizing the technology sector, the 95518 entrusted operation business was transferred from PICC Financial Services to PICC Technology as a whole. On 31 May 2024, the Company entered into the 95518 Entrusted Operation Service Framework Agreement with PICC Technology with a term from the date of signing to 31 December 2025, pursuant to which, PICC Technology shall provide the Company with services relating to nationwide 95518 entrusted operation and construction and operation of regional centres, etc., and the Company shall pay service fees to PICC Technology accordingly. Under such framework agreement, the annual cap of service fees expected to be paid by the Company to PICC Technology for the Year is RMB720 million, and the actual service fees paid by the Company to PICC Technology for the Year amounted to RMB405 million.

On 30 December 2025, the Company entered into the 95518 Customer Service Business Entrusted Operation Service Agreement with PICC Technology, with a term from 1 January 2026 to 31 December 2026. For relevant details please refer to the Company's announcement dated 30 December 2025.

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

On 21 March 2023, the Company entered into the Fully Entrusted Service Agreement for Business Workplace Property Management with PICC Investment and PICC Operation, with a term commencing from 21 March 2023 and expiring on 20 March 2026. Pursuant to such agreement, the Company, PICC Investment and PICC Operation shall jointly formulate the overall work plan, PICC Operation shall provide property management services and property management consultancy services to the Company, and the Company shall pay the property service fees to PICC Operation and shall not be required to pay fees to PICC Investment. Pursuant to such agreement, the estimated annual cap of property service fees paid by the Company to PICC Operation for the Year was RMB388.92 million, and the actual property service fees paid by the Company to PICC Operation for the Year was RMB213 million. PICC Operation has rich experience in property management services and decent management service ability. The Company entered into the Fully Entrusted Service Agreement for Business Workplace Property Management with PICC Investment and PICC Operation in order to focus on the main business responsibilities, further leverage strategic synergies, and accelerate the transition to high-quality development.

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

1. such transactions were entered into in the ordinary and usual course of business;
2. such transactions were on normal commercial terms or better terms; and
3. such transactions were carried out in accordance with the terms of the agreements governing the transactions, the terms were fair and reasonable and in the interests of the shareholders of the Company as a whole.

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

1. nothing has come to their attention that causes them to believe that the continuing connected transactions abovementioned have not been approved by the Company's Board of Directors;
2. for transactions involving the provision of goods or services by the Company and its subsidiaries, nothing has come to their attention that causes them to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Company;
3. nothing has come to their attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
4. with respect to the aggregate amount of each of the continuing connected transactions mentioned above, nothing has come to their attention that causes them to believe that the transactions have exceeded the annual caps set by the Company.

Details of related party transactions defined under accounting standards applicable in preparing the consolidated financial statements of the Company for the Year are set out in note 41 to the consolidated financial statements, among which (ii)–(viii) and (xi)–(xvi) also constitute the Connected Transactions or Continuing Connected Transactions as defined in the Listing Rules. The Company confirms that such related party transactions have fully complied with the relevant provisions of the Listing Rules. The Company complied with the requirements under Chapter 14A of the Listing Rules in the Year.

CORPORATE GOVERNANCE

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

AUDIT COMMITTEE

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

AUDITORS

At the annual general meeting of the Company held on 27 June 2025, Ernst & Young was appointed as the international auditor of the Company and Ernst & Young Hua Ming LLP was appointed as the domestic auditor of the Company to hold office until the conclusion of the next annual general meeting. PricewaterhouseCoopers retired as the international auditor and PricewaterhouseCoopers Zhong Tian LLP retired as the domestic auditor of the Company at the conclusion of the aforesaid annual general meeting held on 28 June 2024.

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

By Order of the Board of Directors
Ding Xiangqun
Chairperson

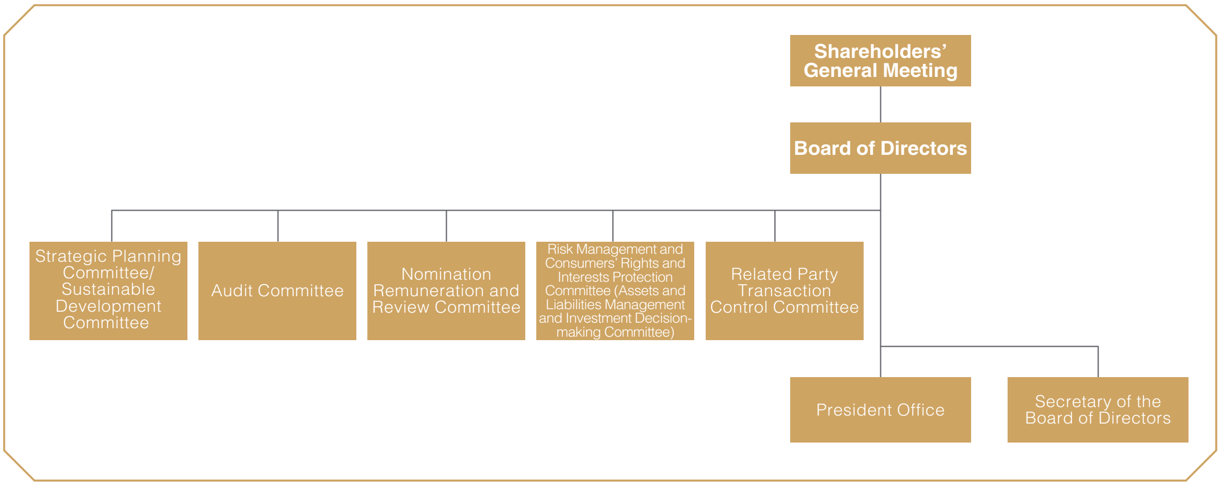
Beijing, the PRC
26 March 2026

Corporate Governance Report

OVERVIEW

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

In 2025, the Company continuously strengthened its internal control and risk management capabilities, refined its management system for related party transactions, and strengthened its compliance development and management in accordance with the Insurance Law of the PRC, the Measures on the Administration of Information Disclosure of Insurance Companies, the Terms of Reference for the Internal Audit of Insurance Institutions and the Measures on the Administration of Related Party Transactions of Banks and Insurance Companies issued by the former CBIRC and the requirements under the applicable code provisions of the Corporate Governance Code and the SFO.



Note: At the annual general meeting of the Company held on 27 June 2025, the shareholders approved the proposed amendments to the Articles of Association by way of a special resolution. The amended Articles of Association became effective on 20 November 2025 (the date of approval by the NFRA). Following the amended Articles of Association becoming effective, the Company no longer maintained a Supervisory Committee, and the former shareholder supervisors, employee supervisors and external supervisors retired from their positions; the former Strategic Planning Committee was renamed as Strategic Planning Committee/Sustainable Development Committee; and the terms of reference of each specialised committee of the Board have been amended.

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

CORPORATE CULTURE

The corporate culture of the Company:

Mission: People's Insurance serves the People
Vision: To build a world-class insurance and financial group.

The Company deeply integrates corporate culture into corporate governance and strategic planning, fosters and practices financial culture with Chinese characteristics, and advances the rooting of corporate culture across the Company's system by launching themed activities such as "Upholding the Political Nature and People-Centered Orientation of Financial Work", and participating in practical case studies and research projects on financial culture. Relying on multi-level, multi-scenario and multi-platform publicity and training, the Company guides its employees to act as advocates, disseminators and practitioners of an excellent corporate culture. A rich variety of cultural activities is carried out to enhance cultural identity and conscious practice. The Company actively promotes the red culture of PICC P&C through mainstream media, tells the stories of PICC P&C in the new era, and fully demonstrates the responsibility of a central state-owned financial enterprise in fulfilling social obligations. The implementation of corporate culture is incorporated into the performance appraisal system. By strengthening cultural soft power, the Company improves the effectiveness of corporate governance, contributing to its high-quality development and supporting the construction of Chinese-style modernization.

BOARD OF DIRECTORS

OVERVIEW

During the Year, the Board convened three shareholders' general meetings and submitted 17 proposals and reports to the shareholders' general meeting, held eleven Board meetings, at which 114 proposals were considered and approved or reviewed, including amendments to the Articles of Association, the Procedural Rules for Shareholders' General Meeting, the Procedural Rules for the Board of Directors and terms of reference of Board committees, the appointment of the temporary responsible officer of the Company, the election of members of the Board committees, the formulation of business development plan, financial plan, capital plan and investment guidelines of the Company, the formulation or revision of rules and regulations in respect of internal control and risk management, and the consideration of financial reports and various special work reports, contributing to enhancing the Company's internal control management, compliance management, and risk management and control capabilities, etc.

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

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

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

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

COMPOSITION

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

Name	Position	Date of commencement of directorship	Term
Ms. Ding Xiangqun	Chairperson, Non-executive Director	30 December 2024	From 30 December 2024 to the expiry of the term of the sixth session of the Board
Mr. Zhang Daoming	Executive Director	22 April 2022	From 8 August 2023 to the expiry of the term of the sixth session of the Board
Mr. Jiang Caishi	Executive Director	9 April 2021	From 8 August 2023 to the expiry of the term of the sixth session of the Board
Mr. Hu Wei	Executive Director	16 March 2023	From 8 August 2023 to the expiry of the term of the sixth session of the Board
Ms. Li Ling *(Note 1)*	Employee Director (Non-executive Director)	4 January 2026	From 4 January 2026 to the expiry of the term of the sixth session of the Board
Mr. Cheng Fengchao	Independent Director	25 November 2022	From 8 August 2023 to the expiry of the term of the sixth session of the Board
Mr. Wei Chenyang	Independent Director	12 January 2023	From 8 August 2023 to the expiry of the term of the sixth session of the Board
Mr. Li Weibin	Independent Director	31 July 2023	From 8 August 2023 to the expiry of the term of the sixth session of the Board
Mr. Qu Xiaobo	Independent Director	12 September 2023	From 12 September 2023 to the expiry of the term of the sixth session of the Board
Ms. Xue Shuang	Independent Director	26 August 2024	From 26 August 2024 to the expiry of the term of the sixth session of the Board
Mr. Yu Ze (resigned) *(Note 2)*	Former Vice Chairman, Executive Director	30 December 2021	From 8 August 2023 to 9 December 2025

Notes:

1. Ms. Li Ling's qualification as a Director was approved by the NFRA on 4 January 2026.

2. Mr. Yu Ze has resigned from the positions of Vice Chairman and Executive Director of the Company with effect from 9 December 2025.

DUTIES AND RESPONSIBILITIES

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

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

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

SUMMARY OF WORK UNDERTAKEN

During the Year, the Board convened three shareholders' general meetings and submitted 17 proposals and reports to the shareholders' general meetings. Eleven Board meetings were convened, at which 114 proposals were considered and approved or reviewed. The attendance record of the Directors at the meetings is as follows:

	Board Meeting		Shareholders' General Meeting	
Name	Number of meetings attended in person/Number of meetings that require attendance	Attendance rate in person	Number of meetings attended/Number of meetings that require attendance	Attendance rate
Ding Xiangqun	10/11	91%	2/3	67%
Zhang Daoming	11/11	100%	3/3	100%
Jiang Caishi	11/11	100%	3/3	100%
Hu Wei	11/11	100%	3/3	100%
Cheng Fengchao	11/11	100%	3/3	100%
Wei Chengyang	11/11	100%	3/3	100%
Li Weibin	10/11	91%	3/3	100%
Qu Xiaobo	11/11	100%	3/3	100%
Xue Shuang	11/11	100%	3/3	100%
Yu Ze	9/9	100%	3/3	100%

Notes:

1. During the Year, a Director resigned. The table above lists the number of shareholders' general meetings and Board meetings held and attended in person by the Director during his term of office in the Year.

2. During the Year, each of Ms. Ding Xiangqun and Mr. Li Weibin appointed another Director as his/her proxy to attend one meeting of the Board.

3. During the Year, the Chairman of the Board held one meeting with the Independent Directors, at which no other Directors attended.

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

- convened three shareholders' general meetings and submitted 17 proposals and reports to the shareholders' general meetings, including the Report of the Board for 2024, the Auditor's Report and the audited financial statements for 2024, the profit distribution plan, the appointment of auditors, the Capital Planning Outline (2025-2027), amendments to the Articles of Association, the Procedural Rules for Shareholders' General Meeting and the Procedural Rules for the Board of Directors;

- appointed temporary responsible officer of the Company, elected members of the specialised committees of the Board, reviewed the report on the results of the economic responsibility audit of relevant senior management, and received work reports from the President and relevant senior management;

- formulated the proposals for amendments to the Articles of Association, Procedural Rules for Shareholders' General Meeting and the Procedural Rules for the Board of Directors, revised the terms of reference of the specialised committees of the Board, considered and approved the Corporate Management Report, the Corporate Governance Report, and the Report on the Evaluation of the Conduct of Controlling Shareholders for 2024;

- considered and approved the revocation of the Haikou Training Centre of the Company;

- considered and approved the 2024 annual and 2025 interim financial reports and results announcements, the financial statements and results announcements for the first and third quarters of 2025, the Management Discussion and Analysis, the information disclosure report, the special financial report on compulsory motor vehicle third party liability insurance, and the report on write-off of bad debts of receivables of the Company for 2024;

- considered and approved the business development and financial plan, capital expenditure plan, strategic allocation plan for invested assets for 2025 and 2025 allocation plan report and relevant investment guidelines of the Company, the launch of gold investment business, and the appointment of additional domestic custodian banks;

- considered and approved the 2025 annual audit plan, 2024 annual internal audit work report, internal control assessment report, anti-money laundering and counter-terrorist financing work report, and management letters of the Company; reviewed the 2024 special audit report on anti-money laundering; revised the compliance management measures; reviewed and continuously enhanced the effectiveness of the Company's internal control;

- considered and approved the 2024 annual risk assessment report, strategic risk management report, operational risk management report, case risk prevention and control evaluation report, reputation risk assessment report, solvency position and audit report, solvency stress test report, solvency reports for the fourth quarter of 2024 and the second quarter of 2025 of the Company; reviewed the reports on the results of the special audit of the solvency risk management system for 2024 and 2025, and the 2025 information technology risk management report; revised the comprehensive risk management measures and other risk management measures of the Company; formulated the 2025 risk appetite statement and risk tolerance indicators of the Company; reviewed and continuously improved the effectiveness of the Company's risk management;

- considered and approved the digital development action plan, 2024 annual development plan implementation evaluation report, 2025-2027 capital planning of the Company, and revised the strategic management procedures of the Company;

- considered and approved the 2024 annual asset and liability management report of the Company; reviewed the report on the results of the asset and liability management audit for 2024; formulated the overall goals and strategies of the asset and liability management of the Company to meet regulatory requirements;

- considered and approved the 2024 Sustainability Report, the inclusive insurance development report, 2024 consumer rights protection reports and 2025 work plan of the Company; formulated the insurance anti-fraud measures and ESG investment management measures of the Company;

- considered and approved the procurement of equipment of the Company, related-party transactions between the Company and its subsidiaries, affiliated branches and relevant subsidiaries and affiliated branches of PICC Group, the 2025 annual report on the limits of related-party transactions between Directors, supervisors, senior management and the Company, the 2024 annual report on the implementation of related-party transactions, and the report on the results of the related-party transaction management audit; and

- received the work report of the President for 2024, the work reports of the Responsible Financial Officer for 2024 and the first half of 2025, the rectification progress of various regulatory evaluation issues and the implementation status of previous Board resolutions.

DIRECTORS

ELECTION AND RE-ELECTION OF DIRECTORS

According to the Articles of Association and the Terms of Reference of the Nomination, Remuneration and Review Committee of the Board, the election procedure for non-employee Directors is as follows: upon nomination by the Board and review by the Nomination, Remuneration and Review Committee, the nominees shall be submitted to the Board for consideration and approval, and then submitted to the shareholders' general meeting for election. The nominees shall be officially appointed upon the approval of their qualifications by the NFRA. Employee Directors shall be democratically elected by the employees of the Company through the meeting of employees' representatives, the meeting of employees or other forms, and shall be formally appointed after their qualifications have been approved by the NFRA. The procedures of re-election of Directors are the same, except that they are no longer required to be submitted and reported to the NFRA for qualification approval.

REMOVAL OF DIRECTORS

According to the Articles of Association, the removal of a non-employee Director shall be effected by way of an ordinary resolution, and the removal of an Independent Director shall be effected by way of a special resolution at the shareholders' general meeting. Employee Directors shall be democratically elected by the employees of the Company through the meeting of employees' representatives, the meeting of employees or other forms, and may be removed from office through the same procedures.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

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

The Directors are responsible for the preparation of annual, interim and quarterly financial statements for every financial year which shall give a true and fair view of the business operations of the Company in accordance with the accounting standards issued by the Hong Kong Institute of Certified Public Accountants and through the consistent adoption of appropriate accounting policies and, subject to compliance with the Hong Kong Financial Reporting Standards, the implementation of the regulations on accounting treatment issued by the Ministry of Finance of the PRC and the NFRA. The Directors acknowledge their responsibilities for preparing the financial statements of the Company for the year ended 31 December 2025, which shall present a true and fair view of the affairs of the Company and its subsidiaries and of the results and cash flows of the Company and its subsidiaries. The Directors are not aware of any event or condition which may cause material adverse impact on the Company's ability to continue as a going concern.

SECURITIES TRANSACTIONS

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

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

INDEPENDENCE OF INDEPENDENT DIRECTORS

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

MECHANISMS FOR THE BOARD TO OBTAIN INDEPENDENT VIEWS AND OPINIONS

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

DIRECTORS' CONTINUOUS PROFESSIONAL DEVELOPMENT

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

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

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

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

Ms. Ding Xiangqun: attended trainings and meetings organized by PICC Group relating to directors' duties, and gained an in-depth understanding of regulatory requirements on PRC and overseas laws and regulations, information disclosure, connected transactions, continuing obligations of directors, and corporate governance.

Mr. Zhang Daoming: attended trainings and meetings relating to directors' duties organized by PICC Group, the Company and PICC Life Insurance Company Limited, as well as external competency-building courses, and gained an in-depth understanding of regulatory requirements on PRC and overseas laws and regulations, information disclosure, connected transactions, continuing obligations of directors, and corporate governance.

Mr. Jiang Caishi: attended trainings and meetings relating to directors' duties organized by PICC Group, the Company and PICC Reinsurance Company Limited, as well as external competency-building courses, and gained an in-depth understanding of regulatory requirements on PRC and overseas laws and regulations, information disclosure, connected transactions, continuing obligations of directors, and corporate governance.

Mr. Hu Wei: attended trainings and meetings relating to directors' duties organized by PICC Group and the Company, as well as external competency-building courses, and gained an in-depth understanding of regulatory requirements on PRC and overseas laws and regulations, information disclosure, connected transactions, continuing obligations of directors, and corporate governance.

Mr. Cheng Fengchao: attended trainings and meetings relating to directors' duties organized by the Company, as well as various external competency-building trainings, and gained an in-depth understanding of regulatory requirements on PRC and overseas laws and regulations, information disclosure, connected transactions, continuing obligations of directors, and corporate governance, and continued to conduct research on high-quality development and improvements in corporate governance of listed companies.

Mr. Wei Chenyang: attended trainings and meetings relating to directors' duties organized by the Company, as well as various external competency-building trainings, and gained an in-depth understanding of regulatory requirements on PRC and overseas laws and regulations, information disclosure, connected transactions, continuing obligations of directors, and corporate governance, and continued to conduct research on corporate finance and corporate governance.

Mr. Li Weibin: attended trainings and meetings relating to directors' duties organized by the Company, as well as various external competency-building trainings, and gained an in-depth understanding of regulatory requirements on PRC and overseas laws and regulations, information disclosure, connected transactions, continuing obligations of directors, and corporate governance, and continued to conduct research on corporate finance, corporate governance and revisions to relevant laws and regulations.

Mr. Qu Xiaobo: attended trainings and meetings relating to directors' duties organized by the Company, as well as various external competency-building trainings, and gained an in-depth understanding of regulatory requirements on PRC and overseas laws and regulations, information disclosure, connected transactions, continuing obligations of directors, and corporate governance, and continued to conduct research on new-energy vehicle insurance and corporate governance.

Ms. Xue Shuang: attended trainings and meetings relating to directors' duties organized by the Company, as well as various external competency-building trainings, and gained an in-depth understanding of regulatory requirements on PRC and overseas laws and regulations, information disclosure, connected transactions, continuing obligations of directors, and corporate governance, and continued to monitor and research the impact of corporate governance, the new insurance accounting standards and sustainability-related disclosure requirements.

Note: Ms. Li Ling is a first-time Director of the Company with a term of office commencing from 4 January 2026. Pursuant to Rule 3.09D of the Listing Rules, prior to her appointment, Ms. Li Ling have obtained relevant legal opinions from the Company's Hong Kong legal adviser, Clifford Chance, on 26 December 2025 and have confirmed that she understood her obligations as a director of a listed issuer. She will complete no less than 24 hours of continuous professional development training as required by Rule 3.09F of the Listing Rules within 18 months after her appointment, as stipulated under Rule 3.09H of the Listing Rules.

CHAIRPERSON/PRESIDENT

Mr. Yu Ze resigned from the position of President of the Company on 9 December 2025. The Board appointed Mr. Zhang Daoming as the temporary responsible officer of the Company. As at the date of this report, Ms. Ding Xiangqun served as the Chairperson of the Board of the Company and Mr. Zhang Daoming served as the temporary responsible officer of the Company.

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

The duties and responsibilities of the Chairperson are as follows:

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

The duties and responsibilities of the President are as follows:

- to be in charge of the operation and management of the Company and organise the implementation of the Board resolutions;
- to organise the implementation of the Company's annual business plans and annual investment plans;

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

STRATEGIC PLANNING COMMITTEE/SUSTAINABLE DEVELOPMENT COMMITTEE

OVERVIEW

During the Year, the Strategic Planning Committee/Sustainable Development Committee continued to duly perform its duties including strategic planning and consideration of sustainable development related matters, and continued to supervise the corporate governance of the Company.

COMPOSITION

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

Chairperson: Ding Xiangqun (Chairperson of the Board, Non-executive Director)
Members: Yu Ze (former Vice Chairperson, Executive Director, resigned), Jiang Caishi (Executive Director), Qu Xiaobo (Independent Director)

Note: Mr. Yu Ze resigned from the positions of Vice Chairperson of the Board and Executive Director on 9 December 2025, and his position as a member of the Strategic Planning Committee/Sustainable Development Committee also ceased simultaneously.

DUTIES AND RESPONSIBILITIES

To organise the management and relevant departments of the Company to conduct feasibility study and scientific demonstration of the development planning; to formulate the development planning proposal and submit the proposal to the board of directors for consideration; at the end of the year of planning and at the end of the term under planning, organise to conduct the assessment of the implementation of the planning work, prepare the assessment report and submit the report to the board of directors for consideration; to consider the Company's business plans, material investments, financing plans, annual budget plan and final accounts report, plans for the distribution of profits and recovery of losses, plans for the disposal of material assets, plans for the issue of shares and bonds, plans for the significant adjustment of organisational structure of the Company and plans for the amendment of the Articles of Association; to formulate and review the corporate governance policies and norms of the Company; to formulate and amend policies of the Company relating to environment, society, governance and other enterprise social responsibilities, to review related matters and to report and propose to the board of directors; to be responsible for green finance, to supervise and evaluate the implementation of the Company's green finance development strategy; to exercise any other functions and powers conferred by laws and regulations, regulatory provisions, the Articles of Association or the board of directors.

SUMMARY OF WORK UNDERTAKEN

During the Year, the Strategic Planning Committee/Sustainable Development Committee held eight meetings and considered and approved or reviewed 25 proposals. The attendance record of committee members at the meetings is as follows:

Name	Ding Xiangqun	Jiang Caishi	Qu Xiaobo	Yu Ze
Number of meetings attended in person/ Number of meetings that require attendance	8/8	8/8	8/8	7/7
Attendance rate in person	100%	100%	100%	100%

Note: During the Year, a member of the Strategic Planning Committee/Sustainable Development Committee resigned. The table above lists the number of meetings held and the number of meetings attended in person by the member during his term of office in the Year.

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

- considered and approved the 2025 business development and financial plan, capital expenditures plan, procurement of core equipment, 2024-2025 desktop equipment procurement and write-off of information technology equipment of the Company;
- considered and approved the 2024 final and 2025 interim profit distribution plans of the Company;
- considered and approved amendments to the Articles of Association, the Procedural Rules for Shareholders' General Meeting, the Procedural Rules for the Board of Directors and the Terms of Reference of the Strategic Planning Committee of the Board;

- considered and approved the digital development action plan, the 2024 report on the evaluation of the conduct of controlling shareholders, the development plan implementation evaluation report and the strategic risk management report;

- considered and approved the revocation of the Haikou Training Centre of the Company;

- considered and approved the formulation of the ESG investment management measures of the Company, the 2024 Sustainability Report and the inclusive insurance development report;

- reviewed and monitored the corporate governance policies and practices of the Company;

- reviewed and monitored the training and continuous professional development of Directors and senior management of the Company;

- reviewed and monitored the policies and practices of the Company on compliance with legal and regulatory requirements;

- reviewed and monitored the regular update of the Normative Manual on Rights and Duties by the Company; and

- considered the Company's compliance with the Corporate Governance Code, the Company's 2024 Corporate Governance Report and Corporate Management Report.

AUDIT COMMITTEE

OVERVIEW

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

COMPOSITION

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

Chairperson: Xue Shuang (Independent Director)
Members: Cheng Fengchao (Independent Director), Wei Chenyang (Independent Director), Li Weibin (Independent Director), Li Ling (Employee Director/Non-executive Director)

Note: At the 25th meeting of the sixth session of the Board held on 26 December 2025, Ms. Li Ling was elected as a member of the Audit Committee. Ms. Li Ling's term as a member commenced on 4 January 2026 (being the date on which her qualification as a Director was approved).

DUTIES AND RESPONSIBILITIES

To examine the internal audit management system of the Company and make suggestions to the board of directors; to direct the effective operation of the internal audit of the Company, examine the annual internal audit plan, internal audit budget and human resources plan of the Company and make suggestions to the board of directors, and be responsible to manage and implement these plans after approval by the board of directors; to examine the internal audit work reports, assess the result of internal audit work and prompt the rectification of significant issues; to assess the responsible auditing officer's work and provide opinions to the board of directors, be briefed with the report by the responsible auditing officer on the audit work progress at least once every quarter; to propose the appointment of external audit firms; to regularly review the internal control assessment report submitted by the internal audit department; to provide opinions and improvement suggestions to the board of directors as to the matters relating to the internal control of the Company; to examine the financial affairs of the Company; to supervise the acts of the directors, president and other senior management personnel in the performance of their duties, and propose the removal of the directors, president and other senior management personnel who have violated laws, regulations, the Articles of Association or the resolutions of the shareholders' general meeting; to require the directors, president and other senior management personnel to correct their acts if such acts damage the interests of the Company; to propose to convene extraordinary general meetings, and convene and preside over the extraordinary general meetings when the board of directors fails to implement the duties to convene and preside over the shareholders' general meetings as prescribed in the Articles of Association; to initiate lawsuits against the directors and senior management personnel according to the Company Law; to present proposals to the shareholders' general meetings; to nominate independent directors; to provide opinions to the board of directors on the appointment and dismissal of the responsible financial officers; to provide opinions to the board of directors on the appointment and dismissal of the accounting firm that undertakes the Company's audit work; to provide opinions to the board of directors on the disclosure of financial accounting reports; to exercise any other functions and powers conferred by laws and regulations, regulatory provisions, the Articles of Association or the board of directors.

REMUNERATION OF AUDITORS

During the Year, the Company paid RMB18.21 million for audit-related services, including the fees for the audit of the financial statements for 2025 and the review of the interim financial statements for 2025. During the Year, there was no non-audit related services. Therefore, no such non-audit related services fee was paid.

SUMMARY OF WORK UNDERTAKEN

During the Year, the Audit Committee held eight meetings and considered and approved or reviewed 39 proposals. The attendance record of committee members at the meetings is as follows:

Name	Xue Shuang	Cheng Fengchao	Wei Chenyang	Li Weibin
Number of meetings attended in person/ Number of meetings that require attendance	8/8	8/8	7/8	8/8
Attendance rate in person	100%	100%	88%	100%

Note: During the Year, Mr. Wei Chenyang appointed another committee member as his proxy to attend one meeting of the Audit Committee.

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

Engagement of and communication with the auditors:

- considered the auditors' reports on the work results of the audit work for 2024 and on the interim review work for 2025, the results of agreed-upon procedures performed on financial information for the third quarter of 2025 and the audit plan for 2025; and
- considered and approved the proposal for the engagement of auditors for 2025, and obtained approvals from the Board and the shareholders' general meeting for the engagement proposal.

Reviewing the financial reports, etc.:

- considered and approved the 2024 annual and 2025 interim financial reports and results announcements of the Company, the financial statements and results announcements for the first and third quarters of 2025, the 2024 information disclosure report, the special financial report on compulsory motor vehicle third-party liability insurance, the solvency stress test report, the remuneration management status, the solvency reports for the fourth quarter of 2024 and the second quarter of 2025, and the 2025 report on the development of equity and real estate investment management capabilities; and
- reviewed the report on write-off of bad debts of receivables of the Company.

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

- considered and approved the amendments to the Terms of Reference of the Audit Committee of the Board;
- considered and approved the 2024 Corporate Management Report and internal control assessment report of the Company;
- considered and approved the 2024 management recommendation letter of the Company; and
- supervised and provided guidance on the internal audit work to ensure that the internal audit function of the Company has sufficient resources and appropriate standing, and reviewed and monitored its effectiveness; supervised and provided guidance on financial accounting work. Specifically, it considered and approved the 2025 annual audit plan of the Company and the 2024 solvency position and audit report, received reports from the Responsible Audit Officer on the progress of audit work on a quarterly basis, and reviewed the 2024 work summary and 2025 work plan of the Financial Accounting Department of the Company, the 2024 and 2025 special audit reports on the solvency risk management system, the 2024 internal audit work report, the asset and liability management audit results report, the related-party transaction management audit results report, the anti-money laundering special audit report and the economic responsibility audit reports for relevant senior management during their terms of office.

NOMINATION, REMUNERATION AND REVIEW COMMITTEE

OVERVIEW

During the Year, the Nomination, Remuneration and Review Committee proposed the candidate for the temporary responsible officer to the Board, studied the proposal for amendments to the Terms of Reference of the Nomination, Remuneration and Review Committee of the Board, and evaluated the performance of Directors and Independent Directors, etc.

COMPOSITION

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

Chairperson:	Cheng Fengchao (Independent Director)
Members:	Wei Chenyang (Independent Director), Li Weibin (Independent Director), Xue Shuang (Independent Director)

DUTIES AND RESPONSIBILITIES

To propose and examine the selection and appointment system, the appraisal standards and the remuneration and incentive measures for directors and senior management personnel; to examine the candidates for directors and senior management personnel and make suggestions to the board of directors; to conduct performance appraisal of senior management personnel and provide advice to the board of directors; to keep an eye on whether directors and senior management personnel continue to possess the qualifications for being directors and senior management personnel, and propose to the board of directors for the removal of directors or senior management personnel who are disqualified from being directors or senior management personnel during the course of their tenures; to submit to the board of directors the list of qualified candidates for directors; to nominate independent directors; to exercise any other functions and powers conferred by laws and regulations, regulatory provisions, the Articles of Association or the board of directors.

NOMINATION OF DIRECTORS AND POLICY ON DIVERSITY OF BOARD MEMBERS

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

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

The Company currently has ten Directors, consisting of two Non-executive Directors (including Ms. Ding Xiangqun and Ms. Li Ling (Employee Director)), three Executive Directors (including Mr. Zhang Daoming, Mr. Jiang Caishi and Mr. Hu Wei), and five Independent Directors (including Mr. Cheng Fengchao, Mr. Wei Chenyang, Mr. Li Weibin, Mr. Qu Xiaobo and Ms. Xue Shuang). The Non-executive Directors are from the shareholders' entities and the Company respectively, and together with the three Executive Directors, they have rich experience in the operation and management of insurance institutions and relevant professional expertise. The five Independent Directors (one of whom is from Hong Kong) are experts in accounting research, financial management, corporate governance, financial insurance, legal affairs, intelligent transportation and new energy vehicles, and are able to provide the Company with professional advice in various fields. The biographical details of the Directors are set out in the section headed "Biographical Details of Directors and Senior Management" in this annual report.

In view of the above information on the professional background, composition, age and gender of the current Directors of the Company, the Nomination, Remuneration and Review Committee is of the view that the Board is able to meet the diversity requirement (including gender diversity). In addition, the Nomination, Remuneration and Review Committee will review the Board Diversity Policy and the measurable objectives to ensure the effectiveness of the Policy. During the Year and up to the date of this report, the Board has three female members. In its future selection and nomination of suitable candidates for election, the Company will continue to increase the proportion of female Directors and improve gender diversity in line with the expectations of stakeholders and recommended best practice. Furthermore, as at 31 December 2025, the proportion of female employees in the Company's whole system was 46.49%. As to date, the Company has one female member in its senior management. In the process of daily personnel management, the Company will continue to strengthen the care of female employees, abide by the requirements of Law on the Protection of Women's Rights and Interests and Labor Law of the PRC for the protection of women's rights and interests, and fully protect the rights and interests of female employees such as equal employment, rest and leave, and career development.

REMUNERATION OF DIRECTORS AND OTHER SENIOR MANAGEMENT

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

REMUNERATION POLICY OF THE COMPANY

The remuneration policy of the Company adheres to the guiding principle of "distribution according to work accomplished, performance-linked, gross controlled, and market-oriented" and implements a job sequence-based, market-oriented and performance-based remuneration incentive system. Based on job sequences, the remuneration will be paid based on the job value as well as performance contribution to ensure a fair and reasonable distribution. From a market-oriented perspective, emphasis is placed on aligning remuneration levels with labour market rates to ensure the external competitiveness; and by basing on performance, bonuses are linked with and inter-related to business performance, highlighting contribution to business. The Company also implements an employee benefits plan in accordance with relevant laws and regulations and its operating performance to provide reasonable protection for the employees.

SUMMARY OF WORK UNDERTAKEN

During the Year, the Nomination, Remuneration and Review Committee held three meetings, considered and approved 5 proposals, and discussed matters related to the candidate for the temporary responsible officer, amendments to the Terms of Reference of the Nomination, Remuneration and Review Committee, the performance of Directors and the evaluation results, the performance of Independent Directors, and the remuneration of Directors, Supervisors and senior management. The attendance record of committee members at the meetings is as follows:

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

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

- proposed to the Board the appointment of the temporary responsible officer of the Company;
- considered and approved the amendments to the Terms of Reference of the Nomination, Remuneration and Review Committee of the Board; and
- considered and approved the report on the performance of Directors and the evaluation results, the performance report of Independent Directors and the Corporate Management Report for 2024 of the Company.

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

OVERVIEW

During the Year, the Risk Management and Consumers' Rights and Interests Protection Committee (Assets and Liabilities Management and Investment Decision-making Committee) continued to supervise the operation of the risk management system of the Company, strengthened risk management and investment decision-making management, prevented and controlled operational and management risks, enhanced asset and liability management, safeguarded consumers' rights and interests, and considered and approved or reviewed various matters, systems and reports in respect of risk management, consumers' rights and interests protection, asset and liability management and investment.

COMPOSITION

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

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

DUTIES AND RESPONSIBILITIES

To comprehensively understand the various major risks faced by the Company and their management status; to be responsible for the board of directors by submitting working report of the consumers' rights and interests protection and annual report, undertaking relevant work with authorisation granted by the board of directors, discussing and determining relevant matters, and analysing substantial issues and important policies in relation to protection of consumers' rights and interests; to instruct and promote establishment and improvement of the management system of the consumers' rights and interests protection, ensuring such system and relevant rules are in line with the corporate governance, corporate culture development and operational development strategy; to supervise the senior management and the consumers' rights and interests protection department for comprehensiveness, efficiency and effectiveness of their work in accordance with regulatory requirements, strategies and policies for protection of consumers' rights and interests, implementation of goals and enforcement of assigned work; to hold regular meetings for consumers' rights and interests protection reviewing working reports of the senior management and the consumers' rights and interests protection department, to analyse the annual audit report relating to consumers' rights and interests protection, regulatory correspondence and internal assessment results, and to urge the senior management and relevant departments to timely fix issues spotted during the work review; to examine the overall objective, basic policies and working systems of the Company on risk management; to examine the risk preference and risk tolerance of the Company; to examine the Company's risk management organisational structure settings and responsibilities; to evaluate the risks of the Company's major business and management matters, and to continuously follow up with the various risks faced by the Company and their management status; to evaluate the operation effectiveness of the risk management systems; to examine the solutions to the Company's material risk events; to manage assets and liability of the Company, to take charge of examining the asset-liability management system and the annual asset-liability management report of the Company; to examine the management model, strategies on utilisation and investment strategies of the insurance funds of the Company; to examine the establishment and implementation of the risk control system on utilisation of the insurance funds; to formulate the strategic allocation plans of assets on utilisation of the insurance funds; to deliberate and approve the basic system for compliance management; to decide on the setting up of the compliance management department; to decide on the appointment or dismissal of the chief compliance officer, and to assist the board of directors with establishing a mechanism for direct communication with the chief compliance officer; to decide on the dismissal of senior management personnel who are mainly accountable or accountable as leaders for the occurrence of major illegalities and irregularities or major compliance risks; to assist the board of directors in evaluating the effectiveness of compliance management and the level of compliance culture construction, and urge the resolution of major issues in compliance management and the compliance culture construction; to exercise any other functions and powers conferred by laws and regulations, regulatory provisions, the Articles of Association or the board of directors.

SUMMARY OF WORK UNDERTAKEN

During the Year, the Risk Management and Consumers' Rights and Interests Protection Committee (Assets and Liabilities Management and Investment Decision-making Committee) held nine meetings and considered and approved or reviewed 40 proposals. The attendance record of committee members at the meetings is as follows:

Name	Zhang Daoming	Jiang Caishi	Hu Wei	Cheng Fengchao	Wei Chenyang	Qu Xiaobo	Yu Ze
Number of meetings attended in person/ Number of meetings that require attendance	9/9	9/9	9/9	9/9	9/9	9/9	7/8
Attendance rate in person	100%	100%	100%	100%	100%	100%	88%

Notes: 1. During the Year, a member of the Risk Management and Consumers' Rights and Interests Protection Committee (Assets and Liabilities Management and Investment Decision-making Committee) resigned. The table above lists the numbers of meetings held and attended by each member in person during his term of office in the Year.

2. During the Year, Mr. Yu Ze appointed another committee member as his proxy to attend one meeting of the Risk Management and Consumers'Rights and Interests Protection Committee (Assets and Liabilities Management and Investment Decision-making Committee).

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

- considered and approved the Risk Assessment Report for 2024, inspected the risk management and internal control system of the Company and reviewed the effectiveness of the risk management and internal control policies and procedures and risk management and internal control system of the Company; formulated the risk preference statement and risk tolerance indicators of the Company for 2025, considered and approved the 2024 annual case risk prevention and control evaluation report, report on effectiveness evaluation of insurance fraud risk management system, solvency position and audit report, solvency stress test report, solvency report for the fourth quarter of 2024, operational risk management report for the first quarter and first half of 2025, reviewed the operational risk management report for 2024, the first quarter and the first half of 2025, anti-money laundering and anti-terrorism financing work report for 2024, report on special audit results of solvency risk management system, reputation risk assessment report, information technology risk management report, supervised reporting and rectifying status, and listened to the report on matters relating to reputation risk in the comprehensive risk rating;

- considered and approved the results of consumer protection assessment for 2024, the report on insurance consumers' rights and interests protection, the regulatory evaluation on consumers' rights and interests protection and problem rectification, the work plan on consumers' rights and interests protection for 2025, and the internal audit report on consumers' rights and interests protection for 2024 and the first half of 2025 of the Company;

- considered and approved the report on assets and liabilities management for 2024 and the report on audit results of assets and liabilities management of the Company;

- considered and approved the business development plan and finance plan for 2025, the strategic allocation plans of the investment assets and the 2025 allocation plan report as well as the relevant investment guidelines of the Company, the Capital Planning (2025-2027), the Company's launch of gold investment business and the appointment of additional domestic custodian banks; and

- considered and approved the formulation of the compliance management measures, insurance anti-fraud work measures, the amendments to the Terms of Reference of the Risk Management and Consumers' Rights and Interests Protection Committee (Assets and Liabilities Management and Investment Decision-making Committee) of the Board, the investment asset risk classification management measures, and the management measures relating to comprehensive risk, reputation risk, strategic risk, market risk, insurance risk, credit risk, money laundering and terrorist financing risk of the Company.

RELATED PARTY TRANSACTION CONTROL COMMITTEE

OVERVIEW

During the Year, the Related Party Transaction Control Committee was responsible for the management, examination and risk control of related party transactions, so as to protect the legitimate rights and interests of all shareholders.

COMPOSITION

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

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

DUTIES AND RESPONSIBILITIES

To review the related party transaction management system of the Company and its implementation; to conduct overall management over identifying and maintaining related parties; to manage, review, record, approve and control the related risks of related party transactions; to conduct overall management over information disclosure and report of related party transactions; to exercise any other functions and powers conferred by laws and regulations, regulatory provisions, the Articles of Association or the board of directors.

SUMMARY OF WORK UNDERTAKEN

During the Year, the Related Party Transaction Control Committee held seven meetings and considered and approved 18 proposals. The attendance record of committee members at the meetings is as follows:

Name	Li Weibin	Zhang Daoming	Jiang Caishi	Qu Xiaobo	Xue Shuang
Number of meetings attended in person/ Number of meetings that require attendance	7/7	7/7	6/7	7/7	6/7
Attendance rate in person	100%	100%	86%	100%	86%

Note: During the Year, Mr. Jiang Caishi and Ms. Xue Shuang each appointed another committee member as their proxy to attend one meeting of the Related Party Transaction Control Committee.

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

- considered and approved the report on the implementation of related party transactions for 2024, the Corporate Management Report, amendments to the Terms of Reference of the Related Party Transaction Control Committee of the Board, and the transaction amount of related party transactions between Directors, Supervisors, senior management and the Company for 2025; and

- considered and approved the Auto Spare Parts Procurement Contract with Bangbang Auto Sales & Services, the Supplemental Asset Management Agreement with PICC AMC, the 2025 Standard Agreement on Policy Agricultural Insurance Reinsurance with China Agricultural Reinsurance Co., Ltd., the Business Cooperation Agreements with each of ZHONGSHENG International Insurance Brokers Co., Ltd. and PIB, the renewal of the Asset Management Agreements with each of PICC AMC and PICC Capital, the Mutual Agency Agreements with each of PICC Life and PICC Health, the 2025 Service Agreement, the 2026 to 2028 Technology Service Agreement and the 95518 Customer Service business Entrusted Operation Service Agreement with PICC Technology, the Supplemental Agreement to the Exclusive Asset Management Product Authorization Agency Agreement for Supporting Agriculture and Small Enterprises with PICC Capital, the 2026 Customer Service Cooperation Framework Agreement with Aibao Technology, the 2026 Reinsurance Framework Agreements with each of PICC Reinsurance and PICC HK, and other material related party transactions or unified transaction agreements.

INTERNAL CONTROL

In accordance with the Basic Rules for Internal Control of Enterprises and their supporting guidelines and explanation and the Basic Standards for Internal Control of Insurance Companies and other laws and regulations, the Company conducted a self-assessment of the effectiveness of its internal control as of 31 December 2025 in terms of daily supervision and supervision of particular matters. The Board and the Audit Committee have completed a review of the effectiveness of the internal control system of the Company as of 31 December 2025, considered and discussed the Internal Control Assessment Report of the Company for 2025 to review and continuously improve the effectiveness of the internal control systems of the Company and its subsidiaries.

The Board of the Company is responsible for establishing, improving and effectively implementing internal control. The Supervisory Committee (formerly), and the Audit Committee of the Board (after the dissolution of the Supervisory Committee), shall supervise the establishment and implementation of internal control by the Board. The management is responsible for organising and leading the daily operation of the Company's internal control. In internal control assessment, the Board of the Company is responsible for determining material weaknesses in internal control and approving the annual internal control assessment reports. The President Office leads and organises internal control assessment in accordance with the requirements of the Board, and approves the internal control assessment work plan as authorised by the Board. The Legal Affairs and Compliance Department is responsible for organising and implementing the internal control assessment work. All departments of the head office, direct subordinate units, provincial branches and subsidiaries participating in the assessment have set up internal control assessment teams to carry out assessments on the business areas and operating units within the scope of assessment.

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

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

In 2025, the Company's audit work adhered to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, grounded itself in the role of economic supervision, focused on its core responsibilities and main business, and closely aligned with the central tasks of PICC Group and the Company. A total of 510 audit projects of various types were completed, covering the head office, all 37 provincial-level institutions and 2 subsidiaries of the Company.

RISK MANAGEMENT

The Company has upheld the overall risk management objective of "operational compliance, asset safety, sufficient capital and value creation", vigorously upheld the bottom line of abiding by laws and regulations and avoiding systemic risks, and managed to contain the operational risk within its risk tolerance. In terms of organizational structure, the Board bears the ultimate responsibility for the integrity and effectiveness of the risk management system, and continuously pays attention to the effectiveness of risk management by approving matters including risk appetite, risk management policies, risk management organizational structure, solutions to material risk events and annual risk management-related reports. The risk-management-related specialised committee under the Board performs risk management duties under the authorization of the Board. The Audit Committee under the Board performs the relevant duties of the former Supervisory Committee, including supervising the risk management-related decisions of the Board and supervising the performance of risk management duties by the Directors and senior management. The senior management is responsible for organizing and implementing risk management work, and is accountable to the Board for the effectiveness of risk management. The Risk Compliance Committee under the senior management is responsible for coordinating and promoting risk management, internal control and compliance work, and providing professional support for the decision-making of the senior management. The Risk Management Department is established separately, and is responsible for leading the construction of the comprehensive risk management system, guiding and supervising all departments and institutions at all levels to carry out comprehensive risk management work, and leading the management of insurance risk, operational risk and credit risk at the same time; the General Department, Strategy Department and Treasury Department lead the management of reputational risk, strategic risk, market risk and liquidity risk respectively; other departments undertake specific risk management work in their functional areas in accordance with their departmental duties and are responsible for the effectiveness of risk management. Provincial branches have set up Risk Management Departments to undertake risk management functions and are staffed with risk management personnel. At the policy and systems level, in 2025, the Company revised and issued the overall risk management policy and the management provisions on major risk categories including insurance, market, credit, strategy and reputation; various functional departments formulated and revised relevant risk management systems in light of the actual conditions of their respective lines and functional areas, and the Company's risk management systems are relatively robust.

In 2025, focusing on PICC Group's strategic requirement of "building a first-class enterprise" and firmly practicing the mission of "People's Insurance, Serving the People", the Company persisted in high-quality development. The Company's risk management systems were more comprehensive, mechanisms and processes were smoother, tools and methods continued to be upgraded, professional capabilities were continuously improved, and prevention and control effects were more robust.

Firstly, the Company comprehensively improved the effect of risk prevention and control. The Company continuously improved the top-level design of risk management and revised the Comprehensive Risk Management Policy of the Company; the Company completed the rectification work for SARMRA (solvency aligned risk management requirements and assessment) assessment and comprehensive risk rating, and the Company's comprehensive risk rating was upgraded to A. Secondly, the Company improved risk assessment and dynamic risk monitoring, and provided timely risk early warning. The Company monitored and assessed the Company's major risk conditions, carried out risk monitoring and control in key areas, and issued timely risk early warnings or reminders. Thirdly, the Company optimized and upgraded tools and methods to improve the digitalisation and intelligence of risk management. Through technology empowerment, the Company improved the intelligent level of risk management line work and enhanced the effect of risk control. Fourthly, the Company continuously strengthened the construction of capital management framework. The Company reasonably forecasted capital demand, prudently planned capital replenishment to ensure capital adequacy, and continuously enhanced the foresight of capital management. Fifthly, the Company promoted the cultivation of risk management culture and improved the risk and compliance performance appraisal mechanism. The Company held a series of risk management training, improved the risk and compliance performance appraisal mechanism, and further strengthened the construction of the risk management team.

In 2025, the Company has maintained stable and adequate solvency, and maintained the comprehensive risk rating and the evaluation results of solvency risk management at sound levels. The Board reviewed and discussed the risk assessment report and solvency report for the last year, and believed that the effectiveness of the Company's risk management system complied with the relevant requirements of the Hong Kong Stock Exchange.

WHISTLEBLOWING AND ANTI-CORRUPTION POLICIES AND SYSTEMS

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

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Board of Directors is responsible for supervising the Company's commitment and performance on key environmental, social and governance ("ESG") issues, formulating and revising the Company's policies on ESG and other corporate social responsibility, reviewing the Company's ESG management system development plan and disclosure materials of ESG and other corporate social responsibility, studying and evaluating ESG-related factors that may affect the Company's development and reviewing the planning and implementation of the Company's ESG work to ensure the compliance with the ESG strategy and reporting requirements. Details of the Company's ESG performance are set out in the 2025 Sustainability Report of the Company published on the same date as this annual report.

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

The Company has established relevant policies that set out the procedures for identifying, reporting and disclosing inside information to ensure the timeliness and compliance of inside information disclosure. The Company further provides training and conducts awareness programmes to fully inform relevant staff, including Directors, former Supervisors and the management, of the confidentiality and disclosure obligations regarding inside information.

SUPERVISORY COMMITTEE

OVERVIEW

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

COMPOSITION

During the Year and up to the dissolution of the Supervisory Committee, the Supervisory Committee comprised:

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

DUTIES AND RESPONSIBILITIES

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

SUMMARY OF WORK UNDERTAKEN

During the Year and up to the dissolution of the Supervisory Committee, the Supervisory Committee carried out its work, performed its supervisory duties faithfully and protected the interests of the shareholders, the Company and its employees strictly in accordance with the relevant provisions of the Company Law and the Articles of Association. During the Year, the Supervisory Committee held five meetings, at which 49 proposals were considered, approved or reviewed. The attendance record of the Supervisors at the meetings is as follows:

Name	Dong Qingxiu	Wang Yadong	Carson Wen	Zhou Zhiwen	Fu Xiaoliang
Number of meetings attended in person/ Number of meetings that require attendance	5/5	5/5	4/5	5/5	5/5
Attendance rate in person	100%	100%	80%	100%	100%

Notes:

1. During the Year, all Supervisors resigned from their offices. The table above lists the number of meetings held and the number of meetings attended in person by each Supervisor during his term of office in the Year.

2. During the Year, Mr. Carson Wen appointed another Supervisor as his proxy to attend one meeting of the Supervisory Committee.

DUTY PERFORMANCE AND FULFILLMENT SUPERVISORY COMMITTEE

OVERVIEW

During the Year and up to the dissolution of the Supervisory Committee, the Duty Performance and Fulfillment Supervisory Committee continued to fulfil its supervisory responsibilities in good faith, considered the Corporate Governance Report, the Corporate Management Report and the Due Diligence Report of Independent Directors for 2024, conducted annual evaluation of Directors and Supervisors, and reviewed the results of economic responsibility audit of the senior management and the Responsible Compliance Officer of the Company during their term of office and other proposals.

COMPOSITION

During the Year and up to the dissolution of the Supervisory Committee, the Duty Performance and Fulfillment Supervisory Committee comprised:

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

DUTIES AND RESPONSIBILITIES

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

SUMMARY OF WORK UNDERTAKEN

During the Year, the Duty Performance and Fulfillment Supervisory Committee held four meetings and considered and approved or reviewed 13 proposals. The attendance record of committee members at the meetings is as follows:

Name	Dong Qingxiu	Zhou Zhiwen	Fu Xiaoliang
Number of meetings attended in person/ Number of meetings that require attendance	4/4	4/4	4/4
Attendance rate in person	100%	100%	100%

Note: During the Year, all members of the Duty Performance and Fulfillment Supervisory Committee have retired from their offices. The table above lists the numbers of meetings held and attended in person by each member during his term of office in the Year.

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

- considered and approved the performance of Directors and Supervisors and the results of their evaluation in 2024, the Due Diligence report of Independent Directors and the resignation audit report of the former Responsible Audit Officer of the Company, and gave suggestions to the Supervisory Committee;
- considered and approved the Corporate Governance Report and Corporate Management Report of the Company for the year 2024, and gave suggestions to the Supervisory Committee;
- considered and approved the amendments to the Articles of Association, the Procedural Rules for Shareholders' General Meeting, the Procedural Rules for the Board of Directors, and the Measures for the Administration of Money Laundering and Terrorist Financing Risk, and gave suggestions to the Supervisory Committee; and
- reviewed the report on the results of economic responsibility audit of relevant senior management of the Company during their term of office.

FINANCIAL AND INTERNAL CONTROL SUPERVISORY COMMITTEE

OVERVIEW

During the Year and up to the dissolution of the Supervisory Committee, the Financial and Internal Control Supervisory Committee mainly supervised the Company's financial affairs, internal control, risk management, etc., considered the internal control assessment report, risk assessment report, financial reports and results announcements, reviewed the report on the special audit results of the solvency risk management system, the reputational risk assessment report, the report on the audit results of related party transactions management of the Company, etc.

COMPOSITION

During the Year and up to the dissolution of the Supervisory Committee, the Financial and Internal Control Supervisory Committee comprised:

Chairperson: Wang Yadong (Shareholder Supervisor)
Members: Carson Wen (External Supervisor), Fu Xiaoliang (Employee Supervisor)

DUTIES AND RESPONSIBILITIES

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

SUMMARY OF WORK UNDERTAKEN

During the Year, the Financial and Internal Control Supervisory Committee held five meetings and considered and approved or reviewed 34 proposals. The attendance record of committee members at the meetings is as follows:

Name	Wang Yadong	Carson Wen	Fu Xiaoliang
Number of meetings attended in person/ Number of meetings that require attendance	5/5	5/5	5/5
Attendance rate in person	100%	100%	100%

Note: During the Year, all members of the Financial and Internal Control Supervisory Committee retired from their offices. The table above lists the numbers of meetings held and attended by each member in person during his term of office in the Year.

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

- considered and approved the 2024 annual and 2025 interim financial reports and results announcements of the Company, the financial statements and results announcements for the first and third quarters of 2025, the 2024 management recommendation letter, the evaluation report on implementation of the development plan, the internal control assessment report, the case risk prevention and control assessment report, the solvency condition and audit report, the report on protection of insurance consumers' rights and interests, the 2024 annual and 2025 interim profit distribution plans, the business development and financial plan, audit plan, and the plan on consumers' rights and interests protection for the year 2025, and gave suggestions to the Supervisory Committee;

- considered and approved the 2024 internal audit work report, the report on the results of the special audit of anti-money laundering, the annual report on anti-money laundering and anti-terrorism financing, the strategic risk management report, the asset and liability management report, the operational risk management report, the risk assessment report, the report on the implementation of related party transactions, the 2025 capital expenditure plan, and gave suggestions to the Supervisory Committee;

- reviewed the report on the special audit results of the solvency risk management system, the report on audit results of asset and liability management, the reputational risk assessment report, the report on audit results of related party transactions management, the work report of the Responsible Financial Officer for 2024, the report on rectification of issues in the regulatory assessment of corporate governance for 2023; and

- listened to the report of Ernst & Young on the findings of the annual audit work for 2024 and the report on the findings of the interim review work for 2025.

COMPANY SECRETARY

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

RIGHTS OF SHAREHOLDERS

METHODS OF CONVENING EXTRAORDINARY GENERAL MEETINGS

According to the Articles of Association and the Procedural Rules for Shareholders' General Meeting of the Company, when any shareholder(s), individually or collectively holding 10% or more of the total voting shares of the Company, requests and proposes the Board of Directors to convene an extraordinary general meeting, such shareholder(s) shall submit a complete written proposal to the Board of Directors. The Board of Directors shall decide whether to convene an extraordinary general meeting within 10 days from the date of receipt of such request and reply to the shareholder(s) in writing.

PROCEDURES FOR PROPOSING RESOLUTIONS AT ANNUAL GENERAL MEETINGS

Any shareholder(s), individually or collectively, holding 1% or more of the shares of the Company is entitled to propose resolution(s) to the Company. Any shareholder(s), individually or collectively, holding 1% or more of the total voting shares of the Company may propose new provisional resolution(s) and submit such proposed resolution(s) in writing to the convener of the meeting 10 days prior to the annual general meeting. The convener shall notify other shareholders of such proposed provisional resolution(s) within 2 days upon receipt of such proposal(s) and submit the same to the annual general meeting for consideration, provided that the provisional resolution(s) shall not be in violation of laws, regulations or the Articles of Association or fall outside the scope of the powers of the shareholders' meeting. The proposed resolution(s) submitted by a shareholder to the Board shall be delivered in person or by registered mail to the registered address listed on the back cover of this annual report to the General Affairs Department of the Company.

DIVIDEND POLICY

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

INVESTOR RELATIONS

The Company focused on the maintenance of sound investor relations and maintained effective communication with investors through various means. After the announcements of the 2024 annual results and the first quarter's, interim and the third quarter's results of 2025, the Company by way of results briefings and roadshows, among others, timely communicated its operating results and business development trends with investors which strengthened communication with investors and facilitated the understanding of the Company by investors. The Company also maintained close and sound communication with investors through receiving investors' visits, proactively visiting investors, attending major investment forums, holding investor open day events, communicating by telephone and email, etc., and proactively provided information to investors on the Company's website, to establish and maintain good relationships with investors. The shareholders' general meeting of the Company provides an opportunity to communicate directly with the Directors. The Directors of the Company will attend the shareholders' general meeting to answer shareholders' questions.

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

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

PARTICULARS OF THE LATEST SHAREHOLDERS' GENERAL MEETING

The latest shareholders' general meeting of the Company was the extraordinary general meeting held on 30 October 2025 at PICC Building, No. 88 Xichang'an Street, Xicheng District, Beijing, the PRC, at which the 2025 interim profit distribution plan of the Company and the write-off of information technology equipment 2024-2025 were considered and approved by way of poll. Details are set out in the circular of the Company dated 10 October 2025 and the announcement in relation to the poll results of the extraordinary general meeting dated 30 October 2025.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

During the Year, the Articles of Association were amended to reflect the latest provisions of applicable laws and regulations as well as the requirements of the NFRA and other relevant authorities. The amendments were approved at the annual general meeting of the Company held on 27 June 2025 and were approved by the NFRA on 20 November 2025.

Independent Auditor's Report

To the Shareholders of PICC Property and Casualty Company Limited
(Incorporated in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of PICC Property and Casualty Company Limited (the "Company") and its subsidiaries (the "Group") set out on pages 92 to 270, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") as issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

KEY AUDIT MATTERS *(CONTINUED)*

Key audit matter	How our audit addressed the key audit matter

Valuation of liability for incurred claims ("LIC") of insurance contracts measured under the premium allocation approach ("PAA")

As at 31 December 2025, the Group had LIC of insurance contracts measured under the PAA stated at RMB218.4 billion, representing 38% of the total liabilities.

The valuation of LIC of insurance contracts measured under the PAA involves significant judgements and estimates over selecting models and setting assumptions including expected loss ratios and future claim development pattern.

We identified the valuation of LIC of insurance contracts measured under the PAA as a key audit matter, as it requires significant estimations and judgements.

Relevant disclosures are included in note 2.4(5) Material accounting policy information – Insurance contracts, note 3(1) Significant judgements and estimates – Estimates of fulfilment cash flows, and note 21 Insurance contracts to the consolidated financial statements.

With the support of our internal experts, we performed relevant audit procedures which mainly included the following:

- Reviewed the accounting policies of the Group regarding on the valuation of LIC of insurance contracts measured under the PAA.

- Understood, evaluated and tested the design and operation effectiveness of internal controls over valuation of LIC of insurance contracts measured under the PAA, including the internal controls over determination and approval of key assumptions, data collection and analysis, the IT systems, IT general controls, data transmission between systems and computation, etc. in relation to the valuation of LIC of insurance contracts measured under the PAA.

- Evaluated the reasonableness of the key judgements and assumptions used in the valuation of LIC of insurance contracts measured under the PAA.

- Assessed the appropriateness of the valuation approaches of LIC of insurance contracts measured under the PAA, performed independent recalculation on LIC of insurance contracts measured under the PAA, and compared the results to the results from the Group.

- Tested the completeness and accuracy of the underlying data used in the valuation of LIC of insurance contracts measured under the PAA.

- Evaluated the overall reasonableness of LIC of insurance contracts measured under the PAA by performing movement analysis and assessing the impact of changes in assumptions.

KEY AUDIT MATTERS *(CONTINUED)*

Key audit matter	How our audit addressed the key audit matter
Valuation of level 3 financial assets measured at fair value	
As at 31 December 2025, the Group's financial assets measured at fair value that were classified as level 3 stated at RMB39.5 billion, representing 5% of the total assets. We identified the valuation of level 3 financial assets measured at fair value as a key audit matter, as they were measured based on valuation models and inputs and assumptions that are not directly observable, and the valuation involved significant management judgements. Relevant disclosures are included in note 3(5) Significant judgements and estimates – Fair value of financial assets determined using valuation techniques and note 36 Classification and fair value of financial instruments to the consolidated financial statements.	With the support of our internal experts, we performed relevant audit procedures which mainly included the following: • Understood, evaluated and tested the key controls over the investment valuation process including management's determination and approval of assumptions and methodologies used in model-based calculations, controls over data integrity and choice for internally operated valuation models and management's review of valuation inputs provided by data vendors. • Assessed valuation model methodologies against industry practice and valuation guidelines. • Compared assumptions used against appropriate public third party pricing sources such as public stock prices and bond yields. • Performed independent check of the management's valuation results of selected illiquid financial assets.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Leung Shing Kit (practising certificate number: *P04935*).

Ernst & Young
Certified Public Accountants

Hong Kong
26 March 2026

Consolidated Income Statement

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts expressed in RMB million unless otherwise specified)

	Notes	2025	2024
Insurance revenue	5	511,594	485,223
Insurance service expenses		(486,254)	(465,392)
Net expenses from reinsurance contracts held		(5,175)	(5,451)
INSURANCE SERVICE RESULT		20,165	14,380
Finance expenses from insurance contracts issued	6	(8,762)	(9,901)
Finance income from reinsurance contracts held	6	1,132	1,234
Interest income from financial assets not measured at fair value through profit or loss	7	11,933	11,860
Other investment income	8	20,350	15,118
Credit impairment (losses)/reversals	9	(279)	911
Other (expenses)/income, net		(164)	254
Other finance costs	10	(976)	(1,193)
Other operating expenses	11	(2,911)	(1,763)
Share of profit or loss of associates and joint ventures		7,376	7,123
Foreign exchange losses, net		(163)	(8)
PROFIT BEFORE INCOME TAX		47,701	38,015
Income tax expense	12	(7,324)	(5,854)
NET PROFIT FOR THE YEAR		40,377	32,161
Attributable to:			
Owners of the parent		40,370	32,173
Non-controlling interests		7	(12)
Basic earnings per share	15	RMB1.815	RMB1.446
Diluted earnings per share	15	RMB1.815	RMB1.446

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

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts expressed in RMB million unless otherwise specified)

	Notes	**2025**	2024
NET PROFIT FOR THE YEAR		**40,377**	32,161
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified to profit or loss in subsequent periods:			
Finance income/(expenses) from insurance contracts issued	*6*	**1,365**	(2,100)
Finance (expenses)/income from reinsurance contracts held	*6*	**(171)**	401
Debt instruments measured at fair value through other comprehensive income			
changes in fair value		**(3,614)**	6,789
Reclassification of gains to profit or loss upon disposals		**(656)**	(283)
Changes in impairment allowance recorded in profit or loss		**15**	(111)
Income tax effect	*28*	**727**	(1,119)
Share of other comprehensive income of associates and joint ventures		**(558)**	(1,531)
NET OTHER COMPREHENSIVE INCOME THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS		**(2,892)**	2,046
Items that will not be reclassified to profit or loss in subsequent periods:			
Gains on revaluation of properties and right-of-use assets upon transfer to investment properties	*25*	**213**	360
Changes in fair value of equity instruments measured at fair value through other comprehensive income		**3,883**	9,367
Income tax effect	*28*	**(990)**	(2,349)
Share of other comprehensive income of associates and joint ventures		**223**	395
NET OTHER COMPREHENSIVE INCOME THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS		**3,329**	7,773
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**437**	9,819
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**40,814**	41,980
Attributable to:			
Owners of the parent		**40,806**	41,991
Non-controlling interests		**8**	(11)

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

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2025

(All amounts expressed in RMB million unless otherwise specified)

	Notes	**31 December 2025**	31 December 2024
ASSETS			
Cash and cash equivalents	*17*	**23,273**	19,370
Financial investments:			
Financial investments measured at amortised cost	*18*	**150,493**	136,060
Financial assets measured at fair value through other comprehensive income	*19*	**286,708**	243,771
Financial assets measured at fair value through profit or loss	*20*	**149,630**	120,066
Insurance contract assets	*21*	**764**	1,713
Reinsurance contract assets	*21*	**43,129**	40,506
Term deposits	*22*	**64,482**	77,156
Investments in associates and joint ventures	*23*	**72,823**	67,129
Investment properties	*25*	**6,934**	7,234
Property and equipment	*26*	**24,581**	24,419
Right-of-use assets	*27*	**5,038**	5,406
Deferred income tax assets	*28*	**9,499**	8,392
Prepayments and other assets	*29*	**23,144**	27,022
TOTAL ASSETS		**860,498**	778,244
LIABILITIES			
Securities sold under agreements to repurchase	*31*	**65,779**	39,642
Income tax payable		**4**	–
Investment contract liabilities	*32*	**1,725**	1,731
Insurance contract liabilities	*21*	**433,224**	401,837
Reinsurance contract liabilities	*21*	**31**	59
Bonds payable	*33*	**12,076**	20,433
Lease liabilities		**1,126**	1,301
Accruals and other liabilities	*34*	**57,830**	52,619
TOTAL LIABILITIES		**571,795**	517,622

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

Consolidated Statement of Financial Position

	Notes	31 December 2025	31 December 2024
EQUITY			
Issued capital	*35*	22,242	22,242
Reserves		263,732	235,682
Equity attributable to owners of the parent		285,974	257,924
Non-controlling interests		2,729	2,698
TOTAL EQUITY		288,703	260,622
TOTAL LIABILITIES AND EQUITY		860,498	778,244

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

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts expressed in RMB million unless otherwise specified)

	For the year ended 31 December 2025												
	Attributable to owners of the parent												
		Reserves*											
	Issued capital	Share premium and other reserves	Asset revaluation reserve**	Revaluation reserve of financial assets at fair value through other comprehensive income	Insurance finance reserve	Surplus reserve***	General risk reserve	Catastrophic loss reserve	Share of other comprehensive income of associates and joint ventures	Retained earnings	Sub-total	Non-controlling interests	Total equity
1 January 2025	22,242	11,362	5,299	20,998	(1,788)	90,566	29,289	258	(2,359)	82,057	257,924	2,698	260,622
Total comprehensive income													
Net profit for the year	-	-	-	-	-	-	-	-	-	40,370	40,370	7	40,377
Other comprehensive income	-	-	160	(284)	895	-	-	-	(335)	-	436	1	437
Appropriations to statutory surplus reserve and general risk reserve	-	-	-	-	-	4,251	4,251	-	-	(8,502)	-	-	-
Appropriations to discretionary surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
Appropriations to catastrophic loss reserve	-	-	-	-	-	-	-	286	-	(286)	-	-	-
Utilisation of catastrophic loss reserve	-	-	-	-	-	-	-	(261)	-	261	-	-	-
Dividends declared (note 16)	-	-	-	-	-	-	-	-	-	(12,723)	(12,723)	(1)	(12,724)

Consolidated Statement of Changes in Equity

	For the year ended 31 December 2025												
	Attributable to owners of the parent												
		Reserves*											
	Issued capital	Share premium and other reserves	Asset revaluation reserve**	Revaluation reserve of financial assets at fair value through other comprehensive income	Insurance finance reserve	Surplus reserve***	General risk reserve	Catastrophic loss reserve	Share of other comprehensive income of associates and joint ventures	Retained earnings	Sub-total	Non-controlling interests	Total equity
Capital invested and reduced by holders	-	-	-	-	-	-	-	-	-	-	-	24	24
Reclassification of gains on equity instruments measured at fair value through other comprehensive income to retained earnings upon disposals	-	-	-	(2,136)	-	-	-	-	-	2,136	-	-	-
Others	-	(33)	-	-	-	-	-	-	(377)	377	(33)	-	(33)
31 December 2025	22,242	11,329	5,459	18,578	(893)	94,817	33,540	283	(3,071)	103,690	285,974	2,729	288,703

* The reserve accounts comprise the consolidated reserves of RMB263,732 million in the consolidated statement of financial position at 31 December 2025.

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

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

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

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

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

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Attributable to owners of the parent												
		Reserves*											
	Issued capital	Share premium and other reserves	Asset revaluation reserve**	Revaluation reserve of financial assets at fair value through other comprehensive income	Insurance finance reserve	Surplus reserve***	General risk reserve	Catastrophic loss reserve	Share of other comprehensive income of associates and joint ventures	Retained earnings	Sub-total	Non-controlling interests	Total equity
Dividends declared (note 16)	–	–	–	–	–	–	–	–	–	(15,503)	(15,503)	–	(15,503)
Capital invested and reduced by holders	–	–	–	–	–	–	–	–	–	–	–	(175)	(175)
Reclassification of gains on equity instruments measured at fair value through other comprehensive income to retained earnings upon disposals	–	–	–	(841)	–	–	–	–	–	841	–	–	–
Others	–	16	–	–	–	–	–	–	–	–	16	–	16
31 December 2024	22,242	11,362	5,299	20,998	(1,788)	90,566	29,289	258	(2,359)	82,057	257,924	2,698	260,622

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

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

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

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

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts expressed in RMB million unless otherwise specified)

	Notes	2025	2024
NET CASH FLOWS GENERATED FROM OPERATING ACTIVITIES			
Profit before income tax		47,701	38,015
Adjustments for:			
Interest income from financial assets not measured at fair value through profit or loss	*7*	(11,933)	(11,860)
Other investment income	*8*	(20,350)	(15,118)
Credit impairment losses/(reversals)	*9*	279	(911)
Foreign exchange losses, net		163	8
Share of profit or loss of associates and joint ventures		(7,376)	(7,123)
Depreciation of property and equipment	*11, 26*	1,943	1,773
Depreciation of right-of-use assets	*11, 27*	928	914
Amortisation of intangible assets	*11*	968	1,114
Net gains upon disposals of property and equipment		(49)	(84)
Other finance costs	*10*	976	1,193
Other impairment losses		57	–
Operating cash flows before working capital changes		13,307	7,921
Changes in working capital:			
Decrease in investment contract liabilities		(6)	(5)
Increase in other assets		(3,951)	(224)
Increase in accruals and other liabilities		10,711	5,429
Increase in reinsurance contract assets, net		(2,822)	(1,176)
Increase in insurance contract liabilities, net		33,701	29,080
Cash generated from operating activities		50,940	41,025
Income tax paid		(7,892)	(4,561)
Subtotal		43,048	36,464

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

Consolidated Statement of Cash Flows

	2025	2024
NET CASH FLOWS USED IN INVESTING ACTIVITIES		
Interest received	13,891	11,714
Rental income received from investment properties	389	384
Dividends received from financial investments	5,328	5,082
Payments for capital expenditure	(3,442)	(3,182)
Proceeds from sales and maturities of financial investments	154,423	170,086
Payments for purchase of financial investments	(227,694)	(194,729)
Dividends received from associates and joint ventures	1,259	1,475
Proceeds from disposal of property and equipment, intangible assets and other assets	241	288
Decrease/(Increase) in term deposits, net	12,485	(18,664)
Subtotal	(43,120)	(27,546)
NET CASH FLOWS GENERATED FROM/(USED IN) FINANCING ACTIVITIES		
(Redemption)/Issuance of capital supplementary bonds	(8,000)	11,988
Increase/(Decrease) in securities sold under agreements to repurchase, net	26,138	(386)
Payments of lease liabilities	(826)	(861)
Interest paid	(1,271)	(1,113)
Dividends paid	(12,723)	(15,503)
Cash received related to non-controlling interests of consolidated structured entities, net	670	–
Capital reduction to non-controlling interests	–	(197)
Capital injected into subsidiary by non-controlling interests	24	22
Subtotal	4,012	(6,050)

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

Consolidated Statement of Cash Flows

	Notes	2025	2024
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		(35)	7
NET INCREASE IN CASH AND CASH EQUIVALENTS		3,905	2,875
Cash and cash equivalents at beginning of the year		19,363	16,488
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	17	23,268	19,363
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Demand deposits and cash on hand	17	9,073	8,550
Securities purchased under resale agreements with original maturity of no more than three months	17	14,195	10,813
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	17	23,268	19,363

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

1. CORPORATE INFORMATION

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

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

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

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), as well as with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the applicable disclosure requirements of the Hong Kong Companies Ordinance. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users.

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

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

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

2.2 Application of new standards and amendments to HKFRS Accounting Standards

In current year, the Group has applied, for the first time, the following amendments to HKFRS Accounting Standards which are effective for annual periods beginning on or after 1 January 2025 for the preparation of the Group's consolidated financial statements:

Amendments to HKAS 21	*Lack of Exchangeability*

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

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

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

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

Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[1]
Amendments to HKFRS 9 and HKFRS 7	*Contracts Referencing Nature-dependent Electricity*[1]
Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7[1]
HKFRS 18	*Presentation and Disclosure in Financial Statements*[2]
HKFRS 19 and its amendments	*Subsidiaries without Public Accountability: Disclosures*[2]
Amendments to HKAS 21	*Translation to a Hyperinflationary Presentation Currency*[2]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]

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

2 Effective for annual/reporting periods beginning on or after 1 January 2027

3 No mandatory effective date yet determined but available for adoption

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

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

2.4 Material accounting policy information

(1) Basis of consolidation

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

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

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

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

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

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

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

2.4 Material accounting policy information *(continued)*

(1) Basis of consolidation (continued)

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

When necessary, adjustments are made to the financial statements of subsidiaries to align their accounting policies with the Group's accounting policies.

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

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

(2) Investments in associates and joint ventures

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

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

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

2.4 Material accounting policy information *(continued)*

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

The results and assets and liabilities of associates or joint ventures are incorporated in the consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group, such as transactions and events in similar circumstances, unless allowed by other standards. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

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

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

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

2.4 Material accounting policy information *(continued)*

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

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

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

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

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

2.4 Material accounting policy information *(continued)*

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

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

(3) Foreign currencies

These financial statements are presented in RMB, which is the Company's functional currency and the Group's presentation currency. RMB is used by each entity in the Group as its functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded in RMB using the exchange rates prevailing at the dates of the transactions.

At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss (or other comprehensive income where applicable) in the period in which they arise.

(4) Cash and cash equivalents

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

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

2.4 Material accounting policy information *(continued)*

(5) Insurance contracts

(a) Definition and classification

Insurance contracts are contracts under which the Group accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. In making this assessment, all substantive rights and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis. The Group uses judgement to assess whether a contract transfers insurance risk (that is, if there is a scenario with commercial substance in which the Group has the possibility of a loss on a present value basis) and whether the accepted insurance risk is significant.

Contracts that have a legal form of insurance but do not transfer significant insurance risk and expose the Group to financial risk are classified as investment contracts, and they apply financial instrument accounting under HKFRS 9 if they do not contain a discretionary participation feature ("DPF"). The Group does not issue any investment contracts with DPF.

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

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

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

2.4 Material accounting policy information *(continued)*

(5) Insurance contracts (continued)

(b) Unit of accounts

Level of aggregation of insurance contracts

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

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

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

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

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

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

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

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

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

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

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

2.4 Material accounting policy information *(continued)*

(5) Insurance contracts (continued)

(b) Unit of accounts *(continued)*

Separation of insurance contracts

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

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

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

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

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

(c) Recognition of insurance contracts

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

(1) the beginning of the coverage period;

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

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

Groups of reinsurance contracts held are recognised as follows:

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

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

ii. the initial recognition of any underlying insurance contract;

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

2.4 Material accounting policy information *(continued)*

(5) Insurance contracts (continued)

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

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

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

(d) Measurement of insurance contracts

Insurance acquisition cash flows

The Group defines acquisition cash flows as cash flows that arise from costs of selling, underwriting and starting a group of insurance contracts and that are directly attributable to the portfolio of insurance contracts to which the group belongs.

Fulfilment cash flows ("FCF") and contract boundary

The FCF, which comprise:

(1) estimates of future cash flows;

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

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

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

2.4 Material accounting policy information *(continued)*

(5) Insurance contracts (continued)

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

Fulfilment cash flows ("FCF") and contract boundary (continued)

The estimates of future cash flows:

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

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

(3) reflect conditions existing at the measurement date.

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

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

The Group uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts. Estimates of cash flows in a scenario include all cash flows within the boundary of an existing contract and no other cash flows. The Group does not consider any amounts relating to expected premiums or expected claims outside the boundary of the insurance contract.

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

2.4 Material accounting policy information *(continued)*

(5) Insurance contracts (continued)

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

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

Initial measurement

The Group measures the insurance contracts at group level.

On initial recognition, the Group measures a group of contracts as the total of the FCF and the contractual service margin ("CSM").

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

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

(1) the initial recognition of the FCF;

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

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

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

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

2.4 Material accounting policy information *(continued)*

(5) Insurance contracts (continued)

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

Insurance contracts issued measured under the GMM (continued)

Subsequent measurement

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

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

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

ii. the CSM of the group at that date.

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

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

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

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

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

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

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

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

2.4 Material accounting policy information *(continued)*

(5) Insurance contracts (continued)

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

Insurance contracts issued measured under the GMM (continued)

Subsequent measurement *(continued)*

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

(5) the amount recognised as insurance revenue because of the transfer of the insurance contract services in the period, determined by the allocation of the CSM remaining at the end of the reporting period (before any allocation) over the current and remaining coverage period.

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

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

(2) changes in estimates of the present value of future cash flows in the LRC, except the effect of the time value of money and changes in the time value of money and the effect of financial risk and changes in financial risk;

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

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

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

2.4 Material accounting policy information *(continued)*

(5) Insurance contracts (continued)

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

Insurance contracts issued measured under the GMM (continued)

Measurement of onerous contracts

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

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

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

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

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

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

(3) insurance finance income or expenses.

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

2.4 Material accounting policy information *(continued)*

(5) Insurance contracts (continued)

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

Insurance contracts issued measured under the GMM (continued)

Measurement of onerous contracts *(continued)*

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

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

Initial measurement

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

(1) the Group reasonably expects that the resulting measurement of the LRC would not differ materially from the result of applying the accounting policies for insurance contracts measured under the GMM.

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

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

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

2.4 Material accounting policy information *(continued)*

(5) Insurance contracts (continued)

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

Insurance contracts issued measured under the PAA (continued)

Subsequent measurement

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

(1) the LRC; and

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

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

- plus the premiums received in the period;
- minus insurance acquisition cash flows;
- plus any amounts relating to the amortisation of insurance acquisition cash flows recognised as an expense in the reporting period;
- plus any adjustment to a financing component;
- minus the amount recognised as insurance revenue for services provided in that period;
- minus any investment component paid or transferred to the LIC.

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

2.4 Material accounting policy information *(continued)*

(5) Insurance contracts (continued)

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

Insurance contracts issued measured under the PAA (continued)

Subsequent measurement *(continued)*

The Group adjusts the carrying amount of the LRC to reflect the time value of money and the effect of financial risk using the discount rates determined on initial recognition. The LRC calculated as such is treated as the LRC without the loss component for the onerous group of insurance contracts issued measured under the PAA.

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

Measurement of onerous contracts

If facts and circumstances indicate that a group of insurance contracts is onerous on initial recognition or becomes onerous subsequently, the Group increases the carrying amount of the LRC to the amount of the FCF determined under the GMM with the amount of such an increase recognised in the insurance service expenses, and a loss component is established for the amount of the loss recognised.

In subsequent periods, the loss component is remeasured at each reporting date in the same way as that for its initial recognition, being the difference between the current estimates of the FCF that relate to the remaining coverage and the carrying amount of the LRC without the loss component, subject to a minimum of zero. The changes in the amount of the loss component are recognised within the insurance service expenses.

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

2.4 Material accounting policy information *(continued)*

(5) Insurance contracts (continued)

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

Reinsurance contracts held measured under the GMM

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

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

The Group uses consistent assumptions to measure the estimates of the present value of the future cash flows for the group of reinsurance contracts held and the estimates of the present value of the future cash flows for the group(s) of underlying insurance contracts. In addition, the Group includes in the estimates of the present value of the future cash flows for the group of reinsurance contracts held the effect of any risk of non-performance by the issuer of the reinsurance contract.

The Group determines the risk adjustment for non-financial risk so that it represents the amount of risk being transferred by the holder of the group of reinsurance contracts to the issuer of those contracts.

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

(1) the FCF;

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

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

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

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

2.4 Material accounting policy information *(continued)*

(5) Insurance contracts (continued)

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

Reinsurance contracts held measured under the GMM (continued)

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

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

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

The Group adjusts the CSM of the group to which a reinsurance contract held belongs and as a result recognises income when it recognises a loss on initial recognition of onerous underlying contracts, if the reinsurance contract held is entered into before or at the same time as the onerous underlying contracts are recognised. The adjustment to the CSM, whereby a loss-recovery component is established, is determined by multiplying:

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

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

Subsequently, the loss-recovery component is adjusted to reflect changes in the loss component of an onerous group of underlying insurance contracts. The loss-recovery component is further adjusted, if required, to ensure that it does not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the Group expects to recover from the group of reinsurance contracts held.

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

2.4 Material accounting policy information *(continued)*

(5) Insurance contracts (continued)

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

Reinsurance contracts held measured under the GMM (continued)

The Group measures the CSM at the end of the reporting period for a group of reinsurance contracts held as the carrying amount determined at the beginning of the reporting period, adjusted for:

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

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

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

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

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

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

(7) the amount recognised in profit or loss for insurance contract services received during the period, determined by the allocation of the CSM remaining at the end of the reporting period (before any allocation) over the current and remaining coverage period of the group of reinsurance contracts held.

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

2.4 Material accounting policy information *(continued)*

(5) Insurance contracts (continued)

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

Reinsurance contracts held measured under the PAA

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

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

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

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

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

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

2.4 Material accounting policy information *(continued)*

(5) Insurance contracts (continued)

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

Reinsurance contracts held measured under the PAA (continued)

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

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

(e) Derecognition of insurance contracts

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

(f) Presentation

Insurance contract asset and liability

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

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

2.4 Material accounting policy information *(continued)*

(5) Insurance contracts (continued)

(f) Presentation *(continued)*

Insurance revenue

As the Group provides insurance contract services under the group of insurance contracts, the amount of insurance revenue recognised in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration that the Group expects to be entitled to in exchange for those services.

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

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

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

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

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

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

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

2.4 Material accounting policy information *(continued)*

(5) Insurance contracts (continued)

(f) Presentation *(continued)*

Insurance revenue (continued)

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

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

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

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

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

Insurance service expenses

Insurance service expenses include the following:

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

(2) other incurred directly attributable expenses;

(3) insurance acquisition cash flows amortisation;

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

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

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

2.4 Material accounting policy information *(continued)*

(5) Insurance contracts (continued)

(f) Presentation *(continued)*

Insurance service expenses (continued)

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

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

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

Net income/(expenses) from reinsurance contracts held

The Group presents financial performance of groups of reinsurance contracts held on a net basis in net income/(expenses) from reinsurance contracts held, including the following amounts:

(1) allocation of reinsurance premiums;

(2) incurred claims recovery, excluding investment components;

(3) other incurred directly attributable expenses;

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

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

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

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

2.4 Material accounting policy information *(continued)*

(5) Insurance contracts (continued)

(f) Presentation *(continued)*

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

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

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

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

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

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

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

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

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

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

2.4 Material accounting policy information *(continued)*

(5) Insurance contracts (continued)

(f) Presentation *(continued)*

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

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

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

(2) if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then on the basis of the expected timing of incurred insurance service expenses recovery.

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

Insurance finance income or expenses

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

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

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

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

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

2.4 Material accounting policy information *(continued)*

(5) Insurance contracts (continued)

(f) Presentation *(continued)*

Insurance finance income or expenses (continued)

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

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

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

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

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

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

2.4 Material accounting policy information *(continued)*

(6) Financial instruments

(a) Financial assets

Recognition and derecognition

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

Classification

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

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

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

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

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

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

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

2.4 Material accounting policy information *(continued)*

(6) Financial instruments (continued)

(a) Financial assets *(continued)*

Measurement

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

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

Debt instruments

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

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

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

2.4 Material accounting policy information *(continued)*

(6) Financial instruments (continued)

(a) **Financial assets** *(continued)*

Measurement (continued)

Debt instruments *(continued)*

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

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

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

2.4 Material accounting policy information *(continued)*

(6) Financial instruments (continued)

(a) Financial assets *(continued)*

Measurement (continued)

Equity instruments

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

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

Impairment

Expected credit loss refers to the weighted average amount of credit loss of financial instruments based on the probability of default. Credit loss refers to the difference between all contractual cash flows receivable and all cash flows that the entity expects to receive, discounted at the original effective interest rate. Among them, for financial assets which are purchased or originated that have experienced credit loss, they are discounted at the effective interest rate adjusted for credit risk of the financial assets.

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

2.4 Material accounting policy information *(continued)*

(6) Financial instruments (continued)

(a) Financial assets *(continued)*

Impairment (continued)

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

For those financial instruments in Stage 1 and 2, the Group calculates the interest income by applying the effective interest rate to the gross carrying amount (before netting off any expected credit loss provision). For the financial instruments in Stage 3, the interest income is calculated by applying the effective interest rate to the amortised cost (netting off any expected credit loss provision).

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

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

2.4 Material accounting policy information *(continued)*

(6) Financial instruments (continued)

(b) Financial liabilities

Classification, recognition and measurement

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

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

Derecognition of financial liabilities

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

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

(c) Derivatives and embedded derivatives

The Group's derivative financial instruments mainly include interest rate swaps. Such derivative financial instruments are initially recognised at fair value on the date on which the related derivative contracts are entered into and are subsequently measured at fair value. All derivatives are carried as assets when the fair values are positive and as liabilities when the fair values are negative.

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

2.4 Material accounting policy information *(continued)*

(6) Financial instruments (continued)

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

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 HKFRS 9, an embedded derivative shall be separated from the host and accounted for as a derivative if, and only if:

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

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

(3) the hybrid contract is not measured at fair value with changes in fair value recognised in profit or loss (i.e., a derivative that is embedded in a financial liability at fair value through profit or loss is not separated).

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

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

(d) Offsetting of financial assets and financial liabilities

When the Group currently has a legally enforceable right to offset the recognised financial assets and financial liabilities, and the Group has the intention to settle on a net basis or realise the financial assets and settle the financial liabilities simultaneously, the financial assets and financial liabilities are offset in the statement of financial position. Otherwise, financial assets and financial liabilities are presented separately in the statement of financial position and are not offset.

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

2.4 Material accounting policy information *(continued)*

(6) Financial instruments (continued)

(e) Fair value measurement

The fair value of financial instruments with an active market is determined based on the quoted prices in the active market. The fair value of financial instruments without an active market is determined using valuation techniques. Such techniques should be appropriate in the circumstances for which sufficient data is available, and the input value should be consistent with the objective of estimating the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions, and maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The unobservable inputs can be used if the relevant observable input is not accessible or the acquisition is not practical.

Valuation techniques include the use of discounted cash flow analysis, option pricing models or other valuation methods as appropriate such as reference to prices used in the most recent market transactions between knowledgeable and willing parties, reference to the current fair value of another instrument which is substantially the same. For a discounted cash flow analysis, estimated future cash flows and discount rates are the best estimations made based on current market information and rates applicable to financial instruments with similar yields, credit quality and maturity characteristics.

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

(7) Investment properties

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

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value, adjusted to exclude any prepaid or accrued operating lease income. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

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

2.4 Material accounting policy information *(continued)*

(7) Investment properties (continued)

Gains or losses arising from the retirement or disposal of investment property shall be determined as the difference between the net disposal proceeds and the carrying amount of the asset and shall be recognised in profit or loss (unless HKFRS 16 requires otherwise on a sale and leaseback) in the period of the retirement or disposal.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

For a transfer from investment properties to owner-occupied properties, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property and land occupied by the Group as an owner-occupied property and land becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property and equipment and depreciation" and "Leases" for land held by a lessee as a right-of-use asset up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation in accordance with HKAS 16 Property, Plant and Equipment. On disposal of the investment property, the asset revaluation reserve included in equity is transferred to retained earnings as a movement in reserves.

(8) Property and equipment and depreciation

Property and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

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

2.4 Material accounting policy information *(continued)*

(8) Property and equipment and depreciation (continued)

Expenditure incurred after items of property and equipment have been put into operation, such as repairs and maintenance, is normally charged to the consolidated income statement in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property and equipment, other than construction in progress, to its residual value over its estimated useful life. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The principal annual rates used for this purpose are as follows:

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

Where parts of an item of property and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the consolidated income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress mainly represents buildings under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property and equipment when completed and ready for use.

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

2.4 Material accounting policy information *(continued)*

(9) Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets and goodwill), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the consolidated income statement in the period in which it arises.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the consolidated income statement in the period in which it arises, as appropriate.

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

2.4 Material accounting policy information *(continued)*

(10) Taxation

Income tax expense represents the sum of current income tax and deferred income tax.

Current income tax is based on taxable profit for the year. Taxable profit differs from profit/loss before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred income tax liabilities are generally recognised for all taxable temporary differences. Deferred income tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred income tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and does not give rise to equal taxable and deductible temporary differences. In addition, deferred income tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred income tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

2.4 Material accounting policy information *(continued)*

(10) Taxation (continued)

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred income tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities.

For the purposes of measuring deferred income tax liabilities or deferred income tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted by facts and circumstances.

Deferred income tax assets and deferred income tax liabilities are offset when there is a legally enforceable right that exists to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred income taxes are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred income taxes are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred income tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be used by individual group entities in their income tax filings. If it is probable, the current and deferred income taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

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

2.4 Material accounting policy information *(continued)*

(11) Provisions

Except for contingent considerations deriving from contingent liabilities assumed in business combinations, contingent liabilities are recognised as provisions if the following conditions are met:

– an entity has a present obligation as a result of a past event;

– it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and

– a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the end of the reporting period with the consideration of risks, uncertainties and the present value. Provisions shall be reviewed at the end of the reporting period and adjusted to reflect the current best estimate.

(12) Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered services entitling them to the contributions. For defined contribution plans, the Group pays contributions to basic retirement insurance, annuity scheme and unemployment insurance. The Group has made annuity contributions in proportion to its employees' wages. Employees who leave the scheme prior to vesting fully in the annuity scheme shall return part of the interests (the "forfeited contributions"). The forfeited contributions cannot be used by the Group to reduce the existing level of the annuity scheme contributions. The purpose of the forfeited contributions will be determined in due course.

Termination benefits

A liability for a termination benefit is recognised at the earlier of when the Group can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

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

2.4 Material accounting policy information *(continued)*

(12) Employee benefits (continued)

Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS Accounting Standards requires or permits the inclusion of the benefits in the cost of an asset or they are identified as the insurance acquisition cash flows as defined in HKFRS 17.

Short-term employee benefits refer to employee wages, bonuses, social security contributions such as medical insurance, work injury insurance, maternity insurance and housing fund, measured at the amount incurred or at the applicable benchmarks and rates.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRS Accounting Standards requires or permits their inclusions in the cost of an asset or they are identified as the insurance acquisition cash flows as defined in HKFRS 17.

(13) Leases

Definition of a lease

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

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

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

2.4 Material accounting policy information *(continued)*

(13) Leases (continued)

The Group as a lessee

As a practical expedient, leases with similar characteristics are accounted for on a portfolio basis when the Group reasonably expects that the effects on the financial statements would not differ materially from individual leases within the portfolio.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for leases of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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

2.4 Material accounting policy information *(continued)*

(13) Leases (continued)

The Group as a lessee *(continued)*

Right-of-use assets (continued)

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from the commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

For payments of a property interest which includes both leasehold land and building elements, the entire property is presented as property and equipment of the Group when the payments cannot be allocated reliably between the leasehold land and building elements, except for those that are classified and accounted for as investment properties.

Land leases are also in the scope of HKFRS 16. The Group recognises any prepaid premium for leasehold lands as right-of-use assets which are depreciated over the relevant lease terms.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

Lease payments include fixed payments, variable lease payments based on an index or a rate, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, and others.

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

2.4 Material accounting policy information *(continued)*

(13) Leases (continued)

The Group as a lessee *(continued)*

Lease liabilities (continued)

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 a lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under the fair value model.

(14) Profit appropriation

In accordance with the PRC Company Law and the Company and each of its subsidiaries' Articles of Association, the Company and each of its subsidiaries are required to make appropriations to the statutory surplus reserve based on their respective annual profit (after offsetting any prior years' losses) as determined in accordance with PRC generally accepted accounting principles ("PRC GAAP"). When the balance of such reserve fund reaches 50% of the capital, any further appropriation is optional. The Company and each of its subsidiaries may also make appropriations to the discretionary surplus reserve provided that the appropriation is approved by a resolution of the shareholders. Subject to resolutions passed in general meetings, the statutory and discretionary surplus reserves can be transferred to the capital. The balance of the statutory surplus reserve fund after transfers to the capital should not be less than 25% of capital.

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

2.4 Material accounting policy information *(continued)*

(14) Profit appropriation (continued)

According to the relevant regulations of the PRC, the Company has to set aside 10% of its net profit determined in accordance with PRC GAAP to the general risk reserve for catastrophic losses. This general risk reserve cannot be used for dividend distribution or conversion into capital.

According to the relevant regulations of the PRC, the Company is required to make appropriations to catastrophic loss reserve when the agriculture and nuclear insurance businesses achieve annual or accumulated excessive underwriting profits. The catastrophic loss reserve cannot be used for dividend distribution or conversion into capital.

(15) Dividends

Dividends proposed by the directors are classified as a separate allocation of retained profits. When these dividends are approved by the shareholders and declared, they are recognised as a liability.

3. SIGNIFICANT JUDGEMENTS AND ESTIMATES

In the application of the Group's accounting policies, which are described in note 2.4, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(1) Estimates of fulfilment cash flows

At the end of the reporting period, when measuring the insurance contract liabilities, the Group needs to make reasonable estimates in payments that the Group is required to make in fulfilling the obligations under the insurance contracts, based on the information currently available at the end of the reporting period.

3. SIGNIFICANT JUDGEMENTS AND ESTIMATES *(CONTINUED)*

(1) Estimates of fulfilment cash flows *(continued)*

The main assumptions applied in making the estimates of FCF are as follows:

Discount rate

The Group determines the discount rates for insurance contracts based on a bottom-up approach.

Insurance contract cash flows are discounted using risk-free yield curves adjusted by illiquidity premiums and tax effect to reflect the liquidity characteristics of the fulfilment cash flows. The risk-free yield curve is interpolated between the latest observable spot rates using the straight-line method and converted to monthly forward rates.

The RMB spot rate curves used by the Group for discounting future cash flow estimates (including illiquidity premiums and tax effects) are presented in the following table.

Term	31 December 2025	31 December 2024
1 month	1.50%	0.83%
1 year	1.67%	1.35%
5 years	2.05%	1.78%
20 years	2.82%	2.53%

Expense assumption

The Group develops its expense assumptions based on the expense analysis and future development trends. The purpose of the expense analysis is to allocate total expenses directly attributable to the insurance contracts among insurance acquisition costs, policy administration and maintenance costs, and claim handling costs.

Expected loss ratio and future claim development pattern

The major assumptions applied in measuring LIC include the expected loss ratios and future claim development pattern. The expected loss ratios and future claim development pattern of each measurement unit are based on the Group's historical claims development experience and loss ratios, with consideration of adjustments to company policies such as underwriting policies, level of premium rates, claims handling processes, and the changing trends in external environment such as macroeconomics, regulations, and legislation.

3. SIGNIFICANT JUDGEMENTS AND ESTIMATES *(CONTINUED)*

(1) Estimates of fulfilment cash flows *(continued)*

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that is required for bearing the uncertainty about the amount and timing of cash flows that arises from non-financial risk as the insurance contract is fulfilled. Because the risk adjustment represents compensation for uncertainty, estimates are made on the degree of diversification benefits and expected favourable and unfavourable outcomes in a way that reflects the Group's degree of risk aversion. The Group estimates an adjustment for non-financial risk separately from all other estimates.

The risk adjustment for non-financial risk is determined by applying methods such as the confidence interval method and cost of capital method, corresponding to a confidence level in the range of 75% to 85% (31 December 2024: 75% to 85%).

(2) Significant influence on an investee when less than 20% of voting power is held

The Group determines whether it can exercise influence over an investee when it holds, directly or indirectly through subsidiaries, less than 20 per cent of the voting power of the investee, when one or more of the following indicators are present:

- Representation on the Board of Directors or equivalent governing body of the investee;
- Participation in policy-making processes, including participation in decisions about dividends or other distributions;
- Material transactions between the investor and the investee;
- Interchange of managerial personnel; or
- Provision of essential technical information.

An investee is accounted for as an associate if it is concluded that the Group exercises significant influence over that investee; otherwise, it is accounted for as a financial asset in accordance with HKFRS 9.

The reasons for existence of significant influence over some investees, even though the voting rights held by the Group are less than 20%, are disclosed in note 23 to the consolidated financial statements.

3. SIGNIFICANT JUDGEMENTS AND ESTIMATES *(CONTINUED)*

(3) Consolidation of structured entities

The Group has interests various of structured entities in its daily operations for investment purposes. These entities vary in legal forms and investors' rights on removals of the managers, changing underlying assets and liquidations. Certain fellow subsidiaries of the Company are also engaged in launching and managing these structured entities. The Group has to assess whether it has control over these entities. The decision mainly depends on whether the Group is the investment manager, whether or not the Group has powers over changing any investment decisions and investment managers, and how the returns can be affected by these powers. Details of these structured entities are disclosed in note 43.

(4) Impairment assessment on investments in associates

The Group assesses whether there are any indicators of impairment for investments in associates at the end of each reporting period. Investments in associates are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of investments in associates exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. When value in use calculations is undertaken, the Group must estimate the present values of cash flows expected to arise from continuing to hold the investments and choose a suitable discount rate in order to calculate those cash flows.

(5) Fair value of financial assets determined using valuation techniques

The Group uses valuation techniques for financial instruments which are not quoted in an active market. Valuation techniques include the use of discounted cash flow analysis, option pricing models or other valuation methods as appropriate such as reference to prices used in the most recent market transactions between knowledgeable and willing parties, reference to the current fair value of another instrument which is substantially the same.

For a discounted cash flow analysis, estimated future cash flows and discount rates are the best estimations made based on current market information and rates applicable to financial instruments with similar yields, credit quality and maturity characteristics. Estimated future cash flows are influenced by factors such as economic conditions, concentrations in specific industries, types of instruments or currencies, market liquidity and financial conditions of counterparties. Discount rates are influenced by risk-free interest rates and credit risk. Areas such as discount rates and liquidity discounts require management to make estimates.

Fair values of financial assets, their hierarchy, valuation techniques and key inputs are disclosed in note 36 to the consolidated financial statements.

3. SIGNIFICANT JUDGEMENTS AND ESTIMATES *(CONTINUED)*

(6) Measurement of expected credit losses on financial assets

The measurement of the expected credit loss for financial assets measured at amortised cost and debt instruments measured at FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour.

A number of significant judgements are also required in applying the accounting requirements for measuring Expected Credit Loss ("ECL"), such as:

(1) Determining criteria for significant increase in credit risk;

(2) Choosing appropriate models and assumptions for the measurement of ECL;

(3) Establishing the number and relative weightings of forward-looking scenarios and the associated ECL; and

(4) Establishing groups of similar financial assets for the purposes of measuring ECL.

4. OPERATING SEGMENT INFORMATION

The Group's operating segments are presented in a manner consistent with internal management reporting provided to the chief operating decision maker for deciding how to allocate resources and for assessing performance.

For management purposes, the Group is organised into business units based on their products and services and has six reportable segments other than the corporate and other segment as follows:

(a) the motor vehicle segment which provides insurance products covering motor vehicles;

(b) the accidental injury and health segment which provides insurance products covering accidental injuries and medical expenses;

(c) the agriculture segment which provides insurance products covering agriculture business;

(d) the liability segment which provides insurance products covering policyholders' liabilities;

4. OPERATING SEGMENT INFORMATION *(CONTINUED)*

(e) the commercial property segment which provides insurance products covering commercial properties; and

(f) the others which mainly represents insurance products related to cargo, credit and surety, household property, special risks, marine hull and construction.

Management monitors the results of the Group's operating segments separately for the purpose of performance assessment. Segment performance is evaluated based on reportable segment result.

The corporate and other segment includes the income and expenses from reinsurance contracts issued and held, the income and expenses from investment activities, other income, unallocated income and expenses of the Group.

Insurance business assets and liabilities directly attributable to operating segments of insurance business will be allocated to each segment. Investment assets and liabilities will be allocated to the corporate and other business segment together with property and equipment, investment properties, prepaid land premiums, other assets, bonds payable, income tax payable, deferred income tax assets and other payables, which are not allocated further.

Geographical information is not presented as the Group's customers, business, assets and liabilities are mainly located and operations are mainly carried out in Chinese mainland for relevant entities. There was no inter-segment transactions for the years ended 31 December 2025 and 2024.

4. OPERATING SEGMENT INFORMATION *(CONTINUED)*

The segment statements of profit or loss for the year ended 31 December 2025 are as follows:

	Insurance							
	Motor vehicle	Accidental injury and health	Agriculture	Liability	Commercial property	Others	Corporate and other	Total
Insurance revenue	305,321	61,780	54,561	38,587	17,441	32,842	1,062	511,594
Insurance service expenses	(285,107)	(60,183)	(55,955)	(38,858)	(15,664)	(29,217)	(1,270)	(486,254)
Net expenses from reinsurance contracts held	–	–	–	–	–	–	(5,175)	(5,175)
Insurance service result	20,214	1,597	(1,394)	(271)	1,777	3,625	(5,383)	20,165
Finance expenses from insurance contracts issued	(5,474)	(875)	(21)	(1,101)	(419)	(753)	(119)	(8,762)
Finance income from reinsurance contracts held	–	–	–	–	–	–	1,132	1,132
Interest income from financial assets not measured at fair value through profit or loss	–	–	–	–	–	–	11,933	11,933
Other investment income	–	–	–	–	–	–	20,350	20,350
Credit impairment losses	–	–	–	–	–	–	(279)	(279)
Other expenses, net	–	–	–	–	–	–	(164)	(164)
Other finance costs	–	–	–	–	–	–	(976)	(976)
Other operating expenses	–	–	–	–	–	–	(2,911)	(2,911)
Share of profit or loss of associates and joint ventures	–	–	–	–	–	–	7,376	7,376
Foreign exchange losses, net	–	–	–	–	–	–	(163)	(163)
Profit/(Loss) before income tax	14,740	722	(1,415)	(1,372)	1,358	2,872	30,796	47,701
Income tax expense	–	–	–	–	–	–	(7,324)	(7,324)
Net profit/(loss) for the year Segment operating result	14,740	722	(1,415)	(1,372)	1,358	2,872	23,472	40,377

4. OPERATING SEGMENT INFORMATION *(CONTINUED)*

The segment statements of profit or loss for the year ended 31 December 2024 are as follows:

	Insurance							
	Motor vehicle	Accidental injury and health	Agriculture	Liability	Commercial property	Others	Corporate and other	Total
Insurance revenue	294,674	48,915	55,302	37,148	16,946	30,571	1,667	485,223
Insurance service expenses	(278,626)	(47,290)	(55,853)	(37,678)	(17,208)	(27,072)	(1,665)	(465,392)
Net expenses from reinsurance contracts held	–	–	–	–	–	–	(5,451)	(5,451)
Insurance service result	16,048	1,625	(551)	(530)	(262)	3,499	(5,449)	14,380
Finance expenses from insurance contracts issued	(6,283)	(1,028)	(6)	(1,174)	(495)	(829)	(86)	(9,901)
Finance income from reinsurance contracts held	–	–	–	–	–	–	1,234	1,234
Interest income from financial assets not measured at fair value through profit or loss	–	–	–	–	–	–	11,860	11,860
Other investment income	–	–	–	–	–	–	15,118	15,118
Credit impairment reversals	–	–	–	–	–	–	911	911
Other income, net	–	–	–	–	–	–	254	254
Other finance costs	–	–	–	–	–	–	(1,193)	(1,193)
Other operating expenses	–	–	–	–	–	–	(1,763)	(1,763)
Share of profit or loss of associates and joint ventures	–	–	–	–	–	–	7,123	7,123
Foreign exchange losses, net	–	–	–	2	8	31	(49)	(8)
Profit/(Loss) before income tax	9,765	597	(557)	(1,702)	(749)	2,701	27,960	38,015
Income tax expense	–	–	–	–	–	–	(5,854)	(5,854)
Net profit/(loss) for the year Segment operating result	9,765	597	(557)	(1,702)	(749)	2,701	22,106	32,161

4. OPERATING SEGMENT INFORMATION *(CONTINUED)*

The segment assets and liabilities of the Group at 31 December 2025 and other segment information for the year ended 31 December 2025 are as follows:

	Insurance							
	Motor vehicle	Accidental injury and health	Agriculture	Liability	Commercial property	Others	Corporate and other	Total
31 December 2025								
Segment assets	111	1,202	698	839	1,034	1,314	855,300	860,498
Segment liabilities	281,184	44,294	41	49,777	20,421	36,182	139,896	571,795
For the year ended 31 December 2025								
Other segment information:								
Capital expenditures	2,018	469	370	253	131	201	–	3,442
Depreciation and amortisation	2,144	635	310	317	81	329	101	3,917

The segment assets and liabilities of the Group at 31 December 2024 and other segment information for the year ended 31 December 2024 are as follows:

	Insurance							
	Motor vehicle	Accidental injury and health	Agriculture	Liability	Commercial property	Others	Corporate and other	Total
31 December 2024								
Segment assets	185	1,126	1,896	990	1,199	1,262	771,586	778,244
Segment liabilities	263,044	36,712	98	45,497	19,775	33,937	118,559	517,622
For the year ended 31 December 2024								
Other segment information:								
Capital expenditures	1,876	408	348	237	119	194	–	3,182
Depreciation and amortisation	2,153	623	304	282	82	307	77	3,828

5. INSURANCE REVENUE

	2025	2024
Amounts relating to the changes in the LRC		
Expected incurred claims and other directly attributable expenses	3,551	3,983
Change in the risk adjustment for non-financial risk for the risk expired	213	238
CSM recognised for the service provided	52	93
Experience adjustments arising from premiums received in the period other than those that related to future service	(261)	(338)
Insurance acquisition cash flows recovery	1,098	929
Insurance revenue from contracts measured under the GMM	4,653	4,905
Insurance revenue from contracts measured under the PAA	506,941	480,318
Total	511,594	485,223

An analysis of insurance revenue for insurance contracts issued by transition approach is included in the following table.

	2025	2024
Contracts measured under the modified retrospective approach at transition	123	316
Contracts measured under the fair value approach at transition	984	1,233
Other insurance contracts	510,487	483,674
Total	511,594	485,223

6. NET INSURANCE FINANCE EXPENSES

2025	Contracts measured under the GMM	Contracts measured under the PAA	Total
Interest accreted	764	7,956	8,720
Effect of changes in interest rates and other financial assumptions	(278)	(1,087)	(1,365)
Foreign exchange differences	(12)	54	42
Finance expenses from insurance contracts issued	474	6,923	7,397
Recognised in:			
Profit or loss	752	8,010	8,762
Other comprehensive income	(278)	(1,087)	(1,365)
Interest accreted	(150)	(1,022)	(1,172)
Effect of changes in interest rates and other financial assumptions	59	112	171
Foreign exchange differences	47	(7)	40
Finance income from reinsurance contracts held	(44)	(917)	(961)
Recognised in:			
Profit or loss	(103)	(1,029)	(1,132)
Other comprehensive income	59	112	171
Net insurance finance expenses recognised in total comprehensive income	430	6,006	6,436

6. NET INSURANCE FINANCE EXPENSES *(CONTINUED)*

2024	Contracts measured under the GMM	Contracts measured under the PAA	Total
Interest accreted	976	8,901	9,877
Effect of changes in interest rates and other financial assumptions	553	1,547	2,100
Foreign exchange differences	(11)	35	24
Finance expenses from insurance contracts issued	1,518	10,483	12,001
Recognised in:			
Profit or loss	965	8,936	9,901
Other comprehensive income	553	1,547	2,100
Interest accreted	(175)	(1,046)	(1,221)
Effect of changes in interest rates and other financial assumptions	(99)	(302)	(401)
Foreign exchange differences	(12)	(1)	(13)
Finance income from reinsurance contracts held	(286)	(1,349)	(1,635)
Recognised in:			
Profit or loss	(187)	(1,047)	(1,234)
Other comprehensive income	(99)	(302)	(401)
Net insurance finance expenses recognised in total comprehensive income	1,232	9,134	10,366

7. INTEREST INCOME FROM FINANCIAL ASSETS NOT MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025	2024
Financial investments measured at amortised cost	5,196	5,478
Current and term deposits measured at amortised cost	2,431	2,849
Debt instruments measured at fair value through other comprehensive income	4,306	3,533
Total	11,933	11,860

8. OTHER INVESTMENT INCOME

	2025	2024
Operating lease income from investment properties	389	384
Interest income from financial assets measured at fair value through profit or loss	1,487	2,031
Dividends:		
Equity instruments measured at fair value through other comprehensive income	4,506	4,111
Financial assets measured at fair value through profit or loss	895	988
Subtotal	5,401	5,099
Unrealised gains on investments:		
Financial assets measured at fair value through profit or loss	7,385	8,065
Realised gains/(losses) on investments:		
Financial assets measured at fair value through profit or loss	5,296	(509)
Debt instruments measured at fair value through other comprehensive income	656	283
Subtotal	5,952	(226)
Losses on fair value changes of investment properties (note 25)	(264)	(235)
Total	20,350	15,118

8. OTHER INVESTMENT INCOME *(CONTINUED)*

Net unrealised gains or losses comprise changes in the fair value of financial instruments for the period and from reversal of prior period's unrealised gains and losses for financial instruments, which were realised in the reporting period. Net realised gains or losses include the gains or losses on disposals of financial instruments which are calculated using the weighted average method. They represent the difference between a financial instrument's initial cost or amortised cost and disposal amount.

9. CREDIT IMPAIRMENT LOSSES/(REVERSALS)

	2025	2024
Financial investments measured at amortised cost	265	(627)
Debt instruments measured at fair value through other comprehensive income	18	(71)
Term deposits	(21)	(137)
Other financial assets	17	(76)
Total	279	(911)

10. OTHER FINANCE COSTS

	2025	2024
Interest on securities sold under agreements to repurchase	704	694
Interest on bonds payable	209	368
Interest on lease liabilities	38	46
Interest on investment contracts	25	85
Total	976	1,193

11. OTHER OPERATING EXPENSES

The following expenses for the years ended 31 December 2025 and 2024 were analysed by nature. Expenses incurred that were fulfilment cash flows are not presented in other operating expenses, but either presented as insurance service expenses or recognised as insurance acquisition cash flows according to HKFRS 17.

	2025	2024
Employee expenses (including directors', supervisors' and senior management's remunerations)	45,240	42,744
Salaries, allowances and performance related bonuses	39,875	37,689
Pension scheme contributions	5,365	5,055
Commissions	37,074	38,698
Labor service fee	14,237	12,736
Business publicity expenses	12,716	14,035
Consulting fee	4,341	4,452
Taxes and other surcharges	2,153	1,951
Depreciation of property and equipment (note 26)	1,943	1,773
Amortisation of intangible assets	968	1,114
Depreciation of right-of-use assets (note 27)	928	914
Other expenses	14,612	14,221
Including: Auditor's remuneration	19	19
Subtotal	134,212	132,638
Less: Insurance acquisition cash flows	(87,346)	(88,325)
Less: Other incurred expenses directly attributable to insurance contracts	(43,955)	(42,550)
Total	2,911	1,763

12. INCOME TAX EXPENSE

The provision for income tax expense is calculated based on the statutory rate of 25% in accordance with the relevant PRC income tax rules and regulations during each period. Starting from 2020, the Company's branches in some western provinces and Hainan province have been entitled to the preferential tax rate of 15% for eligible taxable profit. According to relevant tax regulations, the preferential tax rates of some western provinces and Hainan province are applicable until 2030 and 2027, respectively.

	2025	2024
Current tax	8,016	7,308
Deferred income tax	(692)	(1,454)
Total	7,324	5,854

A reconciliation of the tax expense applicable to profit before income tax at the statutory tax rate of the PRC, in which the Group is domiciled, to the income tax at the effective tax rate is as follows:

	2025	2024
Profit before income tax	47,701	38,015
Income tax at the statutory tax rate of 25% (2024: 25%)	11,925	9,504
Income not subject to tax	(4,411)	(3,760)
Expenses not deductible for tax	263	350
Impact from preferential tax treatment	(453)	(240)
Income tax at the Group's effective tax rate	7,324	5,854

13. DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(1) Directors and supervisors

Directors' and supervisors' remuneration for the year, disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, is as follows:

2025	Fees *RMB'000*	Salaries and allowances *RMB'000*	Performance related bonuses *RMB'000*	Retirement benefits *RMB'000*	Housing fund and other benefits *RMB'000*	Total remuneration before tax *RMB'000*
Non-executive directors:						
Ms. Ding Xiangqun (i) (Chairman of the Board)	–	–	–	–	–	–
Executive directors:						
Mr. Zhang Daoming (appointed as the temporary responsible officer on 9 December 2025)	–	740	389	403	64	1,596
Mr. Yu Ze (i)(iii) (Former President) (resigned on 9 December 2025)	–	–	–	–	–	–
Mr. Jiang Caishi	–	758	398	403	69	1,628
Mr. Hu Wei	–	740	389	403	69	1,601
Independent directors:						
Mr. Cheng Fengchao	250	–	–	–	–	250
Mr. Wei Chenyang	200	–	–	–	–	200
Mr. Li Weibin	250	–	–	–	–	250
Mr. Qu Xiaobo	200	–	–	–	–	200
Ms. Xue Shuang	250	–	–	–	–	250
Supervisors (Former):						
Mr. Dong Qingxiu (ii)(iii) (Former Chairman of the Supervisory Committee)	–	574	301	369	65	1,309
Mr. Wang Yadong (i)(ii)(iii)	–	–	–	–	–	–
Mr. Zhou Zhiwen (ii)(iii)	–	385	396	235	141	1,157
Mr. Fu Xiaoliang (ii)(iii)	–	313	324	230	115	982
External supervisors (Former):						
Mr. Wen Jiaxuan (ii)(iii)	183	–	–	–	–	183
Total	1,333	3,510	2,197	2,043	523	9,606

13. DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S EMOLUMENTS *(CONTINUED)*

(1) Directors and supervisors *(continued)*

(i) These directors and supervisors did not receive any remuneration from the Company.

(ii) At the Annual General Meeting of the Company's shareholders held on 27 June 2025, the shareholders passed a special resolution approving the proposed amendment to the Articles of Association. The revised Articles of Association came into effect on 20 November 2025, the date of approval by the National Financial Regulatory Administration ("NFRA"). Upon the effectiveness of the revised Articles of Association, the Company ceased to maintain a Supervisory Committee, and the former shareholder supervisors, employee supervisors, and external supervisor all retired from their respective supervisor roles.

(iii) Except as disclosed in (ii) above and the retirements indicated to the right of the directors' name in the table above, there were no other changes.

In accordance with the policies of the relevant authorities in the PRC, the Company did not pay any compensation to Ms. Ding Xiangqun for their services as the Chairman of the Board.

The remuneration of executive directors, Mr. Zhang Daoming, Mr. Jiang Caishi and Mr. Hu Wei was mainly for their services as directors of the Company.

The fees of independent directors and external supervisors consist of two parts: basic fee and floating fee, according to the proposal on remuneration plan of independent directors and external supervisors of the Company. The basic fee is a fixed amount, among which, independent directors and independent supervisors who are the chairman of the committees of the Board of Directors or the Supervisory Committee are proposed to be paid RMB250,000 per person per year before tax, and other independent directors and independent supervisors are proposed to be paid RMB200,000 per person per year before tax. The floating fee is RMB50,000 per person per year before tax, which is linked to the annual performance evaluation results. Those rated as "competent" will be paid at 100%; those rated as "basically competent" will be paid at 60%; and those rated as "incompetent" will not be paid for floating fees. The fees of independent directors and external supervisors shall be charged and paid by the Company in accordance with the relevant policies each year during their terms of office. The fees shall be calculated according to the actual length of service of such directors and supervisors during the year if their actual length of service is less than a year. The above disclosed fees only include basic fees. The floating fees will be paid after the evaluation of the directors and supervisors' performance for the year 2025, and will be disclosed in the restated figures in next year's report.

The supervisors' remuneration shown above was mainly for their services as employees of the Company.

Pursuant to the PRC relevant regulations, the payment of a portion of the performance related bonuses for certain executive directors and supervisors has been deferred for a minimum of 3 years.

13. DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S EMOLUMENTS *(CONTINUED)*

(1) Directors and supervisors *(continued)*

The total compensation packages of Mr. Zhang Daoming, Mr. Jiang Caishi, Mr. Hu Wei, Mr. Dong Qingxiu, Mr. Zhou Zhiwen and Mr. Fu Xiaoliang for the year ended 31 December 2025 including performance related bonuses have not yet been finalised in accordance with regulations of the relevant authorities in the PRC. Management of the Company believes that the difference between the final remuneration and that disclosed above will not have a significant impact on the consolidated financial statements.

2024 (Restated)	Fees	Salaries and allowances	Performance related bonuses	Retirement benefits	Housing fund and other benefits	Total remuneration before tax
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Non-executive directors:						
Ms. Ding Xiangqun (i) (Chairman of the Board) (appointed as Chairman of the Board and non-executive director on 30 December 2024)	–	–	–	–	–	–
Mr. Wang Tingke (i) (Former Chairman of the Board) (resigned on 5 September 2024)	–	–	–	–	–	–
Mr. Li Tao (i) (resigned on 20 December 2024)	–	–	–	–	–	–
Executive directors:						
Mr. Yu Ze (i) (President)	–	–	–	–	–	–
Mr. Jiang Caishi	–	758	648	387	67	1,860
Mr. Zhang Daoming	–	740	639	381	62	1,822
Mr. Hu Wei	–	740	639	370	67	1,816
Independent directors:						
Ms. Qu Xiaohui (retired on 29 April 2024)	83	–	–	–	–	83
Mr. Cheng Fengchao	300	–	–	–	–	300
Mr. Wei Chenyang	250	–	–	–	–	250
Mr. Li Weibin	300	–	–	–	–	300
Mr. Qu Xiaobo	250	–	–	–	–	250
Ms. Xue Shuang (appointed as independent director on 26 August 2024)	83	–	–	–	–	83

13. DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S EMOLUMENTS *(CONTINUED)*

(1) Directors and supervisors *(continued)*

2024 (Restated)	Fees	Salaries and allowances	Performance related bonuses	Retirement benefits	Housing fund and other benefits	Total remuneration before tax
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Supervisors:						
Mr. Dong Qingxiu (Chairman of the Supervisory Committee)	–	626	579	387	67	1,659
Mr. Wang Yadong (i)	–	–	–	–	–	–
Mr. Zhou Zhiwen	–	420	912	260	143	1,735
Mr. Fu Xiaoliang	–	371	869	249	133	1,622
External supervisors:						
Ms. Li Shuxian (resigned on 30 June 2024)	125	–	–	–	–	125
Mr. Wen Jiaxuan	250	–	–	–	–	250
Total	1,641	3,655	4,286	2,034	539	12,155

(i) These directors and supervisors did not receive any remuneration from the Company.

The remuneration of executive directors and supervisors and the fees of independent directors and external supervisors for the year 2024 have been restated according to the amounts finalised in the year 2025.

13. DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S EMOLUMENTS *(CONTINUED)*

(2) Senior management

Remuneration of senior management other than directors and supervisors is as follows:

	2025 *RMB'000*	2024 (Restated) *RMB'000*
Salaries and allowances	4,203	3,394
Performance related bonuses	2,857	3,415
Retirement benefits	2,473	1,891
Housing fund and other benefits	617	444
Total	10,150	9,144

Pursuant to the PRC relevant regulations, the payment of a portion of the performance related bonuses for members of senior management has been deferred for a minimum of 3 years contingent upon the future performance.

The total compensation packages for senior management for the year ended 31 December 2025 including performance related bonuses have not yet been finalised in accordance with regulations of the relevant authorities in the PRC. Management of the Company believes that the difference between the final remuneration and that disclosed above will not have a significant impact on the consolidated financial statements.

The number of senior management other than directors and supervisors whose remuneration fell within the following bands is as follows:

	2025	2024 (Restated)
HKD1,000,001 to HKD1,500,000	3	-
HKD1,500,001 to HKD2,000,000	4	2
HKD2,000,001 to HKD2,500,000	–	3
Total	7	5

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 2024 were restated after finalisation in year 2025.

14. FIVE HIGHEST PAID INDIVIDUALS

The five highest paid individuals of the Group during the year included two directors (2024: two directors), details of whose remuneration are set out in note 13 above. Details of the remuneration for the year of the remaining three (2024: three) highest paid individuals are set out below:

	2025 *RMB'000*	2024 (Restated) *RMB'000*
Salaries and allowances	2,220	2,220
Performance related bonuses	1,166	1,916
Retirement benefits	1,210	1,127
Housing fund and other benefits	207	202
Total	4,803	5,465

The number of the highest paid individuals who are not directors/supervisors of the Company whose remuneration fell within the following bands is as follows:

	2025	2024 (Restated)
HKD1,000,001 to HKD1,500,000	–	–
HKD1,500,001 to HKD2,000,000	3	–
HKD2,000,001 to HKD2,500,000	–	3
Total	3	3

The compensation amounts for the highest paid individuals for the year ended 31 December 2024 were restated based on the finalised amounts determined during 2025.

15. EARNINGS PER SHARE

(1) Basic earnings per share

The calculation of basic earnings per share attributable to owners of the parent is based on the following:

	2025	2024
Earnings:		
Net profit attributable to owners of the parent	40,370	32,173
Shares:		
Weighted average number of ordinary shares in issue (in million shares) (note 35)	22,242	22,242
Basic earnings per share (RMB yuan)	1.815	1.446

Basic earnings per share amounts were calculated by dividing the profit attributable to owners of the parent by the weighted average number of ordinary shares in issue for the years ended 31 December 2025 and 2024.

(2) Diluted earnings per share

For the years ended 31 December 2025 and 2024, the Company did not hold any dilutive potential ordinary shares, therefore the diluted earnings per share amounts were the same as the basic earnings per share amounts.

16. DIVIDENDS

	2025	2024
Dividends recognised as distribution during the year:		
Final dividend for the year 2023:		
RMB0.489 per ordinary share	–	10,877
Interim dividend for the year 2024:		
RMB0.208 per ordinary share	–	4,626
Final dividend for the year 2024:		
RMB0.332 per ordinary share	7,385	–
Interim dividend for the year 2025:		
RMB0.24 per ordinary share	5,338	–

Pursuant to the shareholders' approval at the general meeting on 30 October 2025, an interim dividend of RMB0.24 per ordinary share totalling RMB5,338 million in respect of the period for the six months ended 30 June 2025 was declared.

16. DIVIDENDS *(CONTINUED)*

Pursuant to the shareholders' approval at the general meeting on 27 June 2025, a final dividend of RMB0.332 per ordinary share totalling RMB7,385 million in respect of the period for the year ended 31 December 2024 was declared.

Pursuant to the shareholders' approval at the general meeting on 29 October 2024, an interim dividend of RMB0.208 per ordinary share totalling RMB4,626 million in respect of the period for the six months ended 30 June 2024 was declared.

Pursuant to the shareholders' approval at the general meeting on 28 June 2024, a final dividend of RMB0.489 per ordinary share totalling RMB10,877 million in respect of the period for the year ended 31 December 2023 was declared.

17. CASH AND CASH EQUIVALENTS

	31 December 2025	31 December 2024
Demand deposits and cash on hand	**9,073**	8,550
Securities purchased under resale agreements with original maturity of no more than three months	**14,195**	10,813
Subtotal	**23,268**	19,363
Add: interest receivable	**5**	7
Less: provision for impairment	**–**	–
Total	**23,273**	19,370
Cash and cash equivalents by accounting categories:		
Financial assets measured at amortised cost	**23,273**	19,370

For securities purchased under resale agreements, counterparties are required to pledge certain bonds as collateral. The securities purchased are not recognised on the consolidated statement of financial position.

The carrying amounts of cash and cash equivalents approximated to the fair values at 31 December 2025 and 31 December 2024.

18. FINANCIAL INVESTMENTS MEASURED AT AMORTISED COST

	31 December 2025	31 December 2024
Bond investments:		
Government bonds	69,015	44,893
Corporate bonds	13,950	16,552
Financial bonds	9,932	6,953
Long-term debt investment schemes	28,076	31,388
Trust plans	21,658	29,454
Project support schemes	8,450	7,128
Others	397	396
Total	151,478	136,764
Less: provision for impairment	(985)	(704)
Net value	150,493	136,060

19. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	31 December 2025	31 December 2024
Debt instruments:		
Bond investments		
Government bonds	95,348	77,166
Corporate bonds	53,365	47,466
Financial bonds	21,944	16,672
Project support schemes	108	74
Subtotal	170,765	141,378
Including:		
Amortised cost	163,847	130,190
Accumulated fair value changes	6,918	11,188
Equity instruments:		
Listed shares	55,180	39,230
Perpetual bonds (i)	35,117	39,584
Perpetual trust plans and perpetual debt plans (i)	18,877	16,097
Preferred shares	6,769	7,482
Subtotal	115,943	102,393
Including:		
Cost	98,513	86,032
Accumulated fair value changes	17,430	16,361
Total	286,708	243,771

(i) These perpetual financial instruments have no fixed maturity dates, and the issuer does not have a contractual obligation to make any distributions or to redeem them by paying cash or other financial assets.

19. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME *(CONTINUED)*

At 31 December 2025, the impairment provision for financial assets measured at fair value through other comprehensive income was RMB136 million (31 December 2024: RMB121 million).

Certain investments in equity instruments that are not held for trading were designated at fair value through other comprehensive income. The equity instruments measured at fair value through other comprehensive income, designated by the Group, are non-trading equity investments with the primary objective of being held for long term or obtaining dividends during the holding period.

The dividend income recognised by the Group for such equity instruments for the year ended 31 December 2025 was RMB4,506 million (2024: RMB4,111 million). In 2025, for optimising asset allocation and asset-liability management, the Group disposed of equity instruments designated at fair value through other comprehensive income amounting to RMB18,814 million (2024: RMB7,790 million). The cumulative gains net of taxes of such equity instruments transferred to retained earnings from the revaluation reserve upon the disposals were RMB2,136 million during the year (2024: gains net of taxes of RMB841 million).

20. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2025	31 December 2024
Bond investments:		
Financial bonds	**43,343**	46,883
Corporate bonds	**2,421**	2,307
Government bonds	**519**	1,089
Mutual funds	**35,762**	33,790
Listed shares	**31,366**	9,551
Equity investment funds and plans (i)	**16,203**	14,687
Project support schemes	**6,257**	2,416
Perpetual bonds	**4,315**	2,297
Unlisted shares	**4,253**	3,795
Asset management products	**3,352**	3,043
Debt investment schemes	**1,288**	208
Trust plans	**551**	–
Total	**149,630**	120,066

(i) Equity investment funds and plans are structured entities which are set up for holding one or more equity investments on behalf of the ultimate investors. The underlying investments of these equity investment funds and plans are usually determined at inception of these funds and plans.

21. INSURANCE CONTRACTS

(1) Reconciliation of the liability for remaining coverage and the liability for incurred claims for insurance contracts issued

	2025				
	LRC		LIC		
Insurance contracts issued measured under the PAA	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment for non-financial risk	Total
Insurance contract liabilities as at 1 January (1)	(173,576)	(5,487)	(164,863)	(6,243)	(350,169)
Insurance contract assets as at 1 January (2)	8,682	(277)	(6,473)	(443)	1,489
Insurance contract liabilities, net as at 1 January (3) = (1) + (2)	(164,894)	(5,764)	(171,336)	(6,686)	(348,680)
Insurance revenue (4)	506,941	–	–	–	506,941
Incurred claims and other directly attributable expenses (excluding insurance acquisition cash flows) (5)	–	–	(400,414)	(4,659)	(405,073)
Insurance acquisition cash flows amortisation (6)	(88,449)	–	–	–	(88,449)
Losses on onerous contracts and reversals of those losses (7)	–	(3,738)	–	–	(3,738)
Changes that relate to past service – changes in the FCF relating to the LIC (8)	–	–	7,787	4,100	11,887
Other expenses (9)	–	–	–	–	–
Insurance service expenses (10) = (5) + (6) + (7) + (8) + (9)	(88,449)	(3,738)	(392,627)	(559)	(485,373)
Insurance service result (11) = (4) + (10)	418,492	(3,738)	(392,627)	(559)	21,568
Finance expenses from insurance contracts issued (12)	(3,667)	(1)	(3,142)	(113)	(6,923)
Other income or expenses recognised in profit or loss (13)	–	–	–	–	–
Other income or expenses recognised in other comprehensive income (14)	–	–	–	–	–
Total amounts recognised in total comprehensive income (15) = (11) + (12) + (13) + (14)	414,825	(3,739)	(395,769)	(672)	14,645

21. INSURANCE CONTRACTS *(CONTINUED)*

(1) Reconciliation of the liability for remaining coverage and the liability for incurred claims for insurance contracts issued *(continued)*

	2025				
	LRC		LIC		
Insurance contracts issued measured under the PAA	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment for non-financial risk	Total
Investment components (16)	43,392	–	(43,392)	–	–
Premiums received (17)	(558,153)	–	–	–	(558,153)
Insurance acquisition cash flows (18)	86,618	–	–	–	86,618
Claims and other directly attributable expenses paid (including investment components) (19)	–	–	395,985	–	395,985
Other cash flows (20)	–	–	–	–	–
Total cash flows (21) = (17) + (18) + (19) + (20)	(471,535)	–	395,985	–	(75,550)
Other movements (22)	–	–	3,492	–	3,492
Insurance contract liabilities, net as at 31 December (23) = (3) + (15) + (16) + (21) + (22)	(178,212)	(9,503)	(211,020)	(7,358)	(406,093)
Insurance contract assets as at 31 December (24)	7,204	(532)	(5,864)	(394)	414
Insurance contract liabilities as at 31 December (25)	(185,416)	(8,971)	(205,156)	(6,964)	(406,507)

21. INSURANCE CONTRACTS *(CONTINUED)*

(1) Reconciliation of the liability for remaining coverage and the liability for incurred claims for insurance contracts issued *(continued)*

	2024				
	LRC		LIC		
Insurance contracts issued measured under the PAA	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment for non-financial risk	Total
Insurance contract liabilities as at 1 January (1)	(158,484)	(5,213)	(141,944)	(5,298)	(310,939)
Insurance contract assets as at 1 January (2)	10,629	(400)	(6,762)	(456)	3,011
Insurance contract liabilities, net as at 1 January (3) = (1) + (2)	(147,855)	(5,613)	(148,706)	(5,754)	(307,928)
Insurance revenue (4)	480,318	–	–	–	480,318
Incurred claims and other directly attributable expenses (excluding insurance acquisition cash flows) (5)	–	–	(379,948)	(4,386)	(384,334)
Insurance acquisition cash flows amortisation (6)	(92,973)	–	–	–	(92,973)
Losses on onerous contracts and reversals of those losses (7)	–	(151)	–	–	(151)
Changes that relate to past service – changes in the FCF relating to the LIC (8)	–	–	7,180	3,676	10,856
Other expenses (9)	–	–	–	–	–
Insurance service expenses (10) = (5) + (6) + (7) + (8) + (9)	(92,973)	(151)	(372,768)	(710)	(466,602)
Insurance service result (11) = (4) + (10)	387,345	(151)	(372,768)	(710)	13,716
Finance expenses from insurance contracts issued (12)	(4,308)	–	(5,953)	(222)	(10,483)
Other income or expenses recognised in profit or loss (13)	–	–	–	–	–
Other income or expenses recognised in other comprehensive income (14)	–	–	–	–	–
Total amounts recognised in total comprehensive income (15) = (11) + (12) + (13) + (14)	383,037	(151)	(378,721)	(932)	3,233

21. INSURANCE CONTRACTS *(CONTINUED)*

(1) Reconciliation of the liability for remaining coverage and the liability for incurred claims for insurance contracts issued *(continued)*

	2024				
	LRC		LIC		
Insurance contracts issued measured under the PAA	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment for non-financial risk	Total
Investment components (16)	50,704	–	(50,704)	–	–
Premiums received (17)	(538,103)	–	–	–	(538,103)
Insurance acquisition cash flows (18)	87,323	–	–	–	87,323
Claims and other directly attributable expenses paid (including investment components) (19)	–	–	403,347	–	403,347
Other cash flows (20)	–	–	–	–	–
Total cash flows (21) = (17) + (18) + (19) + (20)	(450,780)	–	403,347	–	(47,433)
Other movements (22)	–	–	3,448	–	3,448
Insurance contract liabilities, net as at 31 December (23) = (3) + (15) + (16) + (21) + (22)	(164,894)	(5,764)	(171,336)	(6,686)	(348,680)
Insurance contract assets as at 31 December (24)	8,682	(277)	(6,473)	(443)	1,489
Insurance contract liabilities as at 31 December (25)	(173,576)	(5,487)	(164,863)	(6,243)	(350,169)

21. INSURANCE CONTRACTS *(CONTINUED)*

(1) Reconciliation of the liability for remaining coverage and the liability for incurred claims for insurance contracts issued *(continued)*

	2025			
	LRC			
Insurance contracts issued measured under the GMM	Excluding loss component	Loss component	LIC	Total
Insurance contract liabilities as at 1 January (1)	(4,898)	(668)	(46,102)	(51,668)
Insurance contract assets as at 1 January (2)	630	–	(406)	224
Insurance contract liabilities, net as at 1 January (3) = (1) + (2)	(4,268)	(668)	(46,508)	(51,444)
Insurance revenue (4)	4,653	–	–	4,653
Incurred claims and other directly attributable expenses (excluding insurance acquisition cash flows) (5)	–	537	(3,723)	(3,186)
Insurance acquisition cash flows amortisation (6)	(1,098)	–	–	(1,098)
Losses on onerous contracts and reversals of those losses (7)	–	(779)	–	(779)
Changes that relate to past service – changes in the FCF relating to the LIC (8)	–	–	4,182	4,182
Other expenses (9)	–	–	–	–
Insurance service expenses (10) = (5) + (6) + (7) + (8) + (9)	(1,098)	(242)	459	(881)
Insurance service result (11) = (4) + (10)	3,555	(242)	459	3,772
Finance expenses from insurance contracts issued (12)	61	(18)	(517)	(474)
Other income or expenses recognised in profit or loss (13)	–	–	–	–
Other income or expenses recognised in other comprehensive income (14)	–	–	–	–
Total amounts recognised in total comprehensive income (15) = (11) + (12) + (13) + (14)	3,616	(260)	(58)	3,298

21. INSURANCE CONTRACTS *(CONTINUED)*

(1) Reconciliation of the liability for remaining coverage and the liability for incurred claims for insurance contracts issued *(continued)*

Insurance contracts issued measured under the GMM	2025 LRC Excluding loss component	2025 LRC Loss component	2025 LIC	2025 Total
Investment components (16)	(3)	–	3	–
Premiums received (17)	(3,821)	–	–	(3,821)
Insurance acquisition cash flows (18)	1,077	–	–	1,077
Claims and other directly attributable expenses paid (including investment components) (19)	–	–	24,498	24,498
Other cash flows (20)	–	–	–	–
Total cash flows (21) = (17) + (18) + (19) + (20)	(2,744)	–	24,498	21,754
Other movements (22)	–	–	25	25
Insurance contract liabilities, net as at 31 December (23) = (3) + (15) + (16) + (21) + (22)	(3,399)	(928)	(22,040)	(26,367)
Insurance contract assets as at 31 December (24)	637	–	(287)	350
Insurance contract liabilities as at 31 December (25)	(4,036)	(928)	(21,753)	(26,717)

21. INSURANCE CONTRACTS *(CONTINUED)*

(1) Reconciliation of the liability for remaining coverage and the liability for incurred claims for insurance contracts issued *(continued)*

	2024			
	LRC			
Insurance contracts issued measured under the GMM	Excluding loss component	Loss component	LIC	Total
Insurance contract liabilities as at 1 January (1)	(5,485)	(281)	(55,124)	(60,890)
Insurance contract assets as at 1 January (2)	620	–	(746)	(126)
Insurance contract liabilities, net as at 1 January (3) = (1) + (2)	(4,865)	(281)	(55,870)	(61,016)
Insurance revenue (4)	4,905	–	–	4,905
Incurred claims and other directly attributable expenses (excluding insurance acquisition cash flows) (5)	–	265	(4,704)	(4,439)
Insurance acquisition cash flows amortisation (6)	(929)	–	–	(929)
Losses on onerous contracts and reversals of those losses (7)	–	(624)	–	(624)
Changes that relate to past service – changes in the FCF relating to the LIC (8)	–	–	7,202	7,202
Other expenses (9)	–	–	–	–
Insurance service expenses (10) = (5) + (6) + (7) + (8) + (9)	(929)	(359)	2,498	1,210
Insurance service result (11) = (4) + (10)	3,976	(359)	2,498	6,115
Finance expenses from insurance contracts issued (12)	(139)	(28)	(1,351)	(1,518)
Other income or expenses recognised in profit or loss (13)	–	–	–	–
Other income or expenses recognised in other comprehensive income (14)	–	–	–	–
Total amounts recognised in total comprehensive income (15) = (11) + (12) + (13) + (14)	3,837	(387)	1,147	4,597

21. INSURANCE CONTRACTS *(CONTINUED)*

(1) Reconciliation of the liability for remaining coverage and the liability for incurred claims for insurance contracts issued *(continued)*

	2024			
	LRC			
Insurance contracts issued measured under the GMM	Excluding loss component	Loss component	LIC	Total
Investment components (16)	(7)	–	7	–
Premiums received (17)	(4,359)	–	–	(4,359)
Insurance acquisition cash flows (18)	1,126	–	–	1,126
Claims and other directly attributable expenses paid (including investment components) (19)	–	–	8,175	8,175
Other cash flows (20)	–	–	–	–
Total cash flows (21) = (17) + (18) + (19) + (20)	(3,233)	–	8,175	4,942
Other movements (22)	–	–	33	33
Insurance contract liabilities, net as at 31 December (23) = (3) + (15) + (16) + (21) + (22)	(4,268)	(668)	(46,508)	(51,444)
Insurance contract assets as at 31 December (24)	630	–	(406)	224
Insurance contract liabilities as at 31 December (25)	(4,898)	(668)	(46,102)	(51,668)

21. INSURANCE CONTRACTS *(CONTINUED)*

(2) Reconciliation of the asset for remaining coverage and the asset for incurred claims for reinsurance contracts held

	2025				
	Asset for remaining coverage		Asset for incurred claims		
Reinsurance contracts held measured under the PAA	Excluding loss recovery component	Loss recovery component	Present value of future cash flows	Risk adjustment for non-financial risk	Total
Reinsurance contract assets as at 1 January (1)	(1,241)	613	35,645	1,166	36,183
Reinsurance contract liabilities as at 1 January (2)	(55)	2	131	2	80
Reinsurance contract assets, net as at 1 January (3) = (1) + (2)	(1,296)	615	35,776	1,168	36,263
Allocation of reinsurance premiums (4)	(34,183)	–	–	–	(34,183)
Incurred claims recovery (5)	–	(166)	29,216	631	29,681
Recognition and reversal of the loss recovery component (6)	–	293	–	–	293
Changes that relate to past service – changes in the FCF relating to incurred claims recovery (7)	–	–	18	(588)	(570)
Effect of changes in the risk of reinsurers' non-performance (8)	–	–	(2)	–	(2)
Others (9)	–	–	–	–	–
Amounts recoverable from reinsurers (10) = (5) + (6) + (7) + (8) + (9)	–	127	29,232	43	29,402
Net expenses from reinsurance contracts held (11) = (4) + (10)	(34,183)	127	29,232	43	(4,781)
Finance income from reinsurance contracts held (12)	525	7	364	21	917
Other income or expenses recognised in profit or loss (13)	–	–	–	–	–
Other income or expenses recognised in other comprehensive income (14)	–	–	–	–	–
Total amounts recognised in total comprehensive income (15) = (11) + (12) + (13) + (14)	(33,658)	134	29,596	64	(3,864)

21. INSURANCE CONTRACTS *(CONTINUED)*

(2) Reconciliation of the asset for remaining coverage and the asset for incurred claims for reinsurance contracts held *(continued)*

	2025				
	Asset for remaining coverage		Asset for incurred claims		
Reinsurance contracts held measured under the PAA	Excluding loss recovery component	Loss recovery component	Present value of future cash flows	Risk adjustment for non-financial risk	Total
Investment components (16)	(3,409)	–	3,409	–	–
Premiums ceded to reinsurers (17)	36,184	–	–	–	36,184
Amounts received from reinsurers relating to incurred claims (including investment components) (18)	–	–	(29,265)	–	(29,265)
Other cash flows (19)	–	–	–	–	–
Total cash flows (20) = (17) + (18) + (19)	36,184	–	(29,265)	–	6,919
Other movements (21)	–	–	–	–	–
Reinsurance contract assets, net as at 31 December (22) = (3) + (15) + (16) + (20) + (21)	(2,179)	749	39,516	1,232	39,318
Reinsurance contract assets as at 31 December (23)	(2,113)	744	39,399	1,229	39,259
Reinsurance contract liabilities as at 31 December (24)	(66)	5	117	3	59

21. INSURANCE CONTRACTS *(CONTINUED)*

(2) Reconciliation of the asset for remaining coverage and the asset for incurred claims for reinsurance contracts held *(continued)*

	2024				
	Asset for remaining coverage		Asset for incurred claims		
Reinsurance contracts held measured under the PAA	Excluding loss recovery component	Loss recovery component	Present value of future cash flows	Risk adjustment for non-financial risk	Total
Reinsurance contract assets as at 1 January (1)	(756)	337	31,899	1,034	32,514
Reinsurance contract liabilities as at 1 January (2)	(45)	–	35	–	(10)
Reinsurance contract assets, net as at 1 January (3) = (1) + (2)	(801)	337	31,934	1,034	32,504
Allocation of reinsurance premiums (4)	(32,224)	–	–	–	(32,224)
Incurred claims recovery (5)	–	(88)	27,526	585	28,023
Recognition and reversal of the loss recovery component (6)	–	363	–	–	363
Changes that relate to past service – changes in the FCF relating to incurred claims recovery (7)	–	–	(963)	(496)	(1,459)
Effect of changes in the risk of reinsurers' non-performance (8)	–	–	(17)	–	(17)
Others (9)	–	–	–	–	–
Amounts recoverable from reinsurers (10) = (5) + (6) + (7) + (8) + (9)	–	275	26,546	89	26,910
Net expenses from reinsurance contracts held (11) = (4) + (10)	(32,224)	275	26,546	89	(5,314)
Finance income from reinsurance contracts held (12)	465	3	836	45	1,349
Other income or expenses recognised in profit or loss (13)	–	–	–	–	–
Other income or expenses recognised in other comprehensive income (14)	–	–	–	–	–
Total amounts recognised in total comprehensive income (15) = (11) + (12) + (13) + (14)	(31,759)	278	27,382	134	(3,965)

21. INSURANCE CONTRACTS *(CONTINUED)*

(2) Reconciliation of the asset for remaining coverage and the asset for incurred claims for reinsurance contracts held *(continued)*

Reinsurance contracts held measured under the PAA	2024 Asset for remaining coverage: Excluding loss recovery component	Asset for remaining coverage: Loss recovery component	Asset for incurred claims: Present value of future cash flows	Asset for incurred claims: Risk adjustment for non-financial risk	Total
Investment components (16)	(2,798)	–	2,798	–	–
Premiums ceded to reinsurers (17)	34,062	–	–	–	34,062
Amounts received from reinsurers relating to incurred claims (including investment components) (18)	–	–	(26,338)	–	(26,338)
Other cash flows (19)	–	–	–	–	–
Total cash flows (20) = (17) + (18) + (19)	34,062	–	(26,338)	–	7,724
Other movements (21)	–	–	–	–	–
Reinsurance contract assets, net as at 31 December (22) = (3) + (15) + (16) + (20) + (21)	(1,296)	615	35,776	1,168	36,263
Reinsurance contract assets as at 31 December (23)	(1,241)	613	35,645	1,166	36,183
Reinsurance contract liabilities as at 31 December (24)	(55)	2	131	2	80

21. INSURANCE CONTRACTS *(CONTINUED)*

(2) Reconciliation of the asset for remaining coverage and the asset for incurred claims for reinsurance contracts held *(continued)*

Reinsurance contracts held measured under the GMM	2025			
	Asset for remaining coverage			
	Excluding loss recovery component	Loss recovery component	Asset for incurred claims	Total
Reinsurance contract assets as at 1 January (1)	(38)	62	4,299	4,323
Reinsurance contract liabilities as at 1 January (2)	24	–	(163)	(139)
Reinsurance contract assets, net as at 1 January (3) = (1) + (2)	(14)	62	4,136	4,184
Allocation of reinsurance premiums (4)	(137)	–	–	(137)
Incurred claims recovery (5)	–	(61)	(138)	(199)
Recognition and reversal of the loss recovery component (6)	–	90	–	90
Changes that relate to past service – changes in the FCF relating to incurred claims recovery (7)	–	–	(137)	(137)
Effect of changes in the risk of reinsurers' non-performance (8)	–	–	(11)	(11)
Others (9)	–	–	–	–
Amounts recoverable from reinsurers (10) = (5) + (6) + (7) + (8) + (9)	–	29	(286)	(257)
Net expenses from reinsurance contracts held (11) = (4) + (10)	(137)	29	(286)	(394)
Finance income from reinsurance contracts held (12)	(40)	1	83	44
Other income or expenses recognised in profit or loss (13)	–	–	–	–
Other income or expenses recognised in other comprehensive income (14)	–	–	–	–
Total amounts recognised in total comprehensive income (15) = (11) + (12) + (13) + (14)	(177)	30	(203)	(350)

21. INSURANCE CONTRACTS *(CONTINUED)*

(2) Reconciliation of the asset for remaining coverage and the asset for incurred claims for reinsurance contracts held *(continued)*

Reinsurance contracts held measured under the GMM	2025 Asset for remaining coverage Excluding loss recovery component	Loss recovery component	Asset for incurred claims	Total
Investment components (16)	(3)	–	3	–
Premiums ceded to reinsurers (17)	194	–	–	194
Amounts received from reinsurers relating to incurred claims (including investment components) (18)	–	–	(248)	(248)
Other cash flows (19)	–	–	–	–
Total cash flows (20) = (17) + (18) + (19)	194	–	(248)	(54)
Other movements (21)	–	–	–	–
Reinsurance contract assets, net as at 31 December (22) = (3) + (15) + (16) + (20) +(21)	–	92	3,688	3,780
Reinsurance contract assets as at 31 December (23)	(25)	92	3,803	3,870
Reinsurance contract liabilities as at 31 December (24)	25	–	(115)	(90)

21. INSURANCE CONTRACTS *(CONTINUED)*

(2) Reconciliation of the asset for remaining coverage and the asset for incurred claims for reinsurance contracts held *(continued)*

	2024			
	Asset for remaining coverage			
Reinsurance contracts held measured under the GMM	Excluding loss recovery component	Loss recovery component	Asset for incurred claims	Total
Reinsurance contract assets as at 1 January (1)	(78)	–	6,455	6,377
Reinsurance contract liabilities as at 1 January (2)	(68)	–	57	(11)
Reinsurance contract assets, net as at 1 January (3) = (1) + (2)	(146)	–	6,512	6,366
Allocation of reinsurance premiums (4)	(333)	–	–	(333)
Incurred claims recovery (5)	–	–	313	313
Recognition and reversal of the loss recovery component (6)	–	62	–	62
Changes that relate to past service – changes in the FCF relating to incurred claims recovery (7)	–	–	(121)	(121)
Effect of changes in the risk of reinsurers' non-performance (8)	–	–	(58)	(58)
Others (9)	–	–	–	–
Amounts recoverable from reinsurers (10) = (5) + (6) + (7) + (8) + (9)	–	62	134	196
Net expenses from reinsurance contracts held (11) = (4) + (10)	(333)	62	134	(137)
Finance income from reinsurance contracts held (12)	40	–	246	286
Other income or expenses recognised in profit or loss (13)	–	–	–	–
Other income or expenses recognised in other comprehensive income (14)	–	–	–	–
Total amounts recognised in total comprehensive income (15) = (11) + (12) + (13) + (14)	(293)	62	380	149

21. INSURANCE CONTRACTS *(CONTINUED)*

(2) Reconciliation of the asset for remaining coverage and the asset for incurred claims for reinsurance contracts held *(continued)*

	2024			
	Asset for remaining coverage			
Reinsurance contracts held measured under the GMM	Excluding loss recovery component	Loss recovery component	Asset for incurred claims	Total
Investment components (16)	(9)	–	9	–
Premiums ceded to reinsurers (17)	434	–	–	434
Amounts received from reinsurers relating to incurred claims (including investment components) (18)	–	–	(2,765)	(2,765)
Other cash flows (19)	–	–	–	–
Total cash flows (20) = (17) + (18) + (19)	434	–	(2,765)	(2,331)
Other movements (21)	–	–	–	–
Reinsurance contract assets, net as at 31 December (22) = (3) + (15) + (16) + (20) +(21)	(14)	62	4,136	4,184
Reinsurance contract assets as at 31 December (23)	(38)	62	4,299	4,323
Reinsurance contract liabilities as at 31 December (24)	24	–	(163)	(139)

21. INSURANCE CONTRACTS *(CONTINUED)*

(3) Reconciliation of the measurement components of insurance contracts issued

Insurance contracts issued measured under the GMM	2025			
	Present value of FCF	Risk adjustment for non-financial risk	CSM	Total
Insurance contract liabilities as at 1 January (1)	(49,893)	(1,479)	(296)	(51,668)
Insurance contract assets as at 1 January (2)	236	(12)	–	224
Insurance contract liabilities, net as at 1 January (3) = (1) + (2)	(49,657)	(1,491)	(296)	(51,444)
CSM recognised for the service provided (4)	–	–	52	52
Change in the risk adjustment for non-financial risk for the risk expired (5)	–	120	–	120
Experience adjustments – relating to insurance service expenses (6)	197	–	–	197
Changes that relate to current service (7) = (4) + (5) + (6)	197	120	52	369
Contracts initially recognised in the year (8)	(384)	(167)	(2)	(553)
Changes in estimates that adjust the CSM (9)	(1)	–	1	–
Changes in estimates that do not adjust the CSM (10)	(212)	(14)	–	(226)
Other changes that relate to future service (11)	–	–	–	–
Changes that relate to future service (12) = (8) + (9) + (10) + (11)	(597)	(181)	(1)	(779)
Changes in the FCF relating to the LIC (13)	3,845	337	–	4,182
Other changes that relate to past service (14)	–	–	–	–
Changes that relate to past service (15) = (13) + (14)	3,845	337	–	4,182
Insurance service result (16) = (7) + (12) + (15)	3,445	276	51	3,772

21. INSURANCE CONTRACTS *(CONTINUED)*

(3) Reconciliation of the measurement components of insurance contracts issued *(continued)*

	2025			
Insurance contracts issued measured under the GMM	Present value of FCF	Risk adjustment for non-financial risk	CSM	Total
Insurance finance expenses from insurance contracts issued (17)	(442)	(23)	(9)	(474)
Other income or expenses recognised in profit or loss (18)	–	–	–	–
Other income or expenses recognised in other comprehensive income (19)	–	–	–	–
Total amounts recognised in total comprehensive income (20) = (16) + (17) + (18) + (19)	3,003	253	42	3,298
Premiums received (21)	(3,821)	–	–	(3,821)
Insurance acquisition cash flows (22)	1,077	–	–	1,077
Claims and other directly attributable expenses paid (including investment components) (23)	24,498	–	–	24,498
Other cash flows (24)	–	–	–	–
Total cash flows (25) = (21) + (22) + (23) + (24)	21,754	–	–	21,754
Other movements (26)	25	–	–	25
Insurance contract liabilities, net as at 31 December (27) = (3) + (20) + (25) + (26)	(24,875)	(1,238)	(254)	(26,367)
Insurance contract assets as at 31 December (28)	358	(8)	–	350
Insurance contract liabilities as at 31 December (29)	(25,233)	(1,230)	(254)	(26,717)

21. INSURANCE CONTRACTS *(CONTINUED)*

(3) Reconciliation of the measurement components of insurance contracts issued *(continued)*

	2024			
Insurance contracts issued measured under the GMM	Present value of FCF	Risk adjustment for non-financial risk	CSM	Total
Insurance contract liabilities as at 1 January (1)	(58,531)	(1,861)	(498)	(60,890)
Insurance contract assets as at 1 January (2)	(96)	(30)	–	(126)
Insurance contract liabilities, net as at 1 January (3) = (1) + (2)	(58,627)	(1,891)	(498)	(61,016)
CSM recognised for the service provided (4)	–	–	93	93
Change in the risk adjustment for non-financial risk for the risk expired (5)	–	109	–	109
Experience adjustments – relating to insurance service expenses (6)	(665)	–	–	(665)
Changes that relate to current service (7) = (4) + (5) + (6)	(665)	109	93	(463)
Contracts initially recognised in the year (8)	(223)	(182)	(2)	(407)
Changes in estimates that adjust the CSM (9)	(116)	(11)	127	–
Changes in estimates that do not adjust the CSM (10)	(210)	(7)	–	(217)
Other changes that relate to future service (11)	–	–	–	–
Changes that relate to future service (12) = (8) + (9) + (10) + (11)	(549)	(200)	125	(624)
Changes in the FCF relating to the LIC (13)	6,631	571	–	7,202
Other changes that relate to past service (14)	–	–	–	–
Changes that relate to past service (15) = (13) + (14)	6,631	571	–	7,202
Insurance service result (16) = (7) + (12) + (15)	5,417	480	218	6,115

21. INSURANCE CONTRACTS *(CONTINUED)*

(3) Reconciliation of the measurement components of insurance contracts issued *(continued)*

	2024			
Insurance contracts issued measured under the GMM	Present value of FCF	Risk adjustment for non-financial risk	CSM	Total
Insurance finance expenses from insurance contracts issued (17)	(1,422)	(80)	(16)	(1,518)
Other income or expenses recognised in profit or loss (18)	–	–	–	–
Other income or expenses recognised in other comprehensive income (19)	–	–	–	–
Total amounts recognised in total comprehensive income (20) = (16) + (17) + (18) + (19)	3,995	400	202	4,597
Premiums received (21)	(4,359)	–	–	(4,359)
Insurance acquisition cash flows (22)	1,126	–	–	1,126
Claims and other directly attributable expenses paid (including investment components) (23)	8,175	–	–	8,175
Other cash flows (24)	–	–	–	–
Total cash flows (25) = (21) + (22) + (23) + (24)	4,942	–	–	4,942
Other movements (26)	33	–	–	33
Insurance contract liabilities, net as at 31 December (27) = (3) + (20) + (25) + (26)	(49,657)	(1,491)	(296)	(51,444)
Insurance contract assets as at 31 December (28)	236	(12)	–	224
Insurance contract liabilities as at 31 December (29)	(49,893)	(1,479)	(296)	(51,668)

21. INSURANCE CONTRACTS *(CONTINUED)*

(4) Reconciliation of the measurement components of reinsurance contracts held

Reinsurance contracts held measured under the GMM	2025			
	Present value of FCF	Risk adjustment for non-financial risk	CSM	Total
Reinsurance contract assets as at 1 January (1)	3,916	294	113	4,323
Reinsurance contract liabilities as at 1 January (2)	(140)	1	–	(139)
Reinsurance contract assets, net as at 1 January (3) = (1) + (2)	3,776	295	113	4,184
CSM recognised for the service received (4)	–	–	(48)	(48)
Change in the risk adjustment for non-financial risk (5)	–	(19)	–	(19)
Experience adjustments for the period (6)	(269)	–	–	(269)
Changes that relate to current service (7) = (4) + (5) + (6)	(269)	(19)	(48)	(336)
Reinsurance contracts initially recognised in the period (8)	–	–	–	–
Changes in estimates that adjust the CSM (9)	48	3	(51)	–
Changes in estimates that do not adjust the CSM (10)	–	–	–	–
Recognition and reversal of the loss recovery component (11)	–	–	90	90
Other changes that relate to future service (12)	–	–	–	–
Changes that relate to future service (13) = (8) + (9) +(10) + (11) + (12)	48	3	39	90
Changes in the FCF relating to incurred claims recovery (14)	(95)	(42)	–	(137)
Other changes that relate to past service (15)	–	–	–	–
Changes that relate to past service (16) = (14) + (15)	(95)	(42)	–	(137)

21. INSURANCE CONTRACTS *(CONTINUED)*

(4) Reconciliation of the measurement components of reinsurance contracts held *(continued)*

Reinsurance contracts held measured under the GMM	2025 Present value of FCF	Risk adjustment for non-financial risk	CSM	Total
Changes in the risk of reinsurers' non-performance (17)	(11)	–	–	(11)
Net expenses from reinsurance contracts held (18) = (7) + (13) + (16) + (17)	(327)	(58)	(9)	(394)
Finance income or expenses from reinsurance contracts held (19)	37	4	3	44
Other income or expenses recognised in profit or loss (20)	–	–	–	–
Other income or expenses recognised in other comprehensive income (21)	–	–	–	–
Total amounts recognised in total comprehensive income (22) = (18) + (19) + (20) + (21)	(290)	(54)	(6)	(350)
Premiums ceded to reinsurers (23)	194	–	–	194
Amounts received from reinsurers relating to incurred claims and other expenses (including investment components) (24)	(248)	–	–	(248)
Other cash flows (25)	–	–	–	–
Total cash flows (26) = (23) + (24) + (25)	(54)	–	–	(54)
Other movements (27)	–	–	–	–
Reinsurance contract assets, net as at 31 December (28) = (3) + (22) + (26) + (27)	3,432	241	107	3,780
Reinsurance contract assets as at 31 December (29)	3,523	240	107	3,870
Reinsurance contract liabilities as at 31 December (30)	(91)	1	–	(90)

21. INSURANCE CONTRACTS *(CONTINUED)*

(4) Reconciliation of the measurement components of reinsurance contracts held *(continued)*

	2024			
Reinsurance contracts held measured under the GMM	Present value of FCF	Risk adjustment for non-financial risk	CSM	Total
Reinsurance contract assets as at 1 January (1)	5,906	367	104	6,377
Reinsurance contract liabilities as at 1 January (2)	(11)	–	–	(11)
Reinsurance contract assets, net as at 1 January (3) = (1) + (2)	5,895	367	104	6,366
CSM recognised for the service received (4)	–	–	(22)	(22)
Change in the risk adjustment for non-financial risk (5)	–	(8)	–	(8)
Experience adjustments for the period (6)	10	–	–	10
Changes that relate to current service (7) = (4) + (5) + (6)	10	(8)	(22)	(20)
Reinsurance contracts initially recognised in the period (8)	–	–	–	–
Changes in estimates that adjust the CSM (9)	31	4	(35)	–
Changes in estimates that do not adjust the CSM (10)	–	–	–	–
Recognition and reversal of the loss recovery component (11)	–	–	62	62
Other changes that relate to future service (12)	–	–	–	–
Changes that relate to future service (13) = (8) + (9) +(10) + (11) + (12)	31	4	27	62
Changes in the FCF relating to incurred claims recovery (14)	(38)	(83)	–	(121)
Other changes that relate to past service (15)	–	–	–	–
Changes that relate to past service (16) = (14) + (15)	(38)	(83)	–	(121)

21. INSURANCE CONTRACTS *(CONTINUED)*

(4) Reconciliation of the measurement components of reinsurance contracts held *(continued)*

	2024			
Reinsurance contracts held measured under the GMM	Present value of FCF	Risk adjustment for non-financial risk	CSM	Total
Changes in the risk of reinsurers' non-performance (17)	(58)	–	–	(58)
Net expenses from reinsurance contracts held (18) = (7) + (13) + (16) + (17)	(55)	(87)	5	(137)
Finance income or expenses from reinsurance contracts held (19)	267	15	4	286
Other income or expenses recognised in profit or loss (20)	–	–	–	–
Other income or expenses recognised in other comprehensive income (21)	–	–	–	–
Total amounts recognised in total comprehensive income (22) = (18) + (19) + (20) + (21)	212	(72)	9	149
Premiums ceded to reinsurers (23)	434	–	–	434
Amounts received from reinsurers relating to incurred claims and other expenses (including investment components) (24)	(2,765)	–	–	(2,765)
Other cash flows (25)	–	–	–	–
Total cash flows (26) = (23) + (24) + (25)	(2,331)	–	–	(2,331)
Other movements (27)	–	–	–	–
Reinsurance contract assets, net as at 31 December (28) = (3) + (22) + (26) + (27)	3,776	295	113	4,184
Reinsurance contract assets as at 31 December (29)	3,916	294	113	4,323
Reinsurance contract liabilities as at 31 December (30)	(140)	1	–	(139)

21. INSURANCE CONTRACTS *(CONTINUED)*

(5) Expected release of the contractual service margin

An analysis of the expected release of the CSM remaining at the end of the reporting period in profit or loss is provided in the following table:

Number of years until expected to be released	31 December 2025 Insurance contracts issued	31 December 2025 Reinsurance contracts held
Within 1 year	43	(43)
More than 1 year to 2 years	35	(18)
More than 2 years to 3 years	29	(9)
More than 3 years to 4 years	25	(6)
More than 4 years to 5 years	21	(6)
More than 5 years	101	(25)
Total	254	(107)

Number of years until expected to be released	31 December 2024 Insurance contracts issued	31 December 2024 Reinsurance contracts held
Within 1 year	51	(53)
More than 1 year to 2 years	40	(17)
More than 2 years to 3 years	33	(8)
More than 3 years to 4 years	28	(6)
More than 4 years to 5 years	24	(4)
More than 5 years	120	(25)
Total	296	(113)

21. INSURANCE CONTRACTS *(CONTINUED)*

(6) Contractual service margin by transition approach

Insurance contracts issued measured under the GMM	2025			
	Contracts measured under the modified retrospective approach at transition	Contracts measured under the fair value approach at transition	Other insurance contracts	Total
CSM as at 1 January	–	292	4	296
Changes that relate to current service				
CSM recognised for the services provided	–	(49)	(3)	(52)
Changes that relate to future service				
Contracts initially recognised in the period	–	–	2	2
Changes in estimates that adjust the CSM	–	(1)	–	(1)
Subtotal	–	(50)	(1)	(51)
Finance expenses from insurance contracts issued	–	9	–	9
Total amounts recognised in comprehensive income	–	(41)	(1)	(42)
CSM as at 31 December	–	251	3	254

21. INSURANCE CONTRACTS *(CONTINUED)*

(6) Contractual service margin by transition approach *(continued)*

	2024			
Insurance contracts issued measured under the GMM	Contracts measured under the modified retrospective approach at transition	Contracts measured under the fair value approach at transition	Other insurance contracts	Total
CSM as at 1 January	2	489	7	498
Changes that relate to current service				
CSM recognised for the services provided	–	(88)	(5)	(93)
Changes that relate to future service				
Contracts initially recognised in the period	–	–	2	2
Changes in estimates that adjust the CSM	(2)	(125)	–	(127)
Subtotal	(2)	(213)	(3)	(218)
Finance expenses from insurance contracts issued	–	16	–	16
Total amounts recognised in comprehensive income	(2)	(197)	(3)	(202)
CSM as at 31 December	–	292	4	296

21. INSURANCE CONTRACTS *(CONTINUED)*

(6) Contractual service margin by transition approach *(continued)*

	2025			
Reinsurance contracts held measured under the GMM	Contracts measured under the modified retrospective approach at transition	Contracts measured under the fair value approach at transition	Other insurance contracts	Total
CSM as at 1 January	–	113	–	113
Changes that relate to current service				
CSM recognised for the services	–	(48)	–	(48)
Changes that relate to future service				
Changes in estimates that adjust the CSM	–	(51)	–	(51)
Recognition and reversal of the loss recovery component	–	90	–	90
Subtotal	–	(9)	–	(9)
Finance income or expenses from reinsurance contracts held	–	3	–	3
Total amounts recognised in comprehensive income	–	(6)	–	(6)
CSM as at 31 December	–	107	–	107

21. INSURANCE CONTRACTS *(CONTINUED)*

(6) Contractual service margin by transition approach *(continued)*

	2024			
Reinsurance contracts held measured under the GMM	Contracts measured under the modified retrospective approach at transition	Contracts measured under the fair value approach at transition	Other insurance contracts	Total
CSM as at 1 January	–	104	–	104
Changes that relate to current service				
CSM recognised for the services	–	(22)	–	(22)
Changes that relate to future service				
Changes in estimates that adjust the CSM	–	(35)	–	(35)
Recognition and reversal of the loss recovery component	–	62	–	62
Subtotal	–	5	–	5
Finance income or expenses from reinsurance contracts held	–	4	–	4
Total amounts recognised in comprehensive income	–	9	–	9
CSM as at 31 December	–	113	–	113

21. INSURANCE CONTRACTS *(CONTINUED)*

(7) Impact of contracts recognised in the year

Insurance contracts issued measured under the GMM	2025 Non-onerous contracts acquired	2025 Onerous contracts acquired	2025 Total
Insurance acquisition cash flows	2	752	754
Claims and other directly attributable expenses	–	2,782	2,782
Estimates of the present value of future cash outflows	2	3,534	3,536
Estimates of the present value of future cash inflows	(4)	(3,148)	(3,152)
Risk adjustment for non-financial risk	–	167	167
CSM	2	–	2
Loss recognised on initial recognition	–	553	553

Insurance contracts issued measured under the GMM	2024 Non-onerous contracts acquired	2024 Onerous contracts acquired	2024 Total
Insurance acquisition cash flows	2	920	922
Claims and other directly attributable expenses	–	3,034	3,034
Estimates of the present value of future cash outflows	2	3,954	3,956
Estimates of the present value of future cash inflows	(4)	(3,729)	(3,733)
Risk adjustment for non-financial risk	–	182	182
CSM	2	–	2
Loss recognised on initial recognition	–	407	407

22. TERM DEPOSITS

The original maturities of the term deposits are as follows:

	31 December 2025	31 December 2024
More than 3 months to 1 year	101	485
More than 1 year to 2 years	400	200
More than 2 years to 3 years	20,755	13,585
More than 3 years	41,790	61,261
Subtotal	63,046	75,531
Add: Interest receivable	1,499	1,709
Less: Provision for impairment	(63)	(84)
Total	64,482	77,156

23. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	31 December 2025	31 December 2024
Associates		
Cost of investments in associates	39,759	39,759
Share of post-acquisition profit and other equity movement, less dividends received or receivable	33,076	27,336
Subtotal	72,835	67,095
Joint ventures		
Cost of investments in joint ventures	98	98
Share of post-acquisition profit and other equity movement, less dividends received or receivable	(48)	(57)
Subtotal	50	41
Total	72,885	67,136
Less: Provision for impairment	(62)	(7)
Net value	72,823	67,129

Movements in investments in associates and joint ventures are as follows:

Associates and joint ventures	1 January 2025	Addition	Share of profit	Share of other comprehensive income	Others	Dividend received	Impairment losses	31 December 2025
Hua Xia Bank Co., Limited ("Hua Xia Bank")	48,941	–	4,151	(944)	3	(1,038)	–	51,113
Others	18,188	–	3,225	232	341	(221)	(55)	21,710
	67,129	–	7,376	(712)	344	(1,259)	(55)	72,823

23. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES *(CONTINUED)*

Particulars of a material associate

Particulars of a material associate at 31 December 2025 and 2024 are as follows:

Name	Place of registration and operations	Paid-up/ registered Capital	Proportion of ownership interest and voting right at 31 December		Principal activities
			2025	2024	
Hua Xia Bank	Beijing, PRC	15,915	16.106%	16.106%	Commercial banking

On 28 December 2015, the Company entered into a share transfer agreement with Deutsche Bank Aktiengesellschaft ("Deutsche Bank"), Sal. Oppenheim jr. & Cie. AG & Co. Kommanditgesellschaft auf Aktien ("Sal. Oppenheim") and Deutsche Bank Luxembourg S.A. ("Deutsche Bank Luxembourg"), pursuant to which each of Deutsche Bank, Sal. Oppenheim and Deutsche Bank Luxembourg conditionally agreed to transfer to the Company 877 million shares, 267 million shares and 992 million shares of Hua Xia Bank, respectively, held by them (amounting to a total of 2,136 million shares, representing approximately 19.99% of the total issued shares of Hua Xia Bank) and the Company conditionally agreed to purchase these shares with a total amount of RMB22,444 million. This transaction was completed on 17 November 2016.

On 25 May 2017, the general meeting of shareholders of Huaxia Bank approved and announced the plan to convert capital reserve into share capital in 2016, based on the total share capital at the end of 2016, at the rate of 2 shares for every 10 shares. The number of shares held by the Company increased from 2,136 million shares to 2,563 million shares, and the shareholding ratio remained unchanged.

On 28 December 2018, Hua Xia Bank completed its private offering. The Group did not subscribe for the shares proportionately, therefore, its total equity interest in Hua Xia Bank was diluted from 19.99% to 16.66%. As such, a dilution loss amounting to RMB737 million was recognised in investments in associates and joint ventures and reserves.

On 18 October 2022, Hua Xia Bank completed its private offering of shares. The Group did not subscribe for the shares proportionately, therefore, its total equity interest in Hua Xia Bank was diluted from 16.66% to 16.11%. As such, a dilution loss amounting to RMB95 million was recognised in losses arising on a reduced stake in an associate.

Management has assessed the level of influence that the Group has on Hua Xia Bank, and determined that it has significant influence even though the respective shareholding is below 20% because of the board representation. Consequently, this investment has been classified as an associate. It is accounted for using the equity method.

23. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES *(CONTINUED)*

Particulars of a material associate *(continued)*

Except for Hua Xia Bank, all the associates and joint ventures are private companies or structured entities, and there are no quoted market prices available for these shares.

As at 31 December 2025, the carrying amount of the Group's investment in Hua Xia Bank was RMB51,113 million (31 December 2024: RMB48,941 million). As at 31 December 2025, the market value of the Group's investment in Hua Xia Bank was RMB17,610 million (31 December 2024: RMB20,532 million), which was below the carrying amount. Considering an impairment indicator exists, the Group performed an impairment test, which confirmed that there was no impairment of the investment at 31 December 2025 as the recoverable amount as determined by a value-in-use ("VIU") approach was higher than the carrying amount.

The impairment test was performed by comparing the recoverable amount of Hua Xia Bank, determined by a VIU calculation, with its carrying amount. The VIU calculation uses discounted cash flow projections based on management's best estimates of future earnings available to ordinary shareholders prepared in accordance with HKAS 36.

Summarised financial information of a material associate

Summarised financial information in respect of the Group's material associate is set out below:

Hua Xia Bank

	31 December 2025	31 December 2024
Total assets	**4,737,619**	4,376,491
Net assets attributable to equity holders of Hua Xia Bank	**395,746**	361,982

	2025	2024
Revenue	**91,914**	97,146
Profit attributable to equity holders of Hua Xia Bank	**27,200**	27,676
Dividends received from the associate during the year	**1,038**	1,241

23. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES *(CONTINUED)*

Summarised financial information of a material associate *(continued)*

Hua Xia Bank (continued)

Reconciliation of the carrying amount of the interest in Hua Xia Bank recognised in the consolidated financial statements:

	31 December 2025	31 December 2024
Net assets attributable to equity holders of Hua Xia Bank	**395,746**	361,982
Total perpetual bonds issued by Hua Xia Bank	**(80,000)**	(60,000)
Net assets attributable to ordinary shareholders of Hua Xia Bank	**315,746**	301,982
Proportion of the Group's ownership interest in Hua Xia Bank	**16.106%**	16.106%
The Group's ownership interest in net assets of Hua Xia Bank	**50,854**	48,637
Net fair value adjustment to the investee's identifiable assets and liabilities	**(63)**	(63)
Amortisation of intangible assets and financial instruments recognised in fair value adjustments	**322**	322
Others	**–**	45
Carrying amount of the Group's interest in Hua Xia Bank	**51,113**	48,941
Market Value[1]	**17,610**	20,532

[1] Number of shares held by the Group multiplied by the quoted share price at year end.

Aggregate information of associates and joint ventures that are not individually material

At 31 December 2025, apart from the associate disclosed above, the Group has in aggregate 9 (31 December 2024: 9) individually immaterial associates and joint ventures and their aggregate information is presented below:

	2025	2024
The Group's share of profit	**3,225**	2,977
The Group's share of other comprehensive income	**232**	(2,045)
The Group's share of total comprehensive income	**3,457**	932
Aggregate carrying amount of the Group's interests in these associates and joint ventures	**21,710**	18,188

24. SUBSIDIARIES

Particulars of the subsidiaries at 31 December 2025 and 31 December 2024 as follows:

Name of subsidiary	Place of incorporation and type of legal entity	Share capital registered/ paid-up capital	Equity interest and voting right held by the Company as at 31 December		Principal activities
			2025	2024	
PICC Minhe Holding (Beijing) Company Limited (Formerly known as PICC Community Sales Service Company Limited)	Shenzhen, PRC Limited Liability	RMB250	100.00%	100.00%	Provision of insurance agency services
PICC Haikou Training Center Company Limited	Hainan, PRC Limited Liability	RMB0.1	100.00%	100.00%	Provision of training services
PICC North Information Center Management Co., Ltd. ("PICC North Center") (i)	Hebei, PRC Limited Liability	RMB1,711	70.00%	70.00%	Provision of IT services and business services
PICC Services (Europe) Ltd.	London, UK Limited Liability	GBP0.5	100.00%	100.00%	Claim handling agency
PICC Real Estate (Shenzhen) Company Limited ("PICC Real Estate") (ii)	Shenzhen, PRC Limited Liability	RMB4,546	50.00%	50.00%	Property management
Jiangsu insurance building (iii)	Jiangsu, PRC Limited Liability	RMB0.5	100.00%	/	Property management
Dongkong International Eighth Investment Inc. (iii)	The British Virgin Islands Incorporated	USD0.01	100.00%	/	Equity investment services

(i) In current year, the paid-up capital of PICC North Center increased by RMB59 million, of which RMB24 million were contributed by non-controlling equity holder.

(ii) The Company assesses it has control over PICC Real Estate as the Company has the power to appoint or remove a majority of the Board of Directors of PICC Real Estate to have the majority voting rights on the board meetings.

(iii) Incorporated into the consolidation scope since 2025.

24. SUBSIDIARIES *(CONTINUED)*

Particulars of the major structured entities at 31 December 2025 are as follows:

Name	Attributable equity interest	Paid-in capital	Principal activities
PICC Capital-State Grid Xin Yuan Equity Investment Plan	75.00%	3,999	Equity investment plan
PICC AMC-Shenzhou Youche Equity Investment Plan	100.00%	2,400	Equity investment plan
PICC AMC-China Railway Construction Debt Investment Plan I	100.00%	2,300	Debt investment plan
PICC Capital-Hua Rong Financial Leasing No. 1 Asset Support Plan I	75.00%	2,000	Asset support plan
PICC AMC-Yichang Wujiagang Yangtze River Bridge of China Construction Third Engineering Bureau Debt Investment Plan	76.92%	1,300	Debt investment plan
PICC Capital-AION Equity Investment Plan	100.00%	1,000	Equity investment plan
PICC Capital-CGN Infrastructure and Property Debt Investment Plan II	80.00%	1,000	Debt investment plan
CI Investment-CITIC Financial Assets Special Debt Investment Plan 26	100.00%	1,000	Debt investment plan
CI Investment-CITIC Financial Assets Special Debt Investment Plan 27	100.00%	1,000	Debt investment plan
CI Investment-CITIC Financial Assets Special Debt Investment Plan 28	100.00%	1,000	Debt investment plan
PICC AMC FOF Asset Management Product Youxuan No. 1	100.00%	1,000	Asset management product

25. INVESTMENT PROPERTIES

	2025	2024
At 1 January	7,234	7,576
Transferred from property and equipment and right-of-use assets	196	323
Fair value gains on revaluation of investment properties transferred from property and equipment and right-of-use assets	213	360
Decrease in fair value of investment properties (note 8)	(264)	(235)
Transferred to property and equipment and right-of-use assets	(445)	(790)
At 31 December	6,934	7,234
Hierarchy of fair value:		
Level 3	6,934	7,234

The Group is still in the process of applying for the title certificates of certain investment properties with a total carrying value of RMB258 million at 31 December 2025 (31 December 2024: RMB268 million). The directors of the Company do not expect this to have any impact on the operations of the Group.

At 31 December 2025 and 2024, the Group's investment properties were not pledged as collateral.

At 31 December 2025, the fair values were determined based on the valuation carried out by external independent valuers, Shenzhen Worldunion Appraisal Co., Ltd. and Jones Lang LaSalle (Beijing) Real Estate Assets Appraisal & Consultancy Co., Ltd (31 December 2024: Cushman & Wakefield Shenzhen Valuation Co., Ltd. and Jones Lang LaSalle (Beijing) Real Estate Assets Appraisal & Consultancy Co., Ltd.). Valuations were carried out based on the following two approaches:

(i) The Group uses the income approach determining the fair values at the valuation date by discounting the target properties' rental income derived from existing lease agreements and the potential rental income projected by reference to the current market rental status, at an appropriate capitalisation rate; or

(ii) The Group uses the direct comparison approach comparing the amounts of target properties with those of the similar properties that had recent market transactions, adjusting the differences of status, date, region and other specific factors those might have an impact on the fair value measurement of the properties.

The Group usually conducts an analysis of the applicability of valuation methods based on the actual circumstances of the project, determines the fair values of the investment properties by one of these approaches, or the weighted results of two approaches according to its professional judgement. Therefore, these fair values are categorised as Level 3.

25. INVESTMENT PROPERTIES *(CONTINUED)*

One of the key inputs used in valuing these investment properties was the capitalisation rate used, which ranges from 4.5% to 6.5% at 31 December 2025 (31 December 2024: 4% to 7.5%). A slight increase in the capitalisation rate used would result in a significant decrease in fair value measurement of investment properties, and vice versa.

There was no transfer in or out of Level 3 during the year.

Valuations of investment properties are performed by the independent valuers at 30 June and 31 December of each year, as well as on the dates of transfers in and out of investment properties. The finance department reviews the overall reasonableness of these valuations and reports the results of valuations to management.

Operating lease income from investment properties for the year amounting to RMB389 million (2024: RMB384 million) was recognised in the consolidated income statement.

26. PROPERTY AND EQUIPMENT

	Lands and buildings	Motor vehicles	Office equipment, furniture and fixtures	Construction in progress	Total
Cost					
At 31 December 2024	27,059	1,508	10,792	5,145	44,504
Additions	73	13	1,690	175	1,951
Transfers to/(from)	75	–	–	(75)	–
Transfers from investment properties	354	–	–	–	354
Transfers to investment properties	(298)	–	–	–	(298)
Disposals	(19)	(176)	(334)	–	(529)
At 31 December 2025	27,244	1,345	12,148	5,245	45,982
Accumulated depreciation					
At 31 December 2024	(10,290)	(1,302)	(8,493)	–	(20,085)
Depreciation charge (note 11)	(944)	(59)	(940)	–	(1,943)
Transfers to investment properties	119	–	–	–	119
Disposals	19	169	320	–	508
At 31 December 2025	(11,096)	(1,192)	(9,113)	–	(21,401)
Net book value					
At 31 December 2025	16,148	153	3,035	5,245	24,581
At 31 December 2024	16,769	206	2,299	5,145	24,419

26. PROPERTY AND EQUIPMENT *(CONTINUED)*

	Lands and buildings	Motor vehicles	Office equipment, furniture and fixtures	Construction in progress	Total
Cost					
At 31 December 2023	26,415	1,648	9,541	5,378	42,982
Additions	164	61	1,514	99	1,838
Transfers to/(from)	332	–	–	(332)	–
Transfers from investment properties	675	–	–	–	675
Transfers to investment properties	(479)	–	–	–	(479)
Disposals	(48)	(201)	(263)	–	(512)
At 31 December 2024	27,059	1,508	10,792	5,145	44,504
Accumulated depreciation					
At 31 December 2023	(9,524)	(1,323)	(8,044)	–	(18,891)
Depreciation charge (note 11)	(977)	(118)	(678)	–	(1,773)
Transfers to investment properties	186	–	–	–	186
Disposals	25	139	229	–	393
At 31 December 2024	(10,290)	(1,302)	(8,493)	–	(20,085)
Net book value					
At 31 December 2024	16,769	206	2,299	5,145	24,419
At 31 December 2023	16,891	325	1,497	5,378	24,091

At 31 December 2025, certain acquired buildings of the Group with a net book value of RMB432 million (31 December 2024: RMB481 million) were still in the process of title registration. The directors of the Company do not expect this to have any impact on the operations of the Group.

27. RIGHT-OF-USE ASSETS

	Leasehold lands	Leased properties	Others	Total
Cost				
At 31 December 2024	6,418	2,726	14	9,158
Additions	42	682	14	738
Transfers from investment properties	91	–	–	91
Transfers to investment properties	(43)	–	–	(43)
Disposals/Terminations	(186)	(797)	(15)	(998)
At 31 December 2025	6,322	2,611	13	8,946
Accumulated depreciation				
At 31 December 2024	(2,333)	(1,410)	(9)	(3,752)
Provided for the year (note 11)	(185)	(731)	(12)	(928)
Transfers to investment properties	26	–	–	26
Disposals/Terminations	40	692	14	746
At 31 December 2025	(2,452)	(1,449)	(7)	(3,908)
Net book value				
At 31 December 2025	3,870	1,162	6	5,038
At 31 December 2024	4,085	1,316	5	5,406

27. RIGHT-OF-USE ASSETS *(CONTINUED)*

	Leasehold lands	Leased properties	Others	Total
Cost				
At 31 December 2023	6,327	2,813	15	9,155
Additions	80	829	10	919
Transfers from investment properties	115	–	–	115
Transfers to investment properties	(65)	–	–	(65)
Disposals/Terminations	(39)	(916)	(11)	(966)
At 31 December 2024	6,418	2,726	14	9,158
Accumulated depreciation				
At 31 December 2023	(2,215)	(1,497)	(7)	(3,719)
Provided for the year (note 11)	(170)	(732)	(12)	(914)
Transfers to investment properties	35	–	–	35
Disposals/Terminations	17	819	10	846
At 31 December 2024	(2,333)	(1,410)	(9)	(3,752)
Net book value				
At 31 December 2024	4,085	1,316	5	5,406
At 31 December 2023	4,112	1,316	8	5,436

The above items of leasehold lands are depreciated on a straight-line basis over 30 to 70 years. For the year ended 31 December 2025, an expense relating to leases of low-value assets and short-term leases that applied the simplified approach was approximately RMB27 million (2024: RMB101 million).

The Group has obtained the land use right certificates for all leasehold lands except for leasehold lands with a carrying amount of RMB20 million (2024: RMB21 million) for which the Group is in the process of obtaining the land use right certificates.

28. DEFERRED INCOME TAX ASSETS AND LIABILITIES

The movements in deferred income tax assets and liabilities for the year ended 31 December 2025 are as follows:

	Impairment losses on financial assets	Fair value changes of financial assets	Insurance contracts	Salaries and staff welfare payables	Revaluation of investment properties	Others	Total
Deferred income tax assets							
At 1 January 2025	390	–	12,820	3,070	–	1,559	17,839
Credited to/(Charged to) income statement (note 12)	91	–	2,388	(122)	–	(23)	2,334
Charged to other comprehensive income	–	–	(299)	–	–	–	(299)
Gross deferred income tax assets at 31 December 2025	481	–	14,909	2,948	–	1,536	19,874
Deferred income tax liabilities							
At 1 January 2025	–	(7,556)	–	–	(1,904)	13	(9,447)
Credited to/(Charged to) income statement (note 12)	–	(1,752)	–	–	63	47	(1,642)
Credited to/(Charged to) other comprehensive income	–	88	–	–	(52)	–	36
Tax effect due to disposals of equity instruments measured at fair value through other comprehensive income	–	678	–	–	–	–	678
Gross deferred income tax liabilities at 31 December 2025	–	(8,542)	–	–	(1,893)	60	(10,375)
Net deferred income tax assets at 31 December 2025							9,499

28. DEFERRED INCOME TAX ASSETS AND LIABILITIES *(CONTINUED)*

The movements in deferred income tax assets and liabilities for the year ended 31 December 2024 are as follows:

	Impairment losses on financial assets	Fair value changes of financial assets	Insurance contracts	Salaries and staff welfare payables	Revaluation of investment properties	Others	Total
Deferred income tax assets							
At 1 January 2024	625	1,132	10,299	1,945	–	1,215	15,216
Credited to/(Charged to) income statement (note 12)	(235)	(1,132)	2,096	1,125	–	344	2,198
Credited to other comprehensive income	–	–	425	–	–	–	425
Gross deferred income tax assets at 31 December 2024	390	–	12,820	3,070	–	1,559	17,839
Deferred income tax liabilities							
At 1 January 2024	–	(3,138)	–	–	(1,883)	(56)	(5,077)
Credited to/(Charged to) income statement (note 12)	–	(880)	–	–	67	69	(744)
Charged to other comprehensive income	–	(3,805)	–	–	(88)	–	(3,893)
Tax effect due to disposals of equity instruments measured at fair value through other comprehensive income	–	267	–	–	–	–	267
Gross deferred income tax liabilities at 31 December 2024	–	(7,556)	–	–	(1,904)	13	(9,447)
Net deferred income tax assets at 31 December 2024							8,392

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities as they relate to the same tax authority.

28. DEFERRED INCOME TAX ASSETS AND LIABILITIES *(CONTINUED)*

OECD Pillar Two model rules

The Group is within the scope of the Organisation for Economic Co-operation and Development ("OECD") Pillar Two model rules. Pillar Two legislation has not been enacted in Chinese mainland, the jurisdiction in which the Company is incorporated. Since the Pillar Two legislation was not effective at the reporting date in the major place of operation, the Group has no related current tax exposure. The Group applies the exception to recognising and disclosing information about deferred income tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to HKAS 12 issued in July 2023.

The Group is in the process of assessing its exposure to the Pillar Two legislation when it comes into effect. Due to the complexities in applying the legislation and effective tax rate calculation, the quantitative impact of the enacted or substantively enacted legislation is not yet reasonably estimable. Therefore, even for those entities with an accounting effective tax rate of 15%, there may still be Pillar Two tax implications.

29. PREPAYMENTS AND OTHER ASSETS

	31 December 2025	31 December 2024
Restricted statutory deposits (i)	**4,563**	4,633
Receivables from co-insurers for amounts paid on their behalf	**3,955**	4,138
Intangible assets	**2,945**	2,706
Deductible input value-added tax	**2,884**	4,828
Receivables arising from redemption of investment funds	**2,307**	3,829
Prepaid output value-added tax borne by the policyholders	**1,702**	1,825
Restricted funds	**1,462**	1,096
Deposits paid	**1,139**	1,246
Prepayments for acquisition of assets and services	**287**	320
Prepaid income tax	**184**	725
Amounts due from PICC Group (note 41(4))	**44**	114
Amounts due from fellow subsidiaries under PICC Group (note 41(4))	**21**	24
Amounts due from associates (note 41(4))	**7**	8
Others	**2,383**	2,206
Total	**23,883**	27,698
Less: Provision for impairment	**(739)**	(676)
Net value	**23,144**	27,022

(i) In accordance with the PRC Insurance Law, the Company is required to maintain a deposit equivalent to 20% of its registered capital with banks designated by the NFRA as a security fund. The use of the security fund is subject to the approval of the NFRA.

30. RESTRICTED DEPOSITS

At 31 December 2025, included in the term deposits, deposits of RMB1,328 million (31 December 2024: RMB1,765 million) that were subject to various restrictions. These deposits are mainly managed in specific bank accounts according to the requirements of certain local governments and can only be used to settle for catastrophic losses from agriculture insurance business.

31. SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE

	31 December 2025	31 December 2024
Transactions by market places:		
Stock exchange	24,305	10,401
Inter-bank market	41,474	29,241
Total	65,779	39,642

For debt repurchase transactions through stock exchange, the Group is required to deposit certain exchange-traded bonds into a collateral pool with fair value converted at a standard rate pursuant to the stock exchange's regulation which should be no less than the balance of related repurchase transactions. At 31 December 2025, the carrying amount and fair value of securities deposited in the collateral pool were RMB37,790 million and RMB43,430 million (31 December 2024: RMB28,587 million and RMB33,585 million) respectively. The collateral is restricted from trading during the period of the repurchase transaction. The Group can withdraw the exchange-traded bonds from the collateral pool provided that the value of the remaining exchange-traded bonds within the collateral pool is no less than the balance of related repurchase transactions.

At 31 December 2025, bonds with carrying amount and fair value of RMB43,542 million and RMB47,573 million (31 December 2024: RMB31,210 million and RMB35,938 million) respectively were pledged as the collateral for securities sold under agreements to repurchase resulted from repurchase transactions entered into by the Group in the inter-bank market. The collateral is restricted from trading during the period of the repurchase transactions.

32. INVESTMENT CONTRACT LIABILITIES

	31 December 2025	31 December 2024
Policyholders' deposits	1,665	1,671
Policy dividends payable	60	60
Total	1,725	1,731

The Group has underwritten policies in household property and accidental insurance products containing both insurance and investment features, etc. Policyholders' deposit a fixed principal amount which is only refundable upon the maturity of the policy, and the policyholders receive a fixed rate of interest or bear no interest. Penalties on early termination are charged according to the terms stated in the policy.

33. BONDS PAYABLE

Bonds payable comprised capital supplementary bonds.

	31 December 2025	31 December 2024
Carrying amount repayable in:		
more than five years	12,076	20,433

On 28 November 2024, the Company issued capital supplementary bonds issued at par for RMB12,000 million and a contractual period of ten years. With the proper notice to the counterparties, the Company has an option to redeem the bonds at par value at the end of the fifth year from the date of issue. The coupon rate of the bonds is 2.33% per annum in the first five years and 3.33% per annum in the following five years.

On 23 March 2020, the Company issued capital supplementary bonds issued at par for RMB8,000 million and a contractual period of ten years. With proper notice to the counterparties, the Company has an option to redeem the bonds at par value at the end of the fifth year from the date of issue. The coupon rate of the bonds is 3.59% per annum in the first five years and 4.59% per annum in the following five years. The Company has exercised the right of early redemption on 24 March 2025 and redeemed the capital supplementary bonds issued at par for RMB8,000 million.

34. ACCRUALS AND OTHER LIABILITIES

	31 December 2025	31 December 2024
Salaries and staff welfare payables	26,003	23,051
Premiums received in advance	9,075	6,696
Value added tax and other taxes payable	7,269	8,618
Payables to co-insurers	3,995	3,257
Payables to non-controlling interests of consolidated structure entities	2,034	1,214
Payable to suppliers	1,342	1,303
Insurance protection fund	708	938
Insurance deposit received	670	669
Amounts due to fellow subsidiaries under PICC Group (note 41(4))	297	483
Accrued capital expenditures	290	227
Others	6,147	6,163
Total	57,830	52,619

35. ISSUED CAPITAL

	31 December 2025	31 December 2024
Issued and fully paid:		
Domestic shares of RMB1.00 each	15,343	15,343
H shares of RMB1.00 each	6,899	6,899
Total	22,242	22,242

36. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS

(1) Classification of financial instruments

This note provides information on how the Group determines the fair values of major financial assets and financial liabilities. Details of fair value measurements of investment properties are disclosed in note 25 to the consolidated financial statements.

The Group's financial assets mainly include cash and cash equivalents, financial investments measured at amortised cost, financial assets measured at fair value through other comprehensive income, financial assets measured at fair value through profit or loss and term deposits, etc.

The Group's financial liabilities mainly include securities sold under agreements to repurchase, investment contract liabilities and bonds payable, etc.

The carrying amounts and fair values of the Group's financial investments measured at amortised cost and bonds payable not measured at fair value are disclosed in note 36(2) (b) Fair value of major financial assets and financial liabilities not measured at fair value.

The carrying amounts of the Group's other financial assets and financial liabilities approximated to their fair values.

(2) Determination of fair value and the fair value hierarchy of financial instruments

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

36. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS *(CONTINUED)*

(2) Determination of fair value and the fair value hierarchy of financial instruments *(continued)*

(a) Fair value of major financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, their fair value hierarchy, the valuation technique(s) and key input(s) used).

Items	Fair value at 31 December 2025	Fair value hierarchy	Valuation technique(s) and key input(s)
Financial assets measured at fair value through profit or loss	65,989	Level 1	Quoted bid prices in an active market.
Financial assets measured at fair value through profit or loss	61,878	Level 2	Valuations are generally obtained from third-party valuation service providers for identical or comparable assets, or through the use of valuation methodologies using observable market inputs.
Financial assets measured at fair value through profit or loss	18,512	Level 3	Valuation techniques with non-observable input value are used to determine fair value, such as adjustment for liquidity restriction, comparable company method, net asset value method and recent financing price.
Financial assets measured at fair value through profit or loss	3,251	Level 3	Fair value of the investments is based on the use of the respective discounted cash flow valuation models.
Debt instruments measured at fair value through other comprehensive income	4,909	Level 1	Quoted bid prices in an active market.
Debt instruments measured at fair value through other comprehensive income	165,856	Level 2	Valuations are generally obtained from third-party valuation service providers for identical or comparable assets, or through the use of valuation methodologies using observable market inputs.

36. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS *(CONTINUED)*

(2) Determination of fair value and the fair value hierarchy of financial instruments *(continued)*

(a) Fair value of major financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Items	Fair value at 31 December 2025	Fair value hierarchy	Valuation technique(s) and key input(s)
Equity instruments measured at fair value through other comprehensive income	55,080	Level 1	Quoted bid prices in an active market.
Equity instruments measured at fair value through other comprehensive income	43,104	Level 2	Valuations are generally obtained from third-party valuation service providers for identical or comparable assets, or through the use of valuation methodologies using observable market inputs.
Equity instruments measured at fair value through other comprehensive income	100	Level 3	Valuation techniques with non-observable input value are used to determine fair value, such as adjustment for liquidity restriction, comparable company method, net asset value method and recent financing price.
Equity instruments measured at fair value through other comprehensive income	17,659	Level 3	Fair value of the investments is based on the use of the respective discounted cash flow valuation models.

36. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS *(CONTINUED)*

(2) Determination of fair value and the fair value hierarchy of financial instruments *(continued)*

(a) Fair value of major financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Items	Fair value at 31 December 2024	Fair value hierarchy	Valuation technique(s) and key input(s)
Financial assets measured at fair value through profit or loss	41,647	Level 1	Quoted bid prices in an active market.
Financial assets measured at fair value through profit or loss	59,740	Level 2	Valuations are generally obtained from third-party valuation service providers for identical or comparable assets, or through the use of valuation methodologies using observable market inputs.
Financial assets measured at fair value through profit or loss	18,471	Level 3	Valuation techniques with non-observable input value are used to determine fair value, such as adjustment for liquidity restriction, comparable company method, net asset value method and recent financing price.
Financial assets measured at fair value through profit or loss	208	Level 3	Fair value of the investments is based on the use of the respective discounted cash flow valuation models.
Debt instruments measured at fair value through other comprehensive income	5,217	Level 1	Quoted bid prices in an active market.
Debt instruments measured at fair value through other comprehensive income	136,161	Level 2	Valuations are generally obtained from third-party valuation service providers for identical or comparable assets, or through the use of valuation methodologies using observable market inputs.
Equity instruments measured at fair value through other comprehensive income	35,145	Level 1	Quoted bid prices in an active market.
Equity instruments measured at fair value through other comprehensive income	47,066	Level 2	Valuations are generally obtained from third-party valuation service providers for identical or comparable assets, or through the use of valuation methodologies using observable market inputs.

36. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS *(CONTINUED)*

(2) Determination of fair value and the fair value hierarchy of financial instruments *(continued)*

(a) Fair value of major financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Items	Fair value at 31 December 2024	Fair value hierarchy	Valuation technique(s) and key input(s)
Equity instruments measured at fair value through other comprehensive income	4,085	Level 3	Valuation techniques with non-observable input value are used to determine fair value, such as adjustment for liquidity restriction, comparable company method, net asset value method and recent financing price.
Equity instruments measured at fair value through other comprehensive income	16,097	Level 3	Fair value of the investments is based on the use of the respective discounted cash flow valuation models.

	31 December 2025			
	Fair value hierarchy			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss	65,989	61,878	21,763	149,630
Debt instruments measured at fair value through other comprehensive income	4,909	165,856	–	170,765
Equity instruments measured at fair value through other comprehensive income	55,080	43,104	17,759	115,943
Total	125,978	270,838	39,522	436,338

36. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS *(CONTINUED)*

(2) Determination of fair value and the fair value hierarchy of financial instruments *(continued)*

(a) Fair value of major financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

	31 December 2024			
	Fair value hierarchy			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss	41,647	59,740	18,679	120,066
Debt instruments measured at fair value through other comprehensive income	5,217	136,161	–	141,378
Equity instruments measured at fair value through other comprehensive income	35,145	47,066	20,182	102,393
Total	82,009	242,967	38,861	363,837

For the year ended 31 December 2025, financial assets measured at fair value through profit or loss with a carrying amount of RMB216 million and financial assets measured at fair value through other comprehensive income with a carrying amount of RMB2,253 million were transferred from Level 1 to Level 2 because the quoted prices in the market for such investments were no longer regularly available. Conversely, financial assets measured at fair value through profit or loss with a carrying amount of RMB54 million and financial assets measured at fair value through other comprehensive income with a carrying amount of RMB2,906 million were transferred from Level 2 to Level 1 because the quoted prices in active markets were available.

As at 31 December 2025, the fair values of derivative financial assets and derivative financial liabilities were RMB27 million (31 December 2024: RMB153 million) and RMB162 million (31 December 2024: RMB353 million), which are categorised in Level 3.

36. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS *(CONTINUED)*

(2) Determination of fair value and the fair value hierarchy of financial instruments *(continued)*

(b) Fair value of major financial assets and financial liabilities not measured at fair value

The following table shows an analysis of financial instruments not recorded at fair value but for which fair value is disclosed by level of the fair value hierarchy:

	31 December 2025			
	Fair value hierarchy			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial investments measured at amortised cost	1,175	99,169	58,686	159,030
Financial liabilities				
Bonds payable	–	12,058	–	12,058

	31 December 2024			
	Fair value hierarchy			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial investments measured at amortised cost	1,332	78,532	68,370	148,234
Financial liabilities				
Bonds payable	–	20,442	–	20,442

Financial assets and liabilities for which fair value approximates carrying amount are not included in the above disclosure.

The fair values of the debt instruments reported as financial assets and financial liabilities and included in the Level 3 category above have been determined using discounted cash flow model, with most significant inputs being the estimated cash flow and the discount rate that reflects the risk of counterparties and the Group.

36. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS *(CONTINUED)*

(2) Determination of fair value and the fair value hierarchy of financial instruments *(continued)*

(c) Reconciliation of Level 3 fair value measurements

	2025	2024
1 January	38,861	37,556
Addition	6,776	2,431
Realised and unrealised (losses)/gains recognised in profit or loss	(947)	685
Unrealised (losses)/gains recognised in other comprehensive income	(340)	1,481
Disposals	(742)	(3,291)
Transfer from Level 3 to Level 1	(4,086)	(1)
31 December	39,522	38,861

37. CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that the Company meets all obligations arising from the insurance contracts and the applicable laws and regulations in Chinese mainland so as to support the growth of business and maximise the shareholders' value.

The comprehensive and core solvency margin ratios of the Company are listed below:

	31 December 2025	31 December 2024
Actual capital	287,896	265,560
Core capital	264,301	240,863
Minimum capital	123,864	114,171
Comprehensive solvency margin ratio (%)	232%	233%
Core solvency margin ratio (%)	213%	211%

Insurance companies carrying out business in Chinese mainland are required to comply with capital requirements imposed by the NFRA. These capital requirements are generally known as solvency requirements in the insurance industry.

37. CAPITAL MANAGEMENT *(CONTINUED)*

Insurance companies comply with requirements on both the core capital and actual capital (sum of core and supplementary capital). Under China Risk Oriented Solvency System, the minimum capital is calculated by formula prescribed by the NFRA. The minimum capital requirement is a result of quantifications of underwriting risks, market risks, credit risks and results of an internal control assessment. For the Company, core capital is principally the net assets, while supplementary capital is mainly the capital supplementary bonds issued by the Company.

Comprehensive and core solvency margin ratios are defined as actual capital and core capital divided by the minimum capital requirements, respectively. Comprehensive and core solvency margin ratios have to be higher than 100% and 50% respectively for compliance with the solvency requirements.

The NFRA can take a number of regulatory measures against non-compliance with the solvency requirements conducted by any insurance company. These regulatory measures include restriction on business scope, dividend distributions, investment strategy; order to transfer business or place reinsurance; removal of senior executives of the insurance companies.

38. RISK MANAGEMENT

The Group's activities are exposed to insurance risk and varieties of financial risks. The Group issues contracts that transfer insurance risk or financial risk or both. The key financial risk is that proceedings from the sale of financial assets will not be sufficient to fund the obligations arising from the Group's insurance and investment contracts. The most important components of financial risks are credit risk, liquidity risk and market risk.

(1) Insurance risk

The risk under an insurance contract arises from the possibility of occurrence of an insured event and the uncertainty of the amount and timing of any resulting claim. The principal risk the Group faces under such contract is that the actual claim payments and the costs of claim settlements exceed the carrying amount of insurance liabilities. This could occur due to any of the following factors:

Occurrence risk – the possibility that the number of insured events will differ from those expected

Severity risk – the possibility that the costs of the events will differ from those expected

Development risk – the possibility that changes may occur in the amount of an insurer's obligation at the end of the contract period

38. RISK MANAGEMENT *(CONTINUED)*

(1) Insurance risk *(continued)*

The Group has the objective to control and minimise insurance risk so as to reduce the volatility of the operating profits. The Group manages insurance risk through the following mechanism:

– The launch of any new product has to be approved by appropriate authorities;

– Underwriting and claims-handling authorities at different levels are properly established;

– Treaty reinsurance and most facultative reinsurance arrangements are centrally managed at the head office level; and

– Catastrophe reinsurance is used to limit the Group's exposure to flooding, earthquakes and typhoons.

The Group limits its exposure to loss within insurance operations through participation in reinsurance arrangements. The majority of the businesses ceded are placed on a quota share basis or surplus line basis with retention limits varying by product line. There are profit commission, sliding scale commission and loss participation limit clauses in various proportional reinsurance contracts. Excess of loss catastrophe reinsurance is also arranged to limit the Group's exposure to certain catastrophic events.

Insurance risk concentration

Claims in certain provinces in the PRC are often affected by natural disasters including flooding, earthquakes and typhoons. Therefore, an undue concentration of risk units in these areas may have an impact on the severity of claim payments on a portfolio basis. The Group has achieved geographical diversification by accepting risks in different provinces of the PRC.

38. RISK MANAGEMENT *(CONTINUED)*

(1) Insurance risk *(continued)*

Insurance risk concentration (continued)

The Group's concentration of insurance risk before and after reinsurance, measured by geographical gross written premiums and net written premiums, is as follows:

	2025		2024	
	Gross written premiums	Net written premiums	Gross written premiums	Net written premiums
Coastal and developed provinces/cities	258,971	233,574	251,463	227,744
China western	110,716	102,007	108,456	100,263
China northern	64,509	58,015	58,643	53,116
China central	93,142	86,031	91,149	84,360
China north-eastern	30,430	27,152	31,244	27,712
Total	557,768	506,779	540,955	493,195

Sensitivity analysis

It is not possible to quantify the sensitivity of certain variables like legislative change and uncertainty in the estimation process with any degree of confidence. Furthermore, because of delays that arise between the occurrence of a claim and its subsequent notification and eventual settlement, the insurance contract balances are not quantifiable with certainty.

The LIC's sensitivity to unpaid claims and expenses is outlined below. The analysis is performed for possible movements in unpaid claims and expenses with all other variables held constant, showing the pre-tax impact on profit and equity before and after risk mitigation by the reinsurance contracts held.

		Pre-tax impact on profit 2025		Pre-tax impact on equity 31 December 2025		Pre-tax impact on profit 2024		Pre-tax impact on equity 31 December 2024	
	Change in assumptions	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Unpaid claims and expenses	+3%	(7,169)	(5,847)	(7,213)	(5,880)	(6,654)	(5,437)	(6,736)	(5,504)
Unpaid claims and expenses	-3%	7,169	5,847	7,213	5,880	6,654	5,437	6,736	5,504

38. RISK MANAGEMENT *(CONTINUED)*

(1) Insurance risk *(continued)*

Sensitivity analysis (continued)

Reproduced below is an analysis that shows the development of the undiscounted claims over a period of time on a gross basis:

	Accident year – Gross					
	2021	2022	2023	2024	**2025**	Total
Estimated cumulative claims						
End of current year	315,563	331,070	362,420	395,250	407,737	1,812,040
One year later	315,081	321,466	362,074	388,748	–	1,387,369
Two years later	315,012	313,962	361,684	–	–	990,658
Three years later	313,436	311,283	–	–	–	624,719
Four years later	312,913	–	–	–	–	312,913
Estimated cumulative claims	312,913	311,283	361,684	388,748	407,737	1,782,365
Less: cumulative gross claims and other directly attributable expenses paid	(307,754)	(298,466)	(346,764)	(349,710)	(267,220)	(1,569,914)
Sub-total						212,451
Prior year adjustments, unallocated loss adjustment expenses, discounting, risk adjustment for non-financial risk and others						27,967
Gross LIC						240,418

38. RISK MANAGEMENT *(CONTINUED)*

(1) Insurance risk *(continued)*

Sensitivity analysis (continued)

Reproduced below is an analysis that shows the development of the undiscounted claims over a period of time on a net basis:

	Accident year – Net					
	2021	2022	2023	2024	**2025**	Total
Estimated cumulative claims						
End of current year	287,366	299,423	331,652	363,233	374,037	1,655,711
One year later	285,476	290,387	331,354	356,823	–	1,264,040
Two years later	285,239	283,444	331,201	–	–	899,884
Three years later	284,095	280,558	–	–	–	564,653
Four years later	283,592	–	–	–	–	283,592
Estimated cumulative claims	283,592	280,558	331,201	356,823	374,037	1,626,211
Less: cumulative gross claims and other directly attributable expenses paid	(279,631)	(270,439)	(320,562)	(323,488)	(246,478)	(1,440,598)
Sub-total						185,613
Prior year adjustments, unallocated loss adjustment expenses, discounting, risk adjustment for non-financial risk and others						10,369
Net LIC						195,982

The ultimate liabilities will vary as a result of subsequent developments. Differences resulting from the reassessment of the ultimate liabilities are recognised in subsequent years' financial statements.

38. RISK MANAGEMENT *(CONTINUED)*

(2) Financial risks

(a) Credit risk

Credit risks refer to the risk of losses incurred by the inabilities of debtors or counterparties to fulfil their contractual obligations or by the adverse changes in their credit conditions. The Group is exposed to credit risks primarily associated with its deposit arrangements with commercial banks, investments in debt instruments, and reinsurance arrangements with reinsurers.

The Group evaluates its credit risks in investments by both qualitative and quantitative analysis, including studying the relevant industry, enterprise management, financial factors, company prospects, as well as the use of internal credit models. The Group mitigates credit risk by using a variety of methods including impositions of aggregate counterparty exposure limits and increasing the diversification of fixed income investment portfolios.

Reinsurance of the Group is mainly placed with reinsurers with Standard & Poor's ratings of A- (or ratings of an equal level given by other international rating institutions such as A.M. Best, Fitch or Moody's) or above except for state-owned reinsurance companies. Management of the Group performs regular assessment of creditworthiness of reinsurers to update reinsurance purchase strategies.

At 31 December 2025, the maximum credit risk exposure of the reinsurance contract assets was RMB14,643 million (31 December 2024: RMB13,187 million).

Credit quality

The majority of the Group's bank deposits are placed with the four largest state-owned commercial banks and other national commercial banks. Most of the reinsurance contracts are entered into with state-owned reinsurance companies or large international reinsurance companies. The Group believes these commercial banks and reinsurance companies have a high credit quality. The trustees of the Group's trust plans, creditors' investments plans and project support schemes are mostly large domestic trust companies and asset management companies.

38. RISK MANAGEMENT *(CONTINUED)*

(2) Financial risks *(continued)*

(a) Credit risk (continued)

Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and the valuation parameters.

Securities purchased under resale agreements are pledged by counterparties' debt securities of which the Group could take the ownership should the owner of the collateral defaults.

Management monitors the market value of the collateral, requests additional items of collateral when needed and performs impairment testing when applicable.

Expected credit loss

The Group has formulated the credit losses of debt instruments carried at amortised cost and FVOCI using ECL models according to HKFRS 9 requirements.

Parameters of ECL model

The parameters and assumptions involved in ECL model are described below.

The Group considers the credit risk characteristics of different financial instruments when determining if there is significant increase in credit risk and whether credit impairment occurs. For financial instruments with or without significant increase in credit risk, 12-month or lifetime ECLs are provided respectively. The ECL is the product of Exposure at Default ("EAD"), Probability of Default ("PD") and Loss Given Default ("LGD").

- EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months or over the remaining lifetime.

- PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months, or over the remaining lifetime of the obligation.

- LGD represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support.

38. RISK MANAGEMENT *(CONTINUED)*

(2) Financial risks *(continued)*

(a) Credit risk (continued)

Expected credit loss *(continued)*

Judgement of significant increase in credit risk ("SICR")

Under HKFRS 9, when considering the impairment stages for financial assets, the Group evaluates the credit risk at initial recognition and also whether there is any significant increase in credit risk for each reporting period.

The Group considers various reasonable supporting information to judge if there is significant increase in credit risk, including the forward-looking information, when determining the ECL staging for financial assets. Major factors being considered include regulatory and operating environment, internal and external credit ratings, solvency, and operational capabilities. The Group could base on individual financial instruments or portfolios of financial instruments with similar credit risk characteristics to determine ECL staging by comparing the credit risks of the financial instruments at the reporting date with initial recognition.

The Group has set quantitative and qualitative criteria to judge whether the credit risk has SICR after initial recognition. The judgement criteria mainly include the significant fluctuations in evaluation of bonds, significant changes in the financial business performance of the issuers, obvious changes in the issuers' ability and willingness of the solvency, incidents that affect the security of the bonds and other indicators of SICR, etc. In the judgement of whether the financial instruments have SICR after initial recognition, the Group considers the 30 days past due as one of the criteria of SICR, in accordance with the standard.

The definition of credit-impaired assets

Under HKFRS 9, in order to determine whether credit impairment occurs, the defined standards adopted by the Group are consistent with the internal credit risk management objectives for relevant financial assets, while considering quantitative and qualitative indicators. When the Group assesses whether the debtor has credit impairment, the following factors are mainly considered:

- Default (considered to be default if it is 90 days past due);
- The debtor has significant financial difficulties;

38. RISK MANAGEMENT *(CONTINUED)*

(2) Financial risks *(continued)*

(a) Credit risk (continued)

Expected credit loss *(continued)*

The definition of credit-impaired assets (continued)

- 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.

Forward-looking information

The determination of 12 months and the lifetime EAD, PD and LGD also incorporates forward-looking information. The Group has performed historical data analysis and identified the key macroeconomic variables associated with credit risk and ECL for each portfolio. The Group has developed macroeconomic forward-looking adjustment model by establishing a basket of factors, preparing data, filtering model factors and adjusting forward-looking elements. The basket of macroeconomic factors includes Gross Domestic Product (GDP) quarter on quarter percentage change, Customer Price Index (CPI) year on year percentage change, term deposit interest rates and other macroeconomic variables. Through regression analysis, the relationship among these economic indicators in history with EAD, PD and LGD is determined, and the EAD, PD and LGD are determined through forecasting economic indicators.

During the reporting period, the Group adjusted the predicted values of forward-looking economic indicators by statistical analysis and also considered the range of possible outcomes represented by each scenario, to determine the final macroeconomic scenarios and weights for measuring the relevant expected credit loss. The impact of these economic indicators on PD and LGD varies to different businesses. The Group comprehensively considers internal and external data, expert forecasts and statistical analysis to determine the relationship between these economic indicators with PD and LGD.

38. RISK MANAGEMENT *(CONTINUED)*

(2) Financial risks *(continued)*

(a) Credit risk (continued)

Expected credit loss *(continued)*

Forward-looking information (continued)

The cumulative year-on-year growth rate of GDP used in the various scenarios to evaluate ECL at 31 December 2025 ranges from 4.09% to 5.88% under the base, optimistic, and adverse scenarios.

Similar to other economic forecasts, the estimates of economic indicators forecasting have high inherent uncertainties, actual results may have significant difference on estimates. The Group considered the estimates above represented the optimal estimation of possible outcomes.

Credit risk exposure

The following table presents the credit risk exposure of the financial assets under the scope of ECL. Without considering guarantee or any other credit enhancement measures, the maximum credit risk exposure is presented as the carrying amount of the financial assets:

	31 December 2025				31 December 2024
	Stage 1	Stage 2	Stage 3	Maximum credit risk exposure	Maximum credit risk exposure
Cash and cash equivalents	23,273	–	–	23,273	19,370
Financial investments:					
Financial investments measured at amortised cost	150,034	370	89	150,493	136,060
Debt instruments measured at fair value through other comprehensive income	170,765	–	–	170,765	141,378
Term deposits	64,482	–	–	64,482	77,156
Restricted statutory deposits	4,561	–	–	4,561	4,630
Total	413,115	370	89	413,574	378,594

The Group closely monitors the collateral for credit-impaired financial assets.

38. RISK MANAGEMENT *(CONTINUED)*

(2) Financial risks *(continued)*

(a) Credit risk (continued)

Expected credit loss *(continued)*

Impairment stage changes

The following tables explain the changes in the gross carrying amount and provision for impairment of the main financial assets between the beginning and the end of the annual period due to these factors:

Financial investments measured at amortised cost	Stage 1		Stage 2		Stage 3		Total
	Gross carrying amount	Provision for impairment	Gross carrying amount	Provision for impairment	Gross carrying amount	Provision for impairment	Provision for impairment
1 January 2025	135,663	(357)	703	(29)	398	(318)	(704)
Net increase/(decrease) for the year *	14,711	17	4	(308)	(1)	10	(281)
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	–	–	–	–	–	–	–
Write-offs	–	–	–	–	–	–	–
31 December 2025	150,374	(340)	707	(337)	397	(308)	(985)

* Changes in current year due to purchase, purchased credit-impaired or derecognition except write-offs.

38. RISK MANAGEMENT *(CONTINUED)*

(2) Financial risks *(continued)*

(a) Credit risk (continued)

Expected credit loss *(continued)*

Impairment stage changes (continued)

Debt instruments measured at fair value through other comprehensive income	Stage 1		Stage 2		Stage 3		Total
	Gross carrying amount	Provision for impairment	Gross carrying amount	Provision for impairment	Gross carrying amount	Provision for impairment	Provision for impairment
1 January 2025	141,378	(121)	-	-	-	-	(121)
Net increase/(decrease) for the year *	29,387	(15)	-	-	-	-	(15)
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	-	-	-	-	-	-	-
Write-offs	-	-	-	-	-	-	-
31 December 2025	170,765	(136)	-	-	-	-	(136)

* Changes in current year due to purchase, purchased credit-impaired or derecognition except write-offs.

The following table contains an analysis of the credit rating of financial investments measured at amortised cost and debt instruments measured at fair value through other comprehensive income. The credit rating of these financial assets is assessed by qualified rating agencies in the PRC except for overseas bonds. The credit risk exposure is listed below:

Credit rating of financial assets (other than overseas bonds)	31 December 2025	31 December 2024
AAA	235,786	204,687
AA+	1,698	53
AA	213	–
A or lower	696	613
Not rated*	82,243	71,741
Total	320,636	277,094

* Included in the not rated category, there is an aggregate carrying amount of RMB82,155 million of government bonds and certain financial bonds issued by policy banks with low credit risks, and the remaining financial assets with a carrying amount of RMB88 million without any credit rating do not have low credit risk.

38. RISK MANAGEMENT *(CONTINUED)*

(2) Financial risks *(continued)*

(b) Liquidity or funding risk

Liquidity risk is the risk of not having access to sufficient funds or being unable to realise an asset in a timely manner at a reasonable price to meet the Group's obligations as they become due. Liquidity risk may result from either the inability to sell financial assets quickly at their fair values; or a counterparty failing to repay a contractual obligation; or an insurance liability falling due for payment earlier than expected; or the inability to generate cash inflows as anticipated.

The major liquidity risk the Group confronts is the daily calls on its available cash resources in respect of claims arising from insurance contracts and maturities of policyholders' deposits.

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 to insurance contracts to ascertain the likely provision and the period when such liabilities will require settlement. The amounts and maturity periods of these insurance liabilities are thus based on management's best estimate according to statistical techniques and past experience.

At 31 December 2025, the Group maintained cash and cash equivalents at 3% of total assets (31 December 2024: 2%) to ensure sufficient liquid assets are available to meet its payment obligations. Management closely monitors the increase of non-current assets.

Maturity analysis

The tables below summarise maturity profiles of financial assets, lease liabilities and financial liabilities of the Group. Maturity profiles of financial assets, lease liabilities and financial liabilities are prepared, using the contractual collection and repayment dates, respectively.

All amounts are based on undiscounted contractual cash flows.

38. RISK MANAGEMENT *(CONTINUED)*

(2) Financial risks *(continued)*

(b) Liquidity or funding risk (continued)

Maturity analysis *(continued)*

31 December 2025	On demand/ past due	Within 3 months	3 to 12 months	1 to 5 years	More than 5 years	No maturity date	Total
Assets:							
Cash and cash equivalents	9,073	14,204	–	–	–	–	23,277
Financial investments measured at amortised cost	397	4,199	11,406	57,346	122,334	–	195,682
Financial assets measured at fair value through other comprehensive income	–	4,297	11,964	59,836	142,340	115,943	334,380
Financial assets measured at fair value through profit or loss	–	410	2,120	7,404	54,344	95,455	159,733
Term deposits	–	1,022	10,770	56,859	–	–	68,651
Other financial assets	9,600	501	893	4,149	528	–	15,671
Subtotal	19,070	24,633	37,153	185,594	319,546	211,398	797,394
Liabilities:							
Securities sold under agreements to repurchase	–	65,787	–	–	–	–	65,787
Investment contract liabilities	1,725	–	–	–	–	–	1,725
Bonds payable	–	–	280	1,238	13,598	–	15,116
Lease liabilities	–	143	428	680	49	–	1,300
Other financial liabilities	10,380	69	1,064	1	5	–	11,519
Subtotal	12,105	65,999	1,772	1,919	13,652	–	95,447
Net liquidity gap	6,965	(41,366)	35,381	183,675	305,894	211,398	701,947

38. RISK MANAGEMENT *(CONTINUED)*

(2) Financial risks *(continued)*

(b) Liquidity or funding risk (continued)

Maturity analysis *(continued)*

31 December 2024	On demand/ past due	Within 3 months	3 to 12 months	1 to 5 years	More than 5 years	No maturity date	Total
Assets:							
Cash and cash equivalents	8,551	10,819	–	–	–	–	19,370
Financial investments measured at amortised cost	399	2,934	11,181	68,732	99,074	–	182,320
Financial assets measured at fair value through other comprehensive income	–	2,206	11,918	47,491	122,586	102,393	286,594
Financial assets measured at fair value through profit or loss	–	236	3,791	9,414	54,831	67,029	135,301
Term deposits	–	7,346	21,233	54,253	–	–	82,832
Other financial assets	16,465	1,233	1,777	4,170	250	–	23,895
Subtotal	25,415	24,774	49,900	184,060	276,741	169,422	730,312
Liabilities:							
Securities sold under agreements to repurchase	–	39,646	–	–	–	–	39,646
Investment contract liabilities	1,731	–	–	–	–	–	1,731
Bonds payable	–	8,287	280	1,118	13,998	–	23,683
Lease liabilities	–	144	431	843	36	–	1,454
Other financial liabilities	11,401	142	69	–	2	–	11,614
Subtotal	13,132	48,219	780	1,961	14,036	–	78,128
Net liquidity gap	12,283	(23,445)	49,120	182,099	262,705	169,422	652,184

38. RISK MANAGEMENT *(CONTINUED)*

(2) Financial risks *(continued)*

(b) Liquidity or funding risk (continued)

Maturity analysis *(continued)*

The following tables present the estimated amount and timing of the remaining contractual undiscounted cash flows arising from insurance contracts and reinsurance contracts (the LRC for insurance contracts issued and the ARC for reinsurance contracts held measured under the PAA are not included in the tables).

	31 December 2025						
Cash inflows/ (outflows)	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years	Total
Insurance contract assets	(4,973)	(378)	(164)	(30)	(7)	(13)	(5,565)
Reinsurance contract assets	28,207	4,951	2,898	2,474	1,328	1,985	41,843
Insurance contract liabilities	(149,573)	(42,230)	(21,556)	(8,712)	(4,684)	(8,800)	(235,555)
Reinsurance contract liabilities	112	14	6	2	1	2	137
Net gap	(126,227)	(37,643)	(18,816)	(6,266)	(3,362)	(6,826)	(199,140)

	31 December 2024						
Cash inflows/ (outflows)	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years	Total
Insurance contract assets	(5,552)	(463)	(215)	(34)	(5)	(15)	(6,284)
Reinsurance contract assets	26,858	5,453	2,580	1,940	1,263	1,746	39,840
Insurance contract liabilities	(135,926)	(42,596)	(20,242)	(7,069)	(4,924)	(7,951)	(218,708)
Reinsurance contract liabilities	90	15	7	4	2	2	120
Net gap	(114,530)	(37,591)	(17,870)	(5,159)	(3,664)	(6,218)	(185,032)

38. RISK MANAGEMENT *(CONTINUED)*

(2) Financial risks *(continued)*

(c) Market risk

Market risk refers to the risk that causes unexpected losses to the Group due to unfavourable changes in foreign exchange rates, interest rates or market prices. The market risk comprises currency risk, interest rate risk and other price risk.

The Group uses multiple methods to manage market risk, including using sensitivity analysis, value-at-risk ("VaR"), stress test, scenario analysis and other quantitative models to analyse market risks; mitigating market risk through a diversified investment portfolio; implementing investment risk budget management, setting an acceptable risk tolerance level according to development goals, making investment risk budget and tracking the risk control results dynamically to maintain market risk exposure within an acceptable level.

The Group mitigates its market risk through proper diversification of its investment portfolio. Investment mandate is also approved by an investment committee to direct investment decisions.

(i) Currency risk

Currency risk is the risk of loss resulting from changes in foreign currency exchange rates. The Group's principal transactions are carried out in RMB. It is not exposed to significant risk except for certain insurance policies settled in United States Dollars ("USD") and Hong Kong Dollars ("HKD"), and other foreign currencies, as well as the foreign exchange risk arising from holding certain financial assets and liabilities denominated in USD, HKD, and other foreign currencies.

38. RISK MANAGEMENT *(CONTINUED)*

(2) Financial risks *(continued)*

(c) Market risk (continued)

(i) Currency risk *(continued)*

The table below summarises the Group's assets and liabilities by major currency, expressed in the RMB equivalent:

31 December 2025	RMB	USD in RMB equivalent	HKD in RMB equivalent	Others in RMB equivalent	Total in RMB equivalent
Cash and cash equivalents	22,383	632	237	21	23,273
Financial investments measured at amortised cost	150,493	–	–	–	150,493
Financial assets measured at fair value through other comprehensive income	286,086	622	–	–	286,708
Financial assets measured at fair value through profit or loss	144,114	3,962	1,554	–	149,630
Insurance contract assets	516	205	7	36	764
Reinsurance contract assets	42,908	250	2	(31)	43,129
Term deposits	63,002	1,480	–	–	64,482
Other financial assets	14,976	444	12	9	15,441
Total assets	724,478	7,595	1,812	35	733,920
Securities sold under agreements to repurchase	65,779	–	–	–	65,779
Investment contract liabilities	1,725	–	–	–	1,725
Insurance contract liabilities	433,344	(145)	34	(9)	433,224
Reinsurance contract liabilities	57	(26)	–	–	31
Bonds payable	12,076	–	–	–	12,076
Other financial liabilities	11,215	273	8	23	11,519
Total liabilities	524,196	102	42	14	524,354
Net exposure	200,282	7,493	1,770	21	209,566

38. RISK MANAGEMENT *(CONTINUED)*

(2) Financial risks *(continued)*

(c) Market risk (continued)

(i) Currency risk *(continued)*

31 December 2024	RMB	USD in RMB equivalent	HKD in RMB equivalent	Others in RMB equivalent	Total in RMB equivalent
Cash and cash equivalents	18,083	1,183	92	12	19,370
Financial investments measured at amortised cost	136,060	–	–	–	136,060
Financial assets measured at fair value through other comprehensive income	243,428	343	–	–	243,771
Financial assets measured at fair value through profit or loss	114,978	3,759	1,329	–	120,066
Insurance contract assets	1,419	269	17	8	1,713
Reinsurance contract assets	39,884	630	2	(10)	40,506
Term deposits	75,712	1,444	–	–	77,156
Other financial assets	18,549	266	99	24	18,938
Total assets	648,113	7,894	1,539	34	657,580
Securities sold under agreements to repurchase	39,642	–	–	–	39,642
Investment contract liabilities	1,731	–	–	–	1,731
Insurance contract liabilities	401,833	(20)	37	(13)	401,837
Reinsurance contract liabilities	58	1	–	–	59
Bonds payable	20,433	–	–	–	20,433
Other financial liabilities	11,491	98	7	18	11,614
Total liabilities	475,188	79	44	5	475,316
Net exposure	172,925	7,815	1,495	29	182,264

38. RISK MANAGEMENT *(CONTINUED)*

(2) Financial risks *(continued)*

(c) Market risk (continued)

(i) Currency risk *(continued)*

Sensitivity analysis

The analysis below is performed for reasonably possible movements in exchange rates with all other variables held constant, showing the pre-tax impact on profit and equity. The correlation of variables will have a significant effect in determining the ultimate impact on currency risk, but to demonstrate the impact due to changes in foreign currency exchange rate, the correlations of these variables are ignored.

Appreciation/(Depreciation) against RMB		31 December 2025 Pre-tax impact on profit	31 December 2025 Pre-tax impact on equity	31 December 2024 Pre-tax impact on profit	31 December 2024 Pre-tax impact on equity
Financial instruments	+5%	402	433	404	421
Financial instruments	-5%	(402)	(433)	(404)	(421)
Insurance contracts	+5%	31	31	46	46
Insurance contracts	-5%	(31)	(31)	(46)	(46)

The impact on equity arising from assets and liabilities denominated in foreign currencies shown above is the total impact from both profit before tax and fair value change.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risk policy requires it to manage interest rate risk by maintaining an appropriate match of fixed and variable rate instruments. The policy also requires it to manage the maturity of interest-bearing financial assets and interest-bearing financial liabilities, reprice interest on floating rate instruments at intervals of less than one year, and manage variable interest rate risk through interest rate swap instruments. Interest on fixed interest rate instruments is priced at inception of the financial instrument and is fixed until maturity.

38. RISK MANAGEMENT *(CONTINUED)*

(2) Financial risks *(continued)*

(c) Market risk (continued)

(ii) Interest rate risk *(continued)*

Sensitivity analysis

The analysis below is performed for reasonably possible movements in interest rates with all other variables held constant, showing the pre-tax impact on profit and equity.

Increase/(Decrease) in interest rates		31 December 2025		31 December 2024	
		Pre-tax impact on profit	Pre-tax impact on equity	Pre-tax impact on profit	Pre-tax impact on equity
Financial instruments	+50bp	(1,263)	(9,431)	(840)	(5,569)
Financial instruments	-50bp	1,315	9,964	864	6,024

(iii) Price risk

Price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to individual financial instruments or their issuers, or factors affecting all similar financial instruments traded in the market.

The Group's price risk exposure relates to listed equity securities and mutual funds whose values will fluctuate as a result of changes in market prices.

The Group holds a diversified portfolio of equity instruments and therefore does not have significant concentration of risk in any particular individual instrument. However, the Group principally invests in the stock markets in Hong Kong and Chinese mainland and is subject to price risk arising from volatilities of these two markets.

The Group's price risk policy requires it to manage such risks by setting and monitoring objectives and constraints on investments, diversification plans, limits on investments in each country, sector and market and carefully planning the use of derivative financial instruments.

38. RISK MANAGEMENT *(CONTINUED)*

(2) Financial risks *(continued)*

(c) Market risk (continued)

(iii) Price risk *(continued)*

Sensitivity analysis

The analysis below is performed to show the reasonably possible movements in price with all other assumptions held constant, showing the pre-tax impact on profit and equity.

		31 December 2025		31 December 2024	
Increase/(Decrease) in price		Pre-tax impact on profit	Pre-tax impact on equity	Pre-tax impact on profit	Pre-tax impact on equity
Financial instruments	+5%	4,873	9,993	3,366	8,485
Financial instruments	-5%	(4,873)	(9,993)	(3,366)	(8,485)

39. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Securities sold under agreements to repurchase	Bonds payable (note 33)	Lease liabilities	Total
At 1 January 2025	39,642	20,433	1,301	61,376
Financing cash flows	25,433	(8,566)	(826)	16,041
Finance costs	704	209	38	951
New leases entered	–	–	613	613
At 31 December 2025	65,779	12,076	1,126	78,981

39. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES *(CONTINUED)*

	Securities sold under agreements to repurchase	Bonds payable (note 33)	Lease liabilities	Total
At 1 January 2024	40,037	8,365	1,316	49,718
Financing cash flows	(1,089)	11,700	(861)	9,750
Finance costs	694	368	46	1,108
New leases entered	–	–	800	800
At 31 December 2024	39,642	20,433	1,301	61,376

40. CONTINGENCIES AND COMMITMENTS

(1) Contingencies

Given the nature of the insurance business, the Group is involved in legal proceedings in the ordinary course of business, including as plaintiff or defendant in litigation and arbitration. These legal proceedings primarily involve claims arising from the Group's insurance policies, and some losses arising therefrom may be partly indemnified by reinsurers or recoverable through other means, including salvages and subrogation. During the year ended 31 December 2025, the Group was involved in similar legal proceedings related to certain insurance business activities. The claim amounts in these cases are significant, and the proceedings remain ongoing. While the outcomes of these contingencies, lawsuits or other proceedings cannot currently be determined and the likelihood and amounts of any potential losses cannot be reliably estimated, the Group believes that any resulting liabilities, if any, will not have a material adverse effect on the financial position at 31 December 2025 or on its operating results for the year then ended.

40. CONTINGENCIES AND COMMITMENTS *(CONTINUED)*

(2) Commitments

	31 December 2025	31 December 2024
Property and equipment commitments:		
Contracted, but not provided for	596	835
Authorised, but not contracted	74	77
Investment commitments:		
Contracted, but not provided for	7,128	7,572
Total	7,798	8,484

41. RELATED PARTY TRANSACTIONS

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

A party is considered to be related to the Group if (continued):

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

41. RELATED PARTY TRANSACTIONS *(CONTINUED)*

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a); and

(vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(1) Related parties with controlling relationship

The Company is a state-owned enterprise and its controlling shareholder is PICC Group.

(2) Other related parties without controlling relationship with the Company:

Related parties' name	Relationship
PICC Asset Management Company Limited ("PICC AMC")	Fellow subsidiary
The People's Insurance Company of China (Hong Kong) Limited ("PICC HK")	Fellow subsidiary
PICC Capital Insurance Asset Management Company Limited ("PICC Capital")	Fellow subsidiary
PICC Investment Holding Company Limited ("PICC Investment")	Fellow subsidiary
PICC Pension Company Limited ("PICC Pension")	Fellow subsidiary
PICC Information Technology Company Limited ("PICC Technology")	Fellow subsidiary
PICC Capital Equity Investment Company Limited ("PICC Equity")	A subsidiary of a fellow subsidiary
PICC Life Insurance Company Limited ("PICC Life")	An associate of the Company and fellow subsidiary
PICC Health Insurance Company Limited ("PICC Health")	An associate of the Company and fellow subsidiary
PICC Reinsurance Company Limited ("PICC Re")	An associate of the Company and fellow subsidiary
PICC Financial Services Company Limited ("PICC Financial Services")	An associate of the Company and fellow subsidiary
Prime Insurance Brokers Company Limited ("PIB")	A subsidiary of a fellow subsidiary
PICC Investment Holding (Beijing) Operation Management Company Limited ("PICC Operation")	A subsidiary of a fellow subsidiary
Hua Xia Bank	An associate of the Company
Industrial Bank Co., Ltd. ("IBC")	An associate of the controlling shareholder
China Merchants Securities Co. Ltd. ("China Merchant Securities")	An associate of the controlling shareholder
Bangbang Auto Sales Service (Beijing) Co., Ltd. ("Bangbang")	A joint venture of the Company
Aibao Technology Co., Ltd. ("Aibao Technology")	An associate of a fellow subsidiary

41. RELATED PARTY TRANSACTIONS *(CONTINUED)*

(3) Material transactions with related parties

	Notes	2025	2024
Transactions with PICC Group:			
2025 interim dividend distribution	*(i)*	3,682	–
2024 final dividend distribution	*(i)*	5,094	–
2024 interim dividend distribution	*(i)*	–	3,191
2023 final dividend distribution	*(i)*	–	7,503
Addition to right-of-use assets	*(ii)*	75	–
Addition to lease liabilities	*(ii)*	75	–
Payment of lease liabilities	*(ii)*	75	78
Interest on lease liabilities	*(ii)*	1	–
Service expense	*(ii)*	59	53
Service income		–	34
Rental income		–	1
Transactions with fellow subsidiaries under PICC Group:			
Management fee	*(iii)*	515	354
Subscription amount of financial products set up and managed by fellow subsidiaries under PICC Group	*(iii)*	12,046	11,130
Premiums ceded	*(iv)*	680	747
Reinsurance commission income	*(iv)*	192	239
Paid losses recoverable from reinsurers	*(iv)*	430	418
Reinsurance premiums assumed	*(iv)*	830	162
Commission expenses – reinsurance	*(iv)*	215	38
Gross claims paid – reinsurance	*(iv)*	20	2
Brokerage commission expense	*(v)*	184	169
Technology service fees	*(xiv)*	779	508
Rental income	*(xv)*	8	7
Rental expense	*(xv)*	91	85
Addition to right-of-use assets	*(xv)*	53	297
Addition to lease liabilities	*(xv)*	53	297
Payment of lease liabilities	*(xv)*	132	95
Interest on lease liabilities	*(xv)*	18	14
Property service fees	*(xvi)*	213	270

41. RELATED PARTY TRANSACTIONS *(CONTINUED)*

(3) Material transactions with related parties *(continued)*

	Notes	2025	2024
Transactions with associates of the Company:			
Agency service commission income	*(vi),(vii)*	89	111
Agency service commission expense	*(vi),(vii)*	251	263
Premiums paid	*(viii)*	202	188
Sale of insurance products	*(x)*	11	17
Gross claim paid	*(x)*	7	2
Interest income	*(x)*	–	3
Dividend income	*(x)*	1,038	1,241
Premiums ceded	*(xi)*	5,491	5,100
Reinsurance commission income	*(xi)*	1,454	1,394
Paid losses recoverable from reinsurers	*(xi)*	3,251	3,083
Addition to right-of-use assets		43	2
Addition to lease liabilities		43	2
Payment of lease liabilities		14	17
Rental income		36	36
Interest on lease liabilities		2	2
Service expense	*(xiv)*	24	96
Transactions with associates of PICC Group:			
Dividend income	*(ix)*	1,350	1,313
Interest income	*(ix)*	219	280
Sale of insurance products	*(ix)*	17	12
Transactions with joint ventures of the Company:			
Purchase of spare parts	*(xii)*	158	171
Service expense		2	3
Transactions with associates of fellow subsidiaries:			
Service expense	*(xiii)*	299	353

Notes:

(i) As PICC Group held 68.98% of the share capital of the Company, the Company distributed the 2025 interim dividend amounting to RMB3,682 million and the 2024 final dividend amounting to RMB5,094 million to PICC Group during the year of 2025.

The Company distributed the 2024 interim dividend amounting to RMB3,191 million and the 2023 final dividend amounting to RMB7,503 million to PICC Group during the year of 2024.

41. RELATED PARTY TRANSACTIONS *(CONTINUED)*

(3) Material transactions with related parties *(continued)*

Notes (continued):

(ii) On 31 December 2023, the Company renewed the South Information Center Package Service Agreement with PICC Group for one year, effective from 1 January 2024. On 31 December 2024, the Company renewed the South Information Centre Package Service Agreement with PICC Group for one year, effective from 1 January 2025. Pursuant to the agreement, PICC Group shall provide the Company with, among others, the service of leasing workplaces, meeting rooms and server installation positions in the server building.

The Company paid the rent and service fees to PICC Group. The rental transaction was accounted for as right-of-use assets and lease liabilities.

(iii) On 8 September 2022, the Company and PICC AMC entered into the Asset Management Agreement and Supplemental Agreement, which were effective from 1 July 2022 to 30 June 2025, to maintain the existing asset management arrangement. On 30 June 2025, the Company and PICC AMC renewed the Asset Management Agreement and Supplemental Agreement, which are effective from 1 July 2025 to 30 June 2028. Pursuant to the mentioned agreements, PICC AMC provided investment and management services in respect of certain financial assets of the Company, and use the assets entrusted by the Company to subscribe for the debt financial products and equity financial products sponsored and managed by them. The Company paid a management fee to PICC AMC, which was calculated based on the daily net asset value of the entrusted assets and the applicable rates. Other than the management fee, performance bonuses were also paid to PICC AMC when the investment performance has satisfied certain conditions.

On 8 September 2022, the Company entered into the Asset Management Agreement and Supplemental Agreement with PICC Capital, effective from 28 August 2022 to 30 June 2025. On 30 June 2025, the Company and PICC Capital renewed the Asset Management Agreement and Supplemental Agreement, which are effective from 1 July 2025 to 30 June 2028. Pursuant to the mentioned agreements, the Company entrusts some investment assets to PICC Capital for their management, and PICC Capital manage the entrusted assets in accordance with the mentioned agreements, relevant laws and regulations and regulatory provisions and the investment guidelines formulated by the Company, and use the assets entrusted by the Company to subscribe for the debt financial products and equity financial products sponsored and managed by them. Meanwhile, the Company pays product management fees to PICC Capital.

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

On 20 May 2024, the Company entered into the Investment Business Agreement with PICC Life, PICC Health, PICC Reinsurance and PICC Capital, commencing from 20 May 2024 and expiring on 30 June 2025. Pursuant to the agreement, PICC Capital provides the Company with the services of subscription of equity investment products initiated and managed by enterprises other than connected persons of the Company (other subscribers of such investment products include PICC Life and/or PICC Health and/or PICC Reinsurance) with the Company's funds, and the Company shall pay entrusted management fees to PICC Capital.

41. RELATED PARTY TRANSACTIONS *(CONTINUED)*

(3) Material transactions with related parties *(continued)*

Notes (continued):

(iv) On 29 December 2023, the Company entered into the Reinsurance Framework Agreement with PICC HK for one year, effective from 1 January 2024. On 27 December 2024, the Company and PICC HK entered into the Reinsurance Framework Agreement for one year, effective from 1 January 2025. Pursuant to the agreement, the Company agreed to cede insurance premiums to PICC HK in return for commissions, and PICC HK agreed to cede insurance premiums to the Company in return for commissions.

(v) On 15 June 2022, the Company entered into the Insurance Brokerage Business Cooperation Agreement with PIB, commencing on 17 June 2022 and expiring on 16 June 2025. On 16 June 2025, the Company renewed the Business Cooperation Agreement with PIB, commencing on 17 June 2025 and expiring on 16 June 2028. Pursuant to the agreement, the Company continues to cooperate with PIB in insurance business. PIB provides insurance brokerage services for the insurance contracts entered into between the insurance purchasers and the Company, and the Company pays brokerage commissions to PIB.

(vi) On 30 August 2022, the Company and PICC Health entered into the Mutual Agency Agreement for a term of three years, effective from 31 August 2022. On 29 August 2025, the Company and PICC Health renewed the Mutual Agency Agreement for a term of three years, effective from 31 August 2025. Pursuant to the Mutual Insurance Agency Agreement, the Company and PICC Health mutually acted as the agent for selling the insurance products and receiving agency premiums on behalf of each other. The Company would pay an agency fee to PICC Health in consideration of the agency services provided by PICC Health on the Company's insurance products. The Company would receive an agency fee from PICC Health in consideration of the agency services provided by the Company on PICC Health's insurance products. The agency fees were calculated by the actual agency premiums received multiplied by the agreed commission rates. The commission rates were negotiated between the Company and PICC Health on normal commercial terms.

PICC Health is both an associate of the Company and a fellow subsidiary of the Company. In the above note, PICC Health is included in "associates" and excluded from "fellow subsidiaries".

(vii) On 30 August 2022, the Company and PICC Life renewed the Mutual Agency Agreement for a term of three years, effective from 31 August 2022. On 29 August 2025, the Company and PICC Life renewed the Mutual Agency Agreement for a term of three years, effective from 31 August 2025. Pursuant to the Mutual Insurance Agency Agreement, the Company and PICC Life mutually acted as the agent for selling the insurance products and receiving agency premiums on behalf of each other. The Company would pay an agency fee to PICC Life in consideration of the agency services provided by PICC Life on the Company's insurance products. The Company would receive an agency fee from PICC Life in consideration of the agency services provided by the Company on PICC Life's insurance products. The agency fees were calculated by the actual agency premiums received multiplied by the agreed commission rates. The commission rates were negotiated between the Company and PICC Life on normal commercial terms.

PICC Life is both an associate of the Company and a fellow subsidiary of the Company. In the above note, PICC Life is included in "associates" and excluded from "fellow subsidiaries".

(viii) The Company purchased life or health insurance products from PICC Life and PICC Health for the employees of the Company.

(ix) The transactions with IBC are related party transactions as IBC has been an associate of PICC Group since 2013. The transactions with China Merchant Securities are related party transactions as China Merchant Securities is an associate of PICC Group since 2017.

(x) The transactions with Hua Xia Bank are related party transactions as Hua Xia Bank has been an associate of the Company since 2016.

41. RELATED PARTY TRANSACTIONS *(CONTINUED)*

(3) Material transactions with related parties *(continued)*

Notes (continued):

(xi) On 29 December 2023, the Company and PICC Re renewed the Reinsurance Framework Agreement for a term of one year. On 27 December 2024, the Company and PICC Re renewed the Reinsurance Framework Agreement for a term of one year, effective from 1 January 2025. Pursuant to the agreement, the Company agreed to cede insurance premiums to PICC Re in return for commissions and PICC Re agreed to cede insurance premiums to the Company in return for commissions.

PICC Re is both an associate of the Company and a fellow subsidiary of the Company. In the above note, PICC Re is included in "associates" and excluded from "fellow subsidiaries".

(xii) On 29 April 2021, the Company entered into an Auto Parts Procurement Contract with Bangbang for a term of two years, effective from 1 April 2021. Pursuant to the contract, the Company shall purchase auto spare parts from Bangbang for the maintenance of insured vehicles damaged in accidents, and Bangbang shall supply the goods ordered under the contract, undertake the responsibility of delivery, installment, adjustment of goods, and provide the Company with services including warranty, maintenance, consultation and training. The Company shall pay the cost of the auto spare parts to Bangbang.

On 16 June 2023, the Company entered into the Auto Parts Procurement Supplemental Contract with Bangbang to extend the term of the original contract for 8 months (commencing from 1 April 2023 to 30 November 2023, and the Company may terminate the contract at any time).

On 7 February 2024, the Company further entered into an Auto Parts Procurement Supplemental Contract with Bangbang, and each of the contract and the original contract forms an integral part of a new contract ("New Contract"). The term of the New Contract shall be one year, from 7 February 2024 to 6 February 2025, and the Company may terminate the New Contract at any time.

On 17 April 2025, the Company entered into an Auto Parts Procurement Contract with Bangbang for a term of one year, effective from 17 April 2025 to 16 April 2026. Pursuant to the contract, the Company shall purchase auto spare parts from Bangbang for the maintenance of insured vehicles damaged in accidents, and Bangbang shall supply the goods ordered under the contract, undertake the responsibility of delivery, installment, adjustment of goods, and provide the Company with services including warranty, maintenance, consultation and training. The Company shall pay the cost of the auto spare parts to Bangbang.

(xiii) On 29 December 2023, the Company and Aibao Technology renewed the Customer Services Cooperation Framework Agreement which is valid from a term commencing from 1 January 2024 and expiring on 31 December 2024. On 30 December 2024, the Company renewed 2025 the Customer Services Cooperation Framework Agreement with Aibao Technology, with a term commencing from 1 January 2025 and expiring on 31 December 2025. Pursuant to the agreement, Aibao Technology and its subsidiaries shall provide value-added services for customers' motor vehicle insurance, value-added services related to online activities, and online advertising services etc. to the Company, and the Company shall pay service fees to Aibao Technology and its subsidiaries.

(xiv) On 30 August 2024, the Company entered into the 2024 General Project Service Agreement with PICC Information Technology, commencing on 30 August 2024 and expiring on 31 December 2024. On 30 September 2025, the Company entered into the 2025 Project Service Agreement with PICC Information Technology, commencing on 30 September 2025 and expiring on 31 December 2025. Pursuant to the agreement, PICC Information Technology will provide the Company with shared project services and exclusive project services based on the Company's general system, and the Company will pay technology service fees to PICC Information Technology.

41. RELATED PARTY TRANSACTIONS *(CONTINUED)*

(3) Material transactions with related parties *(continued)*

Notes (continued):

(xiv) On 18 April 2024, the Company entered into the 95518 East China Center and South Center Service Contract with PICC Financial Services with a term from 18 April 2024 to 17 April 2025. Pursuant to the contract, PICC Financial Services will provide the Company with services relating to the construction and operation of 95518 East China Center and South Center, the optimisation of customer service system functions, and the design, development, promotion and application services regarding the intelligent services, and the Company will pay service fees to PICC Financial Services accordingly.

On 31 May 2024, the Company entered into the 95518 Entrusted Operation Service Framework Agreement with PICC Technology, commencing from 31 May 2024 and expiring on 31 December 2025. Pursuant to the agreement, PICC Technology will provide the Company with services relating to nationwide 95518 entrusted operation and construction and operation of regional centers, etc., and the Company will pay service fees to PICC Technology accordingly.

On 31 May 2024, the Company entered into the Tripartite Agreement on the Transfer of 95518 Entrusted Operation Related Service Contracts ("Service Contract") with PICC Financial Services and PICC Technology, effective from 31 May 2024 to 31 December 2025. From 1 June 2024, all rights and obligations of PICC Financial Services under the original contracts shall be transferred to PICC Technology, the service terms of various services under the original contracts shall remain unchanged. Specifically, the term of the Service Contract for entrusting PICC Financial Services to operate 95518 customer service is until 30 June 2024, the term of the Service Contract for entrusting PICC Financial Services to undertake 95518 communication service is until 31 December 2024, and the term of the Service Contract for entrusting PICC Financial Services to construct and operate 95518 East China Center and South Center is until 17 April 2025. Pursuant to the Service Contracts, the entrusted party in relation to 95518 entrusted operation related service will be changed from PICC Financial Services to PICC Technology, and from 1 June 2024, all rights and obligations of PICC Financial Services under the original contracts shall be transferred to PICC Technology, the relevant services under the original contracts shall be transferred to the mentioned Tripartite Agreement for implementation, and the Company will pay service fees to PICC Technology.

(xv) On 5 July 2022, the Company entered into the Property Leasing Extension Agreement with PICC Investment for a term of two years, effective from 7 July 2022 to 6 July 2024. On 21 June 2024, the Company entered into the Property Leasing Agreement with PICC Investment, commencing on 7 July 2024 and expiring on 6 July 2027. Pursuant to the agreement, (i) PICC Investment (as the lessor) leases its property to the Company (as the lessee) and the Company pays rent to PICC Investment; (ii) the Company (as the lessor) leases its property to PICC Investment (as the lessee) and PICC Investment pays rent to the Company.

On 1 August 2024, the Company entered into the Office Premise Leasing Contract with PICC Investment, commencing on 1 August 2024 and expiring on 31 July 2029. Pursuant to the contract, PICC Investment (as the lessor) leases its property to the Company (as the lessee) and the Company pays rent to PICC Investment.

(xvi) On 21 March 2023, the Company entered into the Fully Entrusted Service Agreement for Business Workplace Property Management with PICC Investment and PICC Operation for a term of three years, effective from 21 March 2023 to 20 March 2026. Pursuant to the agreement, the Company, PICC Investment and PICC Operation will jointly formulate the overall work plan, PICC Operation will provide property management services and property management consultancy services to the Company, the Company will pay the property service fees to PICC Operation and will not be required to pay fees to PICC Investment.

(xvii) Under the Listing Rules, items (ii), (iii), (iv), (v), (vi), (vii), (viii), (xi), (xii), (xiii) (xiv) (xv) and (xvi) above constitute connected transactions or continuing connected transactions.

41. RELATED PARTY TRANSACTIONS *(CONTINUED)*

(4) Outstanding balances with related parties

	31 December 2025	31 December 2024
Cash and cash equivalents:		
Associates of PICC Group	2,778	2,399
Associates	87	79
Term deposits:		
Associates of PICC Group	4,169	6,280
Associates	500	453
Debt securities measured at fair value through other comprehensive income:		
Associates of PICC Group	–	680
Equity securities measured at fair value through other comprehensive income:		
Associates of PICC Group	25,877	24,216
Receivables from reinsurers:		
Associates	949	1,056
Fellow subsidiaries under PICC Group	860	434
Amounts due from related parties:		
PICC Group (note 29)	44	114
Associates (note 29)	7	8
Fellow subsidiaries under PICC Group (note 29)	21	24
Payables to reinsurers:		
Associates	831	2,700
Fellow subsidiaries under PICC Group	418	362
Amounts due to related parties:		
Fellow subsidiaries under PICC Group (note 34)	297	483
PICC Group	29	3
Associates	9	21
Lease liabilities:		
Fellow subsidiaries under PICC Group	169	248
Associates	31	2

41. RELATED PARTY TRANSACTIONS *(CONTINUED)*

(4) Outstanding balances with related parties *(continued)*

PICC Life, PICC Health, PICC Re and PICC Financial Services are all associates of the Company and fellow subsidiaries of the Company as their parent company is PICC Group. In the above note, PICC Life, PICC Health, PICC Re and PICC Financial Services are included in "associates" and excluded from "fellow subsidiaries".

The balances with PICC Group, fellow subsidiaries, associates and an associate of PICC Group are settled according to the respective arrangements between the Company and the related parties.

(5) Transactions with state-owned entities in the PRC

The Company is a state-owned company indirectly controlled by the Ministry of Finance ("MOF"). The MOF is the component of the State Council of the PRC ("State Council") and performs government functions such as finance, taxation and management of state-owned assets authorised by the State Council.

The Group's key business is insurance and investment related and therefore the business transactions with other government-related entities mainly include sales of insurance policies, purchase of reinsurance, deposits placed with banks, investments in debts or bonds and commissions paid to banks and postal offices for insurance policies distributed.

The Group considers that transactions with government-related entities are activities conducted in the ordinary course of business, and that the dealings of the Group have not been significantly or unduly affected by the fact that the Group and those government-related entities are ultimately controlled or owned by the PRC government. The Group has also established pricing policies for products and services and such pricing policies do not depend on whether or not the customers are government-related entities.

Due to the complex ownership structure, the PRC government may hold indirect interests in many companies. Some of these interests may, in themselves or when combined with other indirect interests, be controlling interests which may not be known to the Group.

41. RELATED PARTY TRANSACTIONS *(CONTINUED)*

(6) Compensation of key management personnel

	2025 *RMB'000*	2024 (Restated) *RMB'000*
Fees, salaries and allowances	7,713	7,049
Performance related bonuses	5,053	7,699
Retirement benefits	4,518	3,924
Housing fund and other benefits	1,140	985
Total	18,424	19,657

Key management personnel are those people who have authorities and responsibilities for planning, directing and controlling the activities of the Group directly or indirectly, including directors, supervisors and other members of senior management.

The total compensation packages for key management personnel for the year ended 31 December 2025 including performance related bonuses have not yet been finalised in accordance with regulations of the PRC relevant authorities. Management of the Group believes that the difference between the final remuneration and that disclosed above will not have a significant impact on the consolidated financial statements.

The compensation amounts for certain key management personnel for the year ended 31 December 2024 were restated based on the finalised amounts determined in 2025.

42. OPERATING LEASING ARRANGEMENTS

As lessor

The Group leases its investment properties (note 25) under lease arrangements, with lease terms ranging from 1 to 23 years. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rental adjustments according to the prevailing market conditions.

At 31 December 2025 and 2024, the undiscounted lease payments to be received under leases are as follows:

	31 December 2025	31 December 2024
Within one year, inclusive 1 year	256	266
One to two years, inclusive 2 years	184	186
Two to three years, inclusive 3 years	142	133
Three to four years, inclusive 4 years	111	107
Four to five years, inclusive 5 years	62	89
After five years	198	125
Total	953	906

43. STRUCTURED ENTITIES

(1) Interests in consolidated structured entities

To determine whether control exists in a structured entity, the Group uses the judgements as described in note 3.

The Group had consolidated certain structured entities during the year which are debt or equity schemes. The financial impact of these debt or equity schemes on the Group's financial position at 31 December 2025 as described in note 24.

Interests held by other interest holders in consolidated structured entities are presented as other income in the consolidated income statement and as accruals and other liabilities in the consolidated statement of financial position respectively.

(2) Interests in unconsolidated structured entities

The Group invested in a variety of structured entities including asset management products sponsored by asset management companies, securities companies or insurance asset management companies, mutual funds sponsored by mutual fund management companies, trusts sponsored by trust companies and wealth management products sponsored by banks. Investments in these unconsolidated structured entities are disclosed in the respective notes of "Financial investments measured at amortised cost", "Financial assets measured at fair value through other comprehensive income" and "Financial assets measured at fair value through profit or loss".

The Group is not the investment manager, and has no power over changing any investment decisions and investment managers, as such, the Group does not control any of these structured entities and does not consolidate these structured entities.

The following table shows the Group's interests in unconsolidated structured entities. It also shows the Group's maximum exposure to these unconsolidated structured entities, representing the Group's maximum possible risk exposure that may occur. The Group does not provide any financial support to these unconsolidated structured entities.

43. STRUCTURED ENTITIES *(CONTINUED)*

(2) Interests in unconsolidated structured entities *(continued)*

	31 December 2025		
	Funding provided by the Group and carrying amount of the investment	The Group's maximum exposure	Interest held by the Group
Products managed by related parties	40,254	40,254	Investment income
Products managed by third parties	86,277	86,277	Investment income
Total	126,531	126,531	

	31 December 2024		
	Funding provided by the Group and carrying amount of the investment	The Group's maximum exposure	Interest held by the Group
Products managed by related parties	40,412	40,412	Investment income
Products managed by third parties	89,645	89,645	Investment income
Total	130,057	130,057	

44. EVENTS AFTER THE REPORTING PERIOD

On 26 March 2026, the Board of Directors of the Company proposed a final dividend of RMB0.44 per ordinary share in respect of the year ended 31 December 2025.

The above event is subject to the approval of the shareholders' general meeting of the Company.

45. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

(1) The Company's statement of financial position

	31 December 2025	31 December 2024
ASSETS		
Cash and cash equivalents	22,725	18,599
Financial investments:		
Financial investments measured at amortised cost	149,892	135,313
Financial assets measured at fair value through other comprehensive income	287,270	244,650
Financial assets measured at fair value through profit or loss	147,225	118,650
Insurance contract assets	764	1,713
Reinsurance contract assets	43,129	40,506
Term deposits	64,335	77,012
Investments in subsidiaries	3,733	3,611
Investments in associates and joint ventures	39,857	39,857
Investment properties	4,901	5,200
Property and equipment	21,137	20,959
Right-of-use assets	5,034	5,301
Deferred income tax assets	9,461	8,376
Prepayments and other assets	22,811	26,810
TOTAL ASSETS	822,274	746,557
LIABILITIES		
Securities sold under agreements to repurchase	65,775	39,621
Investment contract liabilities	1,725	1,731
Insurance contract liabilities	433,087	401,640
Reinsurance contract liabilities	31	59
Bonds payable	12,076	20,433
Lease liabilities	1,170	1,379
Accruals and other liabilities	55,469	50,732
TOTAL LIABILITIES	569,333	515,595
EQUITY		
Issued capital	22,242	22,242
Reserves	230,699	208,720
TOTAL EQUITY	252,941	230,962
TOTAL LIABILITIES AND EQUITY	822,274	746,557

45. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY *(CONTINUED)*

(2) Movements in the Company's reserves

Movements in the Company's reserves are as follows:

	For the year ended 31 December 2025									
	Issued capital	Share premium and other reserves	Asset revaluation reserve	Revaluation reserve of financial assets at fair value through other comprehensive Income	Insurance finance reserve	Surplus reserve	General risk reserve	Catastrophic loss reserve	Retained earnings	Total equity
1 January 2025	22,242	11,367	5,295	21,058	(1,788)	90,566	29,289	258	52,675	230,962
Total comprehensive income										
Net profit for the year	-	-	-	-	-	-	-	-	33,949	33,949
Other comprehensive income	-	-	153	(295)	895	-	-	-	-	753
Appropriations to statutory surplus reserve and general risk reserve	-	-	-	-	-	4,251	4,251	-	(8,502)	-
Appropriations to discretionary surplus reserve	-	-	-	-	-	-	-	-	-	-
Appropriations to catastrophic loss reserve	-	-	-	-	-	-	-	286	(286)	-
Utilisation of catastrophic loss reserve	-	-	-	-	-	-	-	(261)	261	-
Dividends declared (note 16)	-	-	-	-	-	-	-	-	(12,723)	(12,723)
Reclassification of gains on equity instruments measured at fair value through other comprehensive income to retained earnings upon disposals	-	-	-	(2,136)	-	-	-	-	2,136	-
31 December 2025	22,242	11,367	5,448	18,627	(893)	94,817	33,540	283	67,510	252,941

45. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY *(CONTINUED)*

(2) Movements in the Company's reserves *(continued)*

Movements in the Company's reserves are as follows (continued):

	For the year ended 31 December 2024									
	Issued capital	Share premium and other reserves	Asset revaluation reserve	Revaluation reserve of financial assets at fair value through other comprehensive Income	Insurance finance reserve	Surplus reserve	General risk reserve	Catastrophic loss reserve	Retained earnings	Total equity
1 January 2024	22,242	11,367	5,025	9,882	(514)	80,155	25,878	130	54,691	208,856
Total comprehensive income										
Net profit for the year	–	–	–	–	–	–	–	–	26,596	26,596
Other comprehensive income	–	–	270	12,017	(1,274)	–	–	–	–	11,013
Appropriations to statutory surplus reserve and general risk reserve	–	–	–	–	–	3,411	3,411	–	(6,822)	–
Appropriations to discretionary surplus reserve	–	–	–	–	–	7,000	–	–	(7,000)	–
Appropriations to catastrophic loss reserve	–	–	–	–	–	–	–	355	(355)	–
Utilisation of catastrophic loss reserve	–	–	–	–	–	–	–	(227)	227	–
Dividends declared (note 16)	–	–	–	–	–	–	–	–	(15,503)	(15,503)
Reclassification of gains on equity instruments measured at fair value through other comprehensive income to retained earnings upon disposals	–	–	–	(841)	–	–	–	–	841	–
31 December 2024	22,242	11,367	5,295	21,058	(1,788)	90,566	29,289	258	52,675	230,962

Definitions

In this annual report, the following expressions shall have the following meanings unless the context otherwise requires:

"Aibao Technology"	Aibao Technology Co., Ltd.
"Articles of Association"	the articles of association of the Company
"Bangbang Auto Sales & Services"	Bangbang Auto Sales & Service (Beijing) Co., Ltd.
"Board" or "Board of Directors"	the board of directors of the Company
"CBIRC"	China Banking and Insurance Regulatory Commission (currently known as the National Financial Regulatory Administration)
"CCT Asset"	CCT Asset Management (Beijing) Co., Ltd.
"China Credit Trust"	China Credit Trust Company Limited
"Code of Corporate Governance"	Code of Corporate Governance for Banking and Insurance Institutions
"Company" "We" or "PICC Property and Casualty"	PICC Property and Casualty Company Limited
"Company Law"	the Company Law of the People's Republic of China
"Corporate Governance Code"	the Corporate Governance Code as set out in Appendix C1 of the Listing Rules
"Director(s)"	the director(s) of the Company
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Hua Xia Bank"	Hua Xia Bank Co., Limited
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules
"NFRA"	National Financial Regulatory Administration
"PIB"	Prime Insurance Brokers Company Limited

Definitions

"PICC AMC"	PICC Asset Management Company Limited
"PICC Capital"	PICC Capital Insurance Asset Management Co., Ltd.
"PICC Equity"	PICC Capital Equity Investment Company Limited
"PICC Financial Services"	PICC Financial Services Company Limited
"PICC Group"	The People's Insurance Company (Group) of China Limited
"PICC Health"	PICC Health Insurance Company Limited
"PICC HK"	The People's Insurance Company of China (Hong Kong), Limited
"PICC Investment"	PICC Investment Holding Company Limited
"PICC Life"	PICC Life Insurance Company Limited
"PICC Operation"	PICC Investment Holding (Beijing) Operation Management Company Limited
"PICC Reinsurance"	PICC Reinsurance Company Limited
"PICC Technology"	PICC Information Technology Co., Ltd.
"PRC" or "China"	the People's Republic of China, which, for the purpose 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, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Supervisor(s)"	the supervisor(s) of the Company
"Year"	the year ended 31 December 2025
"%"	per cent

Corporate Information

REGISTERED NAME

Chinese name: 中國人民財產保險股份有限公司
(Abbreviation of Chinese name: 人保財險)

English name: PICC Property and Casualty Company Limited
(Abbreviation of English name: PICC P&C)

REGISTERED OFFICE

Tower 2, No. 2 Jianguomenwai Avenue, Chaoyang District, Beijing 100022, the PRC

WEBSITE

property.picc.com

STOCK NAME

PICC P&C

STOCK CODE

2328

TYPE OF STOCK

H Share

PLACE OF LISTING OF H SHARES

The Stock Exchange of Hong Kong Limited

H SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited

SECRETARY OF THE BOARD OF DIRECTORS

Bi Xin

COMPANY SECRETARY

Zhang Xiao

INVESTOR RELATIONS CONTACT

Tel: (8610) 85176084
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AUDITORS

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Ernst & Young
Registered Public Interest Entity Auditor

Domestic Auditor
Ernst & Young Hua Ming LLP