



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

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

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

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

We adhere to serving national strategies, safeguarding real economy, serving people’s livelihood, fulfilling social responsibilities, and dedicating ourselves to exerting the role of economic “dashpot” and social “stabiliser”;

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

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

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

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

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

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

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

	2
	3
	4
Financial Highlights	4
Operating Highlights	4
	12
	52
	65
	68
	72
	77
	81

Corporate Information

Abbreviation of Chinese name:

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

Abbreviation of English name: PICC Group

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Newspapers for information disclosure:

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

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

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

Place for report collection:

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

A Shares

Place for listing: Shanghai Stock Exchange

Stock name: PICC

Stock code: 601319

H Shares

Place for listing: The Stock Exchange of Hong
Kong Limited

Stock name: PICC Group

Stock code: 1339

International Auditor:

Ernst & Young

Domestic Auditor:

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Consulting Actuary:

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

As to Hong Kong law:

Clifford Chance

As to PRC law:

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Definitions

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

About Us

Unit: RMB million, except for percentages

Total assets	1,649,933	1,556,682	6.0
Total liabilities	1,301,911	1,223,779	6.4
Total equity	348,022	332,903	4.5
Net assets per share (RMB) ^(Note)	5.76	5.50	4.7

Unit: RMB million, except for percentages

Insurance revenue	261,629	246,884	6.0
Net profit	31,489	27,780	13.4
Net profit attributable to owners of the Company	23,400	20,588	13.7
Earnings per share (RMB) ^(Note)	0.53	0.47	13.7
Weighted average return on equity (unannualised) (%) ^(Note)	9.3	8.6	Increased by 0.7 pt

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

1. Continuous Increase in Profitability and Maintaining Stable Financial Operations

In the first half of 2024, the Group achieved a net profit of RMB31,489 million, representing a year-on-year increase of 13.4%. Net profit attributable to owners of the Company amounted to RMB23,400 million, representing a year-on-year increase of 13.7%.

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

The Group's business development continued to improve. In the first half of 2024, the insurance revenue recorded RMB261,629 million, representing a year-on-year increase of 6.0%, and the original premiums income¹ recorded RMB427,285 million, representing a year-on-year increase of 3.3%. the business

scale of PICC P&C grew steadily. The insurance revenue recorded RMB235,841 million, representing a year-on-year increase of 5.1%, and the original premiums income recorded RMB311,996 million, representing a year-on-year increase of 3.7%.

by proactively adapting to market changes and seizing business development opportunities, the insurance revenue recorded RMB24,362 million, representing a year-on-year increase of 14.8%, and the original premiums income recorded RMB115,287 million, representing a year-on-year increase of 2.4%.

driven by the cash flows of premiums, the size of investment assets maintained rapid growth. As of the end of June 2024, the size of investment assets of the Group exceeded RMB1.5 trillion, representing an increase of 6.9% from the beginning of the year.

As of 30 June 2024, the Group's net assets amounted to RMB348,022 million, representing an increase of 4.5% from the end of the previous year. The Group's comprehensive solvency margin ratio was 267%, and core solvency margin ratio was 210%, indicating ample and robust capital strength of the Group.

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

About Us

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

The Group adhered to the direction of high-quality development and continuously optimized operational efficiency indicators. In the first half of 2024, the growth rate of insurance revenue was 2.7 percentage points higher than the growth rate of original premiums income.

PICC P&C launched in-depth product and service innovations, achieved steady growth in business scale and maintained the first place in the P&C insurance sector in terms of market share². The net cash inflow from operating activities increased by 20.0% year-on-year, and the liquidity level significantly improved. The combined ratio was 96.2%, indicating the continuous maintenance of good profitability.

the annual structure of the life and health insurance sector was further optimized. The regular premiums of PICC Life accounted for 78.6% of the original premiums income, representing a year-on-year increase of 6.2 percentage points. The proportion of 5-year and 10-year-and-above premiums of the Company increased by 0.8 percentage point and 3.6 percentage points year-on-year, respectively. The value of half year's new business increased by 91.0% year-on-year. The 13-month premium persistency ratio reached 96.0%, representing a year-on-year increase of 3.9 percentage points, and the sustainability of business development was significantly enhanced. The first-year regular premiums of PICC Health increased by 17.0% year-on-year, and the value of half year's new business increased by 159.0% year-on-year.

by optimising the asset allocation structure from a cross-cycle perspective, the Group's investment return level was stabilised. In the first half of 2024, the total investment income was RMB29,064 million, and the total investment yield (annualised) was 4.1%. The Group strengthened asset-liability matching management, proactively seized the allocation opportunities of long-term treasury bonds and government bonds, with the percentage increased by 5.2 percentage points compared with the beginning of the year, and steadily improved the investment m

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

The Group adhered to providing financial services to the real economy and solidly completed the “Five Priorities” on finance. With the Eight Strategic Services as the mainstay, the Group optimized its insurance products, innovated its insurance services and focused on

About Us

the first landing of exclusive insurance for Shanghai automotive chips. The investment assets for supporting self-reliance and strength in science and technology amounted to RMB36.9 billion.

The Group actively participated in the construction of multi-level social security system, insured over 1,000 various social security projects and provided risk protection for nearly 1.0 billion people. The long-term care insurance project services covered 78.71 million people and the premiums of third-pillar commercial pension insurance from new policies increased by 66.1%. The Group developed “Everlasting Income Protection Insurance ()”, “Hui Xiang Fu ()” and other products for serving new citizens, covering 9.62 million people. The assets under management for the second-pillar annuity exceeded RMB600.0 billion, representing an increase of 4.9% compared to the beginning of 2024. The investment assets for supporting the enhancement of people’s livelihood and well-being amounted to RMB285.4 billion.

The Group further improved the top-level design of green finance and ESG, and signed the Principles for Sustainable Insurance (PSI) of the United Nations. The Group vigorously developed green finance and provided risk protection of RMB111.9 trillion, the number of insured new energy vehicles increased by 59.3% year-on-year, and the investment assets for supporting green development amounted to RMB99.6 billion. The Group proactively promoted green operation, and Xiamen Jimei Branch of PICC P&C established the first “carbon neutrality outlet” in the insurance industry.

The local catastrophe insurance covered 17 provinces and 93 prefecture-level cities. The Group promoted the launch of China’s first comprehensive catastrophic insurance with all-risk catastrophes, wide coverage and long cycles in Hebei Province, which covers over 74 million urban and rural residents in the province with one policy. The Group also actively developed social governance insurance, and provided 164 thousand enterprises with RMB4.5 trillion of risk protection for production safety responsibilities.

The Group provided insurance support to the construction of Beijing-Tianjin-Hebei Region, Guangdong-Hong Kong-Macao Greater Bay Area, Yangtze River Delta and other national major regional development initiatives. The Group established the aviation insurance center, technology insurance center and reinsurance center at a high level in Shanghai, and accelerated the implementation of operation of new models. The Group launched the East Guangdong-West Guangdong-North Guangdong Industrial Transfer Fund with a total amount of investment of RMB12.0 billion, which focuses on serving the coordinated regional development of Guangdong Province.

The Group’s overseas interest business covered 119 countries (regions), providing a risk protection of RMB996.8 billion.

5. Actively Exploring Risk Reduction Services and Improving Capacities for Disaster Prevention, Mitigation and Relief

Adhering to the corporate mission of “People’s Insurance, Serving the People”, the Group made all-out efforts in risk reduction services. The Group promoted the construction of a risk reduction service value chain, efficiently promoted the quality improvement, coverage expansion and product increase of risk reduction services, and effectively played its promoting role in enhancing social risk resistance capacity and promoting high-quality development of business.

The Group established a risk survey service system in the legal entity business, which involves classification implementation of professional risk survey, standard risk survey and digital risk survey, to achieve full customer coverage. In the first half of 2024, the Group completed 1,075 professional risk surveys and 102 thousand standard risk surveys, and issued 1.975 million digital risk survey reports.

The Group provided 844 thousand risk reduction services in key areas such as safety liability insurance, and provided 4.304 million meteorological warnings and over 43 thousand IoT warnings. The Group organized and carried out emergency drills for major disasters, and creatively drew a map of emergency response capabilities for major disasters.

The Group actively carried out disaster prevention, loss mitigation and risk checks. In response to the rainstorm in South China, the Group allocated and installed water immersion IoT equipment and other equipment in advance, carried out pre-disaster inspections of 15 thousand key customers, identified and watched over the places which are easily logged with water, collected and relocated the subject matters of the agricultural insurance, and made the arrangements for the storage locations, maintenance points and other important resources.

The Group made every effort to respond to a series of major disasters and accidents, such as rainstorm in South China, road collapse of Meizhou-Dapu Expressway in Guangdong Province and landslide in Zhaotong, Yunnan Province. The Group opened green channel for claim settlement in the first instance, implemented and detailed various emergency disposal and claim settlement services, and focused on improving the speed of claim settlement and the proportion of advance compensation of claims involving people’s livelihood and individuals. The Group actively mobilized social and professional rescue forces to support the disaster-hit areas, and provided 5,942 non-discriminated rescue services and 1,515 non-discriminated casualty visits for the community in the first half of 2024, by which, the Group fulfilled its solemn commitment to safeguard a better life of people with practical actions.

The Group upgraded the intelligent risk management platform “Wanxiang Cloud ()”, solidified the technical foundation of risk reduction services, and continuously improved the digital and intelligent application capabilities of risk control services.

About Us

6. Establishing Sound Corporate Image and Improving the Brand Value

The Group actively practiced the financial culture with Chinese characteristics, carried forward the red tradition, promoted corporate culture, and consolidated consensus on system development. The Group made great efforts in brand building, and continuously enhanced its brand value and influence. The Group ranked 158th in the list of Fortune Global 500 in 2024 for 15 consecutive years. The Group ranked 7th in the list of Global Insurance 100 2024, up by 2 places than last year.

In the first half of 2024, the Group put efforts in creating a more communicative and influential brand image to promote the construction of a first-class insurance and financial group and high-quality development of the Company. The Group organized series of activities for the 16th Customer Festival, which further improved the customer service experience through online live streaming, promotion of financial knowledge in communities and sports carnival activities. The Group sponsored the “Xiong’an Marathon”, a gold-medal event organized by Chinese Athletics Association, and collaborated with the China Roller Skate Association by sponsoring a number of city events, which further enhanced the influence of the Group’s brand among young people.

The Group’s initiatives to further deepen the implementation of “To be Prominent Strategy” and serve the high-quality development of the economy and society were widely publicized and reported by numerous media such as People’s Daily, Xinhua News Agency and China Media Group, with over 187 thousand posts published and forwarded across the Internet, which continually enhanced and demonstrated the good corporate image of the Group.

The Group accelerated the construction of the “General Consumer Protection ()” pattern, established the consumers’ rights and interests protection department, strengthened the top-level planning and top-level promotion of consumer protection, built a unified consumer protection culture of the Group, and achieved relatively good results in complaint management. The complaints received by the channel of PICC P&C, PICC Life and PICC Health decreased by 14.9% year-on-year.

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

The Group strengthened the top-level planning for digital development, formulated action plans for digital construction, deployed a number of digital “no regrets ()” projects, and made efforts to strengthen the scientific and technological capabilities of the “six unifications” of computing power base, data base, intelligence base, security base, technology route, and independent and controllable programme for the entire group, so as to create the core technological competitiveness of the Group.

The Group launched the construction of the western data center, improved the operation of the northern center, completed nearly 300 independent data centers for application system migration, gradually built a green, low-carbon, intelligent managed, flexible, scalable, secure and reliable data center cluster and backbone network, and established a disaster-tolerant architecture of three centers in two locations.

The Group continued to build a multi-cloud and multi-core unified cloud platform, accelerated the distributed transformation of core business systems and the domestic substitution of software and hardware infrastructure platforms, promoted the use of various security management platforms, and strengthened cyber security attack and defense laboratory, so as to improve comprehensive defense capabilities.

The Group built its industry-leading digital innovation capabilities for the front line to enhance customer experience through digitalization. The daily average calls of the intelligent technology service platform exceeded 1.00 million.

The Group reorganised its science and technology innovation laboratory. In the first half of 2024, the number of patent applications within the Group increased by 44% year-on-year, and the Group vigorously promoted the construction of a large model ecosystem, and completed the pilot launch of a number of large model products such as "PICC Zhiyou ()" and "PICC Zhiwen ()".

8. Upgrading Comprehensive Risk Management to Further Enhance the Quality and Effectiveness of Risk Prevention and Control

The Group promoted the implementation of the action plan for comprehensive risk management upgrade, built a comprehensive, systematic and thorough risk management system, further strengthened risk prevention and control awareness, effectively enhanced various aspects of risk prevention and control, and continuously enhanced the initiative, foresight and effectiveness of risk prevention and control. In the first half of 2024, the risk preference was well implemented, and there was no major risk event occurred. The intelligent risk control platform was launched for application, and the Group established a risk basic data management mechanism to achieve unified collection and integration of various risk data, and carried out regular risk scanning, monitoring and early warning. The Group promoted normalized operation of risk compliance committees at all levels, continuously improved the working rules and review standards of the investment review committee, and strengthened overall risk management and risk source control. On the basis of comprehensive monitoring, the Group carried out risk tracking and assessment and improved post-investment management by focusing on key areas such as urban investment, real estate and small and medium-sized financial institutions. The Group continued to reinforce the foundation of compliance management of the institutions at all levels, organized and implemented compliance inspection and compliance training effectively, innovatively promoted the publicity of compliance culture, strengthened the assessment of compliance indicators, improved relevant systems, strengthened the implementation the systems and pursued responsibility and accountability for violation of applicable laws and regulations seriously. The Group continued to deepen the implementation of the "downgrading ()" internal control evaluation mechanism, established and improved the case prevention system and mechanism, provided guidance to the main subsidiaries on the development and improvement of case prevention models and the application of information, and promoted the extension of risk prevention and control to the grassroots level.

Management Discussion and Analysis

The year 2024 marks the 75th anniversary of the People's Republic of China, and is a crucial year for achieving of the objectives and tasks laid down in the "14th Five-Year Plan". In the first half of 2024, under the strong leadership of the Party Central Committee with Comrade Xi Jinping at its core, all departments and subsidiaries in all regions worked hard to promote economic development, and consolidated and enhanced the positive trend of economic recovery, resulting in an increase in positive factors in economic operation, continuous enhancement of momentum, improvement in social expectations and solid progress in high-quality development. In light of the spirit of the 20th CPC National Congress, the Second Plenary Session of the 20th CPC Central Committee and the Central Financial Work Conference, the Party Committee of the Group pragmatically promoted "To be Prominent Strategy", enhanced the functionality of financial work, and made new achievements in promoting high-quality development. In the first half of the year, the insurance function of the Group was given further play, the development trend was further improved, the development efficiency was enhanced, reform and innovation were further promoted, technological construction was further accelerated, risk prevention and control were further strengthened, and better operating results of the Group were achieved. The insurance segment continued to pursue high-quality development, continued to cultivate new growth points in serving the overall economic and social development, and effectively consolidated its market position. The investment segment strengthened market research and judgment, enhanced active management capabilities, and ensured stable investment returns. The Group accelerated its digital transformation and achieved tangible results in empowering the grassroots with technology. In the

second half of the year and afterwards, the Group will earnestly implement the spirit of the 20th CPC National Congress, the Second and Third Plenary Session of the 20th CPC Central Committee and the Central Financial Work Conference to further comprehensively deepen the reform to serve the Chinese path to modernization with a new sense of responsibility.

(I) Review of Our Industry

In the first half of 2024, the original premiums income of the insurance industry was RMB3.55 trillion, representing a year-on-year increase of 4.9%; total insurance responsibility assumed was RMB9,118 trillion, and the original policyholders' benefits and claims were RMB1.23 trillion. The insurance industry made greater efforts to serve the construction of Chinese path to modernization, strived to implement the "Five Priorities" on insurance, and effectively played the role of the insurance as an economic shock absorber and social stabilizer. In the first half of the year, agricultural insurance provided risk protection of RMB3.3 trillion for agricultural development, and the critical illness insurance covered 1.2 billion persons; the pension reserves and long-term health insurance liability reserves accumulated in the insurance industry exceeded RMB6 trillion and RMB2 trillion respectively; the amount of compensation and advance compensation for rainstorm and flood disasters in South China exceeded RMB1.1 billion, which effectively guaranteed the safety of people's lives and property as well as social stability.

Management Discussion and Analysis

In the first half of 2024, the NFRA proactively promoted the high-quality development of the insurance industry and made contributions to the construction of Chinese path to modernization.

the regulatory authorities implemented the key tasks of comprehensively promoting rural revitalization, vigorously developed agricultural insurance and pension insurance, improved the level of personal protection for farmers, promoted the nationwide implementation of full cost insurance and planting income insurance policies for three major staple foods, and continued to ensure precise insurance claims settlement of agricultural insurance, so as to improve the quality and efficiency of insurance services for “agriculture, rural areas and farmers”; the regulatory authorities enriched inclusive insurance products and services, increased the supply of insurance protection for specific groups, improved the risk resistance ability of small and micro enterprises, individual industrial and commercial households and new agricultural business entities, and encouraged the development of exclusive inclusive insurance; the regulatory authorities strengthened the supply-side structural reform of the insurance industry, built a green insurance service system, ensured green and low-carbon technological innovation, promoted a green and low-carbon energy transformation, pushed ahead the consolidation and improvement of carbon sink capabilities, served the development of green and low-carbon and green manufacturing projects in industrial sector, and improved the quality and efficiency of green insurance in serving the green economic and social transformation; the regulatory authorities accelerated the development of pension

finance, continued to promote the reform of the third pillar pension insurance, ensured a wider participation in, and better service to, the construction of a multi-layer and multi-pillar pension insurance system, guided the industry to further optimize the supply of health insurance products, continued to improve the level of protection, made efforts in improving long-term protection capabilities, and continued to increase the supply of commercial insurance annuities. The regulatory authorities improved the “first (set of)” insurance compensation policy mechanism, intensified the support of insurance funds for strategic emerging industries, and accelerated the improvement of the insurance product system covering the entire life cycle of technological enterprises.

the regulatory authorities encouraged the insurance industry to uphold connotative development, featured business operation and refined management, guided the insurance institutions to build a sound business, performance and risk concept, diversify their product supply and improve their insurance services, urged the insurance intermediaries actions to clear away the deficiencies and improve the service quality, and continued to promote the “consistency between the reported commission rates of insurance companies and their actual commission rates”; the regulatory authorities guided the adjustment to predetermined interest rates of insurance products, optimized solvency risk factors, strengthened counter-cyclical supervision, improved solvency and reserve regulations, and broadened capital replenishment channels; the regulatory authorities encouraged the insurance institutions to strengthen the coordination and

Management Discussion and Analysis

linkage of assets and liabilities in the entire chain of operation and management; and the regulatory authorities further improved the pricing mechanism of insurance products, guided insurance institutions to adjust product structure, and prevent the spread loss risks.

the regulatory authorities comprehensively strengthened the “five major regulations”, strengthened the rectification of major non-compliance, seriously investigated and dealt with major cases of violation of laws and regulations, implemented risk monitoring, prevention and disposal, sped up the resolution of existing risks and effectively prevented the incremental risk, resolutely implemented the supervision “aggressively” and sharp-mindedly; the regulatory authorities made great efforts in standardizing the market order, and improved the financial consumers’ rights and interests protection system and mechanism to safeguard the legitimate rights and interests of financial consumers.

(II) Principal Businesses

In the first half of 2024, the Group responded effectively to changes in the economic and market environment, pragmatically implemented the Group’s “To be Prominent Strategy”, adhered to high-quality development, and implemented the Eight Strategic Services, achieving good development pattern in the improvement of the ability to serve the overall situation, steady progress in development performance, and continuous optimization in

quality structure, effective consolidation of operating foundation, and strong and effective risk prevention and control. The Group served the overall situation in an energetic and effective manner. In the first half of the year, the Group undertook insurance protection amount of RMB1,665 trillion in total and paid claims³ of RMB204.2 billion. The development trend continued to improve. In the first half of the year, the Group achieved original premiums income of RMB427,285 million, representing a year-on-year increase of 3.3% with the growth rate continuously picking up; and achieved insurance revenue of RMB261,629 million, representing a year-on-year increase of 6.0%, with growth rate being 2.7 percentage points higher than that of the original premiums income. In the first half of the year, the Group’s operating benefits increased steadily year-on-year, effectively responded to multiple profitability challenges, and achieved a net profit attributable to owners of the Company of RMB23,400 million, representing a year-on-year increase of 13.7%, demonstrating strong development resilience.

As of 30 June 2024, the market share of PICC P&C in the P&C insurance market was 34.0%, and the aggregate market share of PICC Life and PICC Health in the life and health insurance market was 4.4%.

³ The amount of claims data was based on the line item “Claims Expense” in the PRC Accounting Standards for Business Enterprises No.25 – Original Insurance Contracts issued in 2006.

The P&C insurance segment served the real economy, optimized its operation and management system, expanded its product range, and achieved steady progress in business development. In the first half of 2024, PICC P&C achieved original premiums income of RMB311,996 million, representing a year-on-year increase of 3.7%. Its market share in the P&C insurance market was 34.0%, among which, the original premiums income of motor vehicle insurance business amounted to RMB139,364 million, representing a year-on-year increase of 2.5%. The non-vehicle insurance business achieved the original premiums income of RMB172,632 million, representing a year-on-year increase of 4.6%. In the first half of 2024, the combined ratio of PICC P&C was 96.2%, among which, the combined ratio of motor vehicle insurance business was 96.4%, and the combined ratio of non-vehicle insurance business was 95.8%. PICC P&C achieved underwriting profits⁴ of RMB8,999 million and a net profit of RMB18,491 million.

The life and health insurance segment persisted in returning to the origin of protection, focused on main responsibilities and businesses, and the people's livelihood and well-being. PICC Life has achieved an effective improvement of quality on the basis of the stable growth of quantity. In the first half of 2024, the original premiums income amounted to RMB79,056 million, representing a year-on-year increase of 0.3%. The regular total written premiums (" ") amounted to RMB62,476 million, representing a year-on-year increase of 8.8%. PICC Life's value of half year's new business amounted to RMB3,935 million, representing a year-on-year increase of 91.0%. PICC Health adhered to high-quality and sustainable development, and achieved an original premiums income of RMB36,231 million, representing a year-on-year increase of 7.4%. PICC Health realized the first-year regular premiums of RMB3,693 million, representing a year-on-year increase of 17.0%. The growth rate of health insurance premiums was 4.3 percentage points ahead of life and health insurance companies in the health insurance market. The original premiums income of Internet health insurance business was RMB9,357 million, which continued to maintain the market leading position among life and health insurance companies.

⁴ Underwriting profits = insurance revenue – insurance service expenses – net expenses from reinsurance contracts held – finance losses from insurance contracts issued + financial gains from reinsurance contracts held.

Management Discussion and Analysis

The investment segment implemented the requirements of the Group's "To be Prominent Strategy", continued to strengthen the building of professional capability, constantly enhanced its capabilities to "serve national strategies and major businesses of insurance", strengthened its asset-liability matching management, built the investment portfolio from a cross-cyclical perspective, and maintained stable investment performance. In the first half of 2024, the Group achieved a total investment income of RMB29,064 million; the total investment yield (annualised) amounted to 4.1%. The investment segment leveraged the advantages of core competency in multi-asset allocation, increased product innovation and accelerated the development of third-party management business, as of 30 June 2024, the scale of third-party assets under management amounted to RMB1,076.52 billion.

The technology segment actively promoted the technological reform and construction of the Group, exerted significant efforts in supporting the priority of digital finance, and contributed science and technological strength to the high-quality development of the Group. The technology segment coordinated the construction of 42 key technology projects of the Group, facilitated the implementation of key initiatives in technology management work, accelerated the construction and application of data platforms, strengthened the management and control of scientific and technological risks such as cyber security, data security, production security, supply chain security and business continuity, and continued to enhance the independent and controllable level of science and technology, with the construction of various scientific and technological infrastructures steadily advancing.

At the same time, technological empowerment at the grassroots level achieved phased results. The technology segment continued to optimise and upgrade sales order tools. The “PICC e-Tong” is more user-friendly, serving nearly 52.00 million customers. Net premiums income from “one click renewal ()” for vehicle insurance increased by 61.9% year-on-year, and net premiums income from non-vehicle insurance increased by 119.5% year-on-year. The technology segment deepened the research and promotion of intelligent technology, with over 15.00 million intelligent outbound calls for P&C insurance business, supporting 22 types of business scenarios such as renewal and follow-up. The life and health insurance business promoted automated claims in individual insurance and OCR

(III) Key Operating Data

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

Management Discussion and Analysis

Unit: RMB million

Actual capital	483,914	243,231	137,676	34,640
Core capital	380,711	217,833	88,918	18,535
Minimum capital	181,393	106,427	54,612	11,874
Comprehensive solvency margin ratio (%)	267	229	252	292
Core solvency margin ratio (%)	210	205	163	156

The solvency results of the Group and major subsidiaries as at 30 June 2024 were calculated in accordance with the Regulatory Rules on the Solvency of Insurance Companies (II) and the relevant notices issued by the NFRA (the former China Banking and Insurance Regulatory Commission).

(IV) Key Financial Indicators

Unit: RMB million

Total operating revenue	292,342	280,848	4.1
Insurance revenue	261,629	246,884	6.0
Total operating expenses	255,994	248,849	2.9
Insurance services expenses	227,518	219,147	3.8
Profit before tax	36,348	31,999	13.6
Net profit	31,489	27,780	13.4
Net profit attributable to owners of the Company	23,400	20,588	13.7
Earnings per share ^(Note) (RMB/share)	0.53	0.47	13.7
Weighted average return on equity (%)	9.3	8.6	Increased by 0.7 pt
Net cash flows from operating activities	70,044	59,921	16.9

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

Unit: RMB million

Total assets	1,649,933	1,556,682	6.0
Total liabilities	1,301,911	1,223,779	6.4
Equity attributable to owners of the Company	254,584	243,206	4.7
Total share capital	44,224	44,224	–
Net assets per share ^(Note) (RMB/share)	5.76	5.50	4.7

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

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

Unit: RMB million

Under the China Accounting Standards for Business Enterprises	22,687	19,881	253,020	242,355
Items and amounts adjusted in accordance with the IFRSs:				
Catastrophic risk reserve of agricultural insurance ^(Note)	951	942	2,086	1,135
Impact of above adjustment on deferred income tax	(238)	(235)	(522)	(284)
Under the IFRSs	23,400	20,588	254,584	243,206

Note: Explanation for major adjustments:

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

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

(VI) Other Major Financial and Regulatory Indicators

Unit: RMB million

Insurance contract liabilities	1,065,706	980,730
Including: Liability for incurred claims	248,072	224,764
Liability for remaining coverage	817,634	755,966
Reinsurance contract assets	32,751	39,259
Reinsurance contract liabilities	138	118
Net expenses from reinsurance contracts held	5,542	6,167
Finance expenses from insurance contracts issued	17,931	18,293
Finance gains or losses on reinsurance ceded	(631)	(634)
Investment assets	1,531,827	1,433,131
Total investment yield (annualised) (%)	4.1	4.9
Gearing ratio ⁽¹⁾ (%)	78.9	78.6
Market share ⁽²⁾ (%)	34.0	32.5
Insurance revenue	235,841	224,368
Insurance service expenses	217,380	204,715
Combined ratio ⁽³⁾ (%)	96.2	95.8
Comprehensive loss ratio ⁽⁴⁾ (%)	70.1	68.9

Management Discussion and Analysis

Market share ⁽²⁾ (%)	3.0	2.8
Insurance revenue	10,576	8,598
Insurance service expenses	662	5,267
Contractual service margin for issued insurance contracts	87,670	75,633
Contractual service margin for insurance contracts issued on initial recognition in the current period	7,937	5,893
Value of half year's new business ⁽⁵⁾	3,935	2,060
Embedded value ⁽⁵⁾	126,227	95,039
Lapse rate ⁽⁶⁾ (%)	2.7	4.1
Market share ⁽²⁾ (%)	1.4	1.3
Insurance revenue	13,786	12,628
Insurance service expenses	8,277	9,039
Contractual service margin for issued insurance contracts	18,561	16,979
Contractual service margin for insurance contracts issued on initial recognition in the current period	5,154	2,468
Value of half year's new business ⁽⁷⁾	3,025	1,168
Embedded value	28,891	22,495
Lapse rate ⁽⁶⁾ (%)	0.6	0.7

Notes:

- (1) The gearing ratio refers to the ratio of total liabilities to total assets.
 (2) T i)...

(I) Insurance Business

1. PICC P&C

PICC P&C resolutely implemented the decisions and deployments of the Party Central Committee, adhered to the general principle of seeking progress while maintaining stability, pragmatically promoted “To be Prominent Strategy” of the Group, profoundly focused on the “PICC Coordinate” of serving the Chinese path to modernization, and made every effort to excel in the “Five Priorities” on finance, practiced the new business model of “insurance + risk reduction service + technology”, carried out in-depth product and service innovation, continued to strengthen refined management and proactive risk prevention and control, gave full play to the functions of insurance as an economic shock absorber and social stabilizer, and promoted high-quality development in serving the overall situation of economic and social development. In the first half of 2024, PICC P&C achieved insurance revenue of RMB235,841 million, representing a year-on-year increase of 5.1%; the original premiums income accounted for 34.0% of the market share of P&C insurance, maintaining the top position in the industry; and

the underwriting profits amounted to RMB8,999 million, with a net profit of RMB18,491 million. The combined ratio of PICC P&C for the first half of the year was 96.2%, the three-year average combined ratio⁵ was 98.0%, the comprehensive loss ratio for the first half of the year was 70.1%, and the three-year average comprehensive loss ratio⁶ was 71.2%.

(1) Analysis of operating conditions and results

In the first half of 2024, PICC P&C continued to optimize its operation and management system, upgraded customer service, enriched product supply, making an overall steady progress in business development, and achieved insurance revenue of RMB235,841 million, representing a year-on-year increase of 5.1%. The increase in insurance revenue was mainly attributable to the growth in the business scale of motor vehicle insurance, accidental injury and health insurance, and liability insurance. Affected by catastrophes and other factors, the combined ratio of PICC P&C was 96.2%, representing a year-on-year increase of 0.4 percentage point; the underwriting profits amounted to RMB8,999 million, representing a year-on-year decrease of 5.0%; and net profit amounted to RMB18,491 million, representing a year-on-year decrease of 8.7%.

⁵ The three-year average combined ratio represents the average of the combined ratios for the last three complete years. The Group has implemented the new insurance contracts standards since 1 January 2023. The combined ratios for 2023 and 2022 are based on the new insurance contract standards, and the combined ratios for 2021 are based on the old standards.

⁶ The three-year average comprehensive loss ratio represents the average of the comprehensive loss ratios for the last three complete years. The Group has implemented the new insurance contracts standards since 1 January 2023. The comprehensive loss ratios for 2023 and 2022 are based on the new insurance contract standards, and the comprehensive loss ratios for 2021 are based on the old standards.

Management Discussion and Analysis

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

Unit: RMB million

Insurance revenue	235,841	224,368	5.1
Less: Insurance service expenses	217,380	204,715	6.2
Less: Net expenses of reinsurance contracts ceded	4,966	5,818	(14.6)
Less: Finance expenses from insurance contracts issued	5,106	4,998	2.2
Add: Finance gains or losses on reinsurance ceded	610	632	(3.5)

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

Unit: RMB million

Motor vehicle insurance	145,157	136,347	5,202	96.4	130,979,980
Agricultural insurance	23,292	20,248	2,572	89.0	1,472,803
Accidental injury and health insurance	24,751	24,023	13	99.9	1,083,663,938
Liability insurance	18,339	18,177	(747)	104.1	256,814,047
Commercial property insurance	8,862	7,641	38	99.6	29,705,226
Other insurances	15,440	10,944	1,921	87.6	61,362,024

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

- Motor vehicle insurance

PICC P&C has always adhered to the concept of efficient development, consolidated risk pricing, strengthened risk selection, promoted the construction of professionalization of channels, improved service quality and efficiency, and maintained steady growth in business. Insurance revenue from motor vehicle insurance amounted to RMB145,157 million, representing a year-on-year increase of 5.3%.

Through online and platform-based precise risk control management, PICC P&C strengthened the capacity of refined motor vehicle insurance claims management, innovated the claims service model and implemented risk-reduction service. However, affected by disasters such as snow, hail and storms in the south, the claim ratio of motor vehicle insurance increased year-on-year, and overlapping with the factors such as the increase in the prices of spare parts and working hours, and the increase in the standard of compensation for personal injury, the comprehensive loss ratio of motor vehicle insurance was 71.2%, representing a year-on-year increase of 1.5 percentage points. PICC P&C took the lead in maintaining market order, consolidated the channel construction and continuously strengthened the integration of resources and cost control, with the comprehensive expense ratio of motor vehicle insurance being 25.2%, representing a year-on-year decrease of 1.8 percentage points; a combined ratio of 96.4%, representing a year-on-year decrease of 0.3 percentage point; and the underwriting profits of RMB5,202 million.

- Agricultural insurance

Focusing on the strategy of strengthening the country's agricultural industry and the requirements of the structural reform of the supply side of the agricultural industry, PICC P&C accelerated the implementation of the national policy of benefiting and supporting agriculture, and seized policy opportunities such as the full promotion of full cost and planting income insurance for the three main cereal crops, and realized insurance revenue from agricultural insurance of RMB23,292 million.

PICC P&C strengthened its risk management of agricultural insurance underwriting, optimized the allocation of resources, and further improved its business structure and operation quality; meanwhile, PICC P&C proactively responded to natural disasters, such as cold wave, freezing, heavy rain and drought, initiated risk reduction and emergency response to catastrophic claims, and strengthened claims risk management and professional service capacity building. The comprehensive loss ratio of agricultural insurance was 75.3%, representing a year-on-year decrease of 1.5 percentage points; the comprehensive expense ratio was 13.7%, representing a year-on-year decrease of 0.5 percentage point; the combined ratio was 89.0%, representing a year-on-year decrease of 2.0 percentage points; and the underwriting profits amounted to RMB2,572 million.

Management Discussion and Analysis

- Accidental injury and health insurance
PICC P&C firmly grasped the fundamental requirement of “serving the enhancement of people’s livelihood and well-being”, which led to its in-depth participation in the construction of a multi-level medical protection system. PICC’s P&C also vigorously developed its policy-based health insurance business, actively innovated the supply of commercial accidental injury and health insurance, continued to upgrade and develop the product matrix system by population, scenario and type of disease, and upgraded and improved value-added services of the products. The insurance revenue of accidental injury and health insurance was RMB24,751 million, representing a year-on-year increase of 7.5%.

PICC P&C strengthened the linkage of underwriting and claims risk management and control, continuously upgraded the quality of business, and improved the level of claims refinement and intelligent management. However, affected by the factors such as the increase in compensation standards and the in-depth promotion of direct settlement policies of trans-provincial medical treatment, the comprehensive loss ratio of accidental injury and health insurance was 64.8%, representing a year-on-year increase of 0.8 percentage point. As a result of the increase in the proportion of commercial business, the comprehensive expense ratio of accidental injury and health

insurance was 35.1%, representing a year-on-year increase of 0.6 percentage point; the combined ratio was 99.9%, representing a year-on-year increase of 1.4 percentage points; and the underwriting profits amounted to RMB13 million.

- Liability insurance

PICC P&C actively served the construction of modernized industrial system, and served the self-reliance in science and technology and safe development. Supported by service and innovation, PICC P&C focused on key business models, built a full-scope risk protection product system for key customer segments, and realized insurance revenue from liability insurance of RMB18,339 million, representing a year-on-year increase of 8.4%.

PICC P&C enhanced cost management and precise resource allocation, resulting in a comprehensive expense ratio of liability insurance of 30.6%, representing a year-on-year decrease of 1.2 percentage points. Due to factors such as the changes in business structure, the comprehensive loss ratio of liability insurance was 73.5%, representing a year-on-year increase of 2.5 percentage points; the combined ratio was 104.1%, representing a year-on-year increase of 1.3 percentage points; and the underwriting loss was RMB747 million.

- Commercial property insurance

Focusing on serving the real economy, PICC P&C constructed an underwriting map, closely monitored the needs of customers, and enhanced its market responsiveness and professional service capability. Commercial property insurance realized insurance revenue of RMB8,862 million, representing a year-on-year increase of 6.3%.

Affected by the increase in catastrophe losses, the comprehensive loss ratio of commercial property insurance was 71.6%, representing a year-on-year increase of 7.2 percentage points; due to factors such as the increase in cost of ceded business, the comprehensive expense ratio of commercial property insurance was 28.0%, representing a year-on-year increase of 0.4 percentage point; and the combined ratio was 99.6%, representing a year-on-year increase of 7.6 percentage points; and the underwriting profits amounted to RMB38 million.

- Other insurances

PICC P&C pooled advantageous resources, served the development of the national real economy, served scientific and technological self-reliance and self-improvement, safeguarded national pillar projects and the “Belt and Road” initiative, served international shipping and the China Railway Express, safeguarded cross-border trade and people’s property, actively expanded new business markets, and provided multi-level insurance services. The insurance revenue of other insurances was RMB15,440 million, representing a year-on-year increase of 17.5%.

PICC P&C continued to strengthen the management and control of key aspects of claims, and did a good job in claims cost control and services. However, due to the impact of catastrophes, the comprehensive loss ratio of other insurances was 55.2%, representing a year-on-year increase of 1.2 percentage points; due to the rapid development of family property insurance business, the comprehensive expense ratio of other insurances was 32.4%, representing a year-on-year increase of 2.3 percentage points; the combined ratio was 87.6%, representing a year-on-year increase of 3.5 percentage points; and the underwriting profits amounted to RMB1,921 million.

Management Discussion and Analysis

(2) Analysis from the business perspective

Analysis by Insurance Type

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

Unit: RMB million

Motor vehicle insurance	139,364	135,899	2.5
Accidental injury and health insurance	76,585	72,447	5.7
Agricultural insurance	45,587	44,088	3.4
Liability insurance	21,655	20,976	3.2
Commercial property insurance	10,580	10,034	5.4
Other insurances	18,225	17,486	4.2

Analysis by Channel

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

Unit: RMB million

Insurance agents channel	160,558	51.4	1.1	158,777	52.7
Among which: Individual insurance agents	87,494	28.0	(4.1)	91,225	30.3
Ancillary insurance agents	13,048	4.2	(8.5)	14,256	4.7
Professional insurance agents	60,016	19.2	12.6	53,296	17.7
Direct sales channel	126,162	40.5	7.0	117,859	39.2
Insurance brokerage channel	25,276	8.1	4.0	24,294	8.1

In the first half of 2024, PICC P&C continued to strengthen the construction of its own channels and to enhance the comprehensive sales service capabilities of the direct sales team, and promoted the integration and development of its businesses. The original premiums income of direct sales channel recorded a year-on-year increase of 7.0%.

Management Discussion and Analysis

Analysis by Region

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

Unit: RMB million

JIANGSU PROVINCE	30,991	29,705	4.3
GUANGDONG PROVINCE	30,659	29,845	2.7
ZHEJIANG PROVINCE	23,599	22,497	4.9
SHANDONG PROVINCE	20,054	19,256	4.1
HEBEI PROVINCE	16,838	16,014	5.1
HUBEI PROVINCE	15,327	15,126	1.3
HUNAN PROVINCE	14,546	13,930	4.4
SICHUAN PROVINCE	14,185	13,478	5.2
ANHUI PROVINCE	13,460	13,208	1.9
FUJIAN PROVINCE	12,076	12,166	(0.7)
Other regions	120,261	115,705	3.9

(3) Insurance contract liabilities

As of 30 June 2024, net insurance contract liabilities increased by 3.5% as compared to the end of last year, primarily due to business growth, while net reinsurance contract assets decreased by 15.6% as compared to the end of last year, primarily due to the change in the net balance of receivable to reinsurers and payable to reinsurers.

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

Unit: RMB million

Insurance contract liabilities (assets)	323,546	307,928	5.1
Remaining coverage liabilities	155,864	153,468	1.6
Liability for incurred claims	167,682	154,460	8.6
Reinsurance contract assets (liabilities)	27,786	32,504	(14.5)
Remaining coverage assets recovered under reinsurance policies	(3,615)	(464)	679.1
Incurred claims assets recovered under reinsurance policies	31,401	32,968	(4.8)

Management Discussion and Analysis

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

Unit: RMB million

Insurance contract liabilities (assets)	58,201	61,016	(4.6)
Remaining coverage liabilities	4,032	5,146	(21.6)
Liability for incurred claims	54,169	55,870	(3.0)
Reinsurance contract assets (liabilities)	5,022	6,366	(21.1)
Remaining coverage assets recovered under reinsurance policies	(77)	(146)	(47.3)
Incurred claims assets recovered under reinsurance policies	5,099	6,512	(21.7)

(4) Reinsurance business

PICC P&C has been adhering to a prudent reinsurance policy, utilizing the reinsurance mechanism to diversify operational risks, safeguarding the Company's operating results, enhancing risk control techniques and expanding underwriting capacity. PICC P&C maintained close cooperation with a number of industry-leading international reinsurance companies. In addition to state-owned reinsurance companies, PICC P&C mainly cooperated with reinsurance companies with Standard & Poor's credit ratings of A- (or equivalent ratings from other international rating agencies, such as A.M. Best, Fitch, and Moody's) and above. The reinsurance partners selected by PICC P&C include China Agricultural Reinsurance Co., Ltd., China Property & Casualty Reinsurance Company Ltd., PICC Reinsurance and Hannover Rückversicherung AG.

2. PICC Hong Kong

In the first half of 2024, PICC Hong Kong continued to adhere to the path of high-quality development, realized insurance revenue equivalent to RMB886 million, with a combined ratio of 103.2%. It actively played its role as an important window on the internationalization of the Group, improved its overseas organization layout and enhanced its ability to serve outbound Chinese-funded customers. The network of overseas policy issuance and reinsurance admission qualification built by it has covered nearly 90 countries/regions, which effectively protected the risk management needs of large-scale key projects along the "Belt and Road". In the first half of 2024, it realized a net profit equivalent to RMB16 million.

PICC Reinsurance provided reinsurance protection and risk solutions around the Eight Strategic Services, focused on the construction of professional, innovative, service and risk management capabilities, and strived to build a boutique company with first-class benefits. In the first half of 2024, PICC Reinsurance achieved insurance revenue of RMB2,534 million, representing a year-on-year increase of 8.1%, and achieved a net profit of RMB149 million.

1. *PICC Life*

(1) Analysis of operating conditions and results

PICC Life proactively served overall situation of the country, stringently executed the regulatory policies, adhered to the main work lines of “stabilizing growth, adjusting structure, enhancing value, optimizing services and preventing risks”, initiatively responded to the market changes, improved the value creation ability and promoted the high-quality development transformation of the Company. The business realized the stable “quantitative” growth and effective “qualitative” improvement in overall. In the first half of 2024, its original premiums income increased by 0.3% year-on-year, and the regular TWPs increased by 8.8% year-on-year; the value of half-year’s new business increased by 91.0% year-on-year; its insurance revenue amounted to RMB10,576 million, representing a year-on-year increase of 23.0%; and it achieved a net profit of RMB9,930 million, which was mainly due to the fact that the capital market returns in the first half of 2024 were better than the same period last year, and the Company continued to optimize its business structure, proactively reduced costs and increased efficiency, actively implemented the “consistency between the reported commission rates of insurance companies and their actual commission rates”, effectively reduced debt costs, and steadily improved operating performance.

Management Discussion and Analysis

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

Unit: RMB million

	10,576	8,598	23.0
Contracts measured under the premium allocation approach	1,452	1,464	(0.8)
Contracts not measured under the premium allocation approach	9,124	7,135	27.9
	662	5,267	(87.4)
Contracts measured under the premium allocation approach	1,625	1,632	(0.4)
Contracts not measured under the premium allocation approach	(963)	3,636	–
	9,914	3,331	197.6
Contracts measured under the premium allocation approach	(172)	(168)	2.4
Contracts not measured under the premium allocation approach	10,087	3,499	188.3

(2) Analysis from the business perspective

Analysis by Insurance Type

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

Unit: RMB million

Life insurance	70,008	88.6	0.2	69,844	88.6
General life insurance	41,176	52.1	21.5	33,887	43.0
Participating life insurance	28,768	36.4	(19.9)	35,899	45.5
Universal life insurance	64	0.1	12.3	57	0.1
Health insurance	8,486	10.7	0.7	8,424	10.7
Accident insurance	562	0.7	2.9	546	0.7

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

Management Discussion and Analysis

In the first half of 2024, PICC Life made great efforts to optimize its business structure and improve the quality of development, and increased the proportion of value-added regular products. PICC Life recorded the original premiums income of RMB79,056 million, representing a year-on-year increase of 0.3%. PICC Life achieved an original premiums income from general life insurance of RMB41,176 million, representing a year-on-year increase of 21.5%, and its proportion increased by 9.1 percentage points.

Analysis by Channel

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

Unit: RMB million

	34,374	43.5	5.4	32,598	41.4
First-year business of long-term insurance	10,894	13.8	(4.3)	11,378	14.4
Single premiums	2,798	3.5	(7.7)	3,031	3.8
First-year regular premiums	8,096	10.2	(3.0)	8,347	10.6
Renewal business	23,276	29.4	10.8	21,016	26.7
Short-term insurance	204	0.3	–	204	0.3
	42,788	54.1	(3.5)	44,337	56.3
First-year business of long-term insurance	22,395	28.3	(26.2)	30,344	38.5
Single premiums	12,468	15.8	(27.0)	17,073	21.7
First-year regular premiums	9,927	12.6	(25.2)	13,271	16.8
Renewal business	20,389	25.8	45.9	13,972	17.7
Short-term insurance	4	0.0	(81.0)	21	0.0
	1,893	2.4	0.8	1,878	2.4
First-year business of long-term insurance	52	0.1	(64.4)	146	0.2
Single premiums	19	0.0	(85.8)	134	0.2
First-year regular premiums	33	0.0	175.0	12	0.0
Renewal business	416	0.5	1.2	411	0.5
Short-term insurance	1,426	1.8	7.9	1,321	1.7

Management Discussion and Analysis

PICC Life continued to insist on the team development idea of “focusing on the main body, increasing income, optimizing structure and expanding scale”, promoted the continuous improvement of the scale and structure of the personal insurance team, and achieved continuous increase in per capita production capacity. As of 30 June 2024, the number of marketing personnel was 82,012, representing a year-on-year increase of 3.7%; the number of monthly average effective personnel was 23,322, representing a year-on-year increase of 4.9%; and the regular premiums payment from new clients per capita per month was RMB14,457.71, representing a year-on-year increase of 8.2%. The original premiums income of individual insurance channel was RMB34,374 million, representing a year-on-year increase of 5.4%.

As for bancassurance channel, PICC Life strived to enhance the value of new business of the bancassurance channel, and strictly implemented the requirement of “consistency between the reported commission rates of insurance companies and their actual commission rates” of regulatory authorities by improving systems and strengthening rigid control, so as to promote high-quality development of channel transformation. The value of half year’s new business reached RMB1,934 million, representing a substantial growth year-on-year.

As for group insurance channel, PICC Life continued to deepen the business philosophy of “stabilizing existing customers and developing new customers”, focused on maintaining existing customers and exploring new customers, enhanced business quality control, and promoted the stable growth of insurance premiums scale. The original premiums income from group insurance channel amounted to RMB1,893 million, representing a year-on-year increase of 0.8%, of which the original premiums income from short-term insurance amounted to RMB1,426 million, representing a year-on-year increase of 7.9%.

Analysis by Region

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

Unit: RMB million

Zhejiang Province	9,679	9,402	2.9
Sichuan Province	6,350	6,834	(7.1)
Jiangsu Province	5,644	5,543	1.8
Guangdong Province	4,368	3,737	16.9
Beijing City	3,423	3,072	11.4
Hubei Province	3,134	3,182	(1.5)
Hebei Province	2,639	2,330	13.3
Shandong Province	2,638	2,265	16.5
Yunnan Province	2,560	2,449	4.5
Henan Province	2,517	2,773	(9.2)
Other regions	36,104	37,226	(3.0)

Persistency Ratios of Premiums

PICC Life continued to carry out customer segmentation operations, improved management methods, and continuously improved the persistency ratios of insurance policies. The 13-month premium persistency ratio for omnichannel individual customers of PICC Life increased by 3.9 percentage points year-on-year, of which the “comprehensive individual life insurance” channel increased by 7.2 percentage points year-on-year; and the 25-month premium persistency ratio increased by 6.5 percentage points year-on-year, of which the “comprehensive individual life insurance” channel increased by 12.2 percentage points year-on-year.

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

13-month premium persistency ratio ⁽¹⁾ (%)	96.0	92.1
25-month premium persistency ratio ⁽²⁾ (%)	90.1	83.6

Notes:

- (1) The 13-month premium persistency ratio for a given year is the proportion of the actual TWPs for the 13th month after the long-term regular premium individual life insurance policies newly issued in the preceding year were issued and came into effect, and the actual TWPs of such policies in the year of their issuance.
- (2) The 25-month premium persistency ratio for a given year is the proportion of the actual TWPs for the 25th month after the long-term regular premium individual life insurance policies newly issued in the penultimate year were issued and came into effect, and the actual TWPs of such policies in the year of their issuance.

Top Five Products

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

Unit: RMB million

Management Discussion and Analysis

(3) Insurance contract liabilities

As of 30 June 2024, net insurance contract liabilities increased by 11.2% compared with the end of last year, mainly due to the accumulation of insurance liabilities and the increase in the size of business; the reinsurance contract net assets decreased by RMB29 million compared with the end of last year, mainly due to the change in the net balance of receivable to reinsurers and payable to reinsurers.

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

Unit: RMB million

Insurance contract liabilities (assets)	2,661	2,302	15.6
Remaining coverage liabilities	1,589	1,151	38.1
Liability for incurred claims	1,073	1,152	(6.9)
Reinsurance contract assets (liabilities)	4	4	-
Remaining coverage assets recovered under reinsurance policies	(9)	(2)	350.0
Incurred claims assets recovered under reinsurance policies	13	6	116.7

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

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

Unit: RMB million

Insurance contract liabilities (assets)	584,563	525,988	11.1
Remaining coverage liabilities	578,774	524,157	10.4
Liability for incurred claims	5,789	1,830	216.3
Reinsurance contract assets (liabilities)	(90)	(62)	45.2
Remaining coverage assets recovered under reinsurance policies	(755)	(446)	69.3
Incurred claims assets recovered under reinsurance policies	665	384	73.2

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

2. PICC Health

(1) Analysis of operating conditions and results

In the first half of 2024, PICC Health actively served the construction of Healthy China and a multi-level social security system, focused on its main responsibilities and businesses, aimed at specialization and refinement, accelerated the construction of the “6+1” business pattern, and effectively promoted the construction of a large healthy ecosystem, comprehensively strengthened risk prevention and control. The Company’s operation and development continued to maintain a good momentum. In the first half of 2024, PICC Health achieved insurance service revenue of RMB13,786 million, representing a year-on-year increase of 9.2%, which was mainly due to the increase in the revenue from long-term medical insurance business. The net profit was RMB3,427 million. PICC Health realized new business value of RMB3,025 million for the half year, representing a year-on-year increase of 159.0%. The Internet health insurance business continued to maintain the market-leading position among life insurance companies. The original premiums income of commercial group insurance for newly projects with over RMB1 million increased by 72.6% year-on-year. Based on the integrated development of “health insurance + health management”, PICC Health provided health management services to 3.9537 million customers, representing a year-on-year increase of 19.7%.

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

Unit: RMB million

	13,786	12,628	9.2
Contracts measured with premium allocation approach	–	–	–
Contracts not measured with premium allocation approach	13,786	12,628	9.2
	8,277	9,039	(8.4)
Contracts measured with premium allocation approach	–	–	–
Contracts not measured with premium allocation approach	8,277	9,039	(8.4)
	5,509	3,589	53.5
Contracts measured with premium allocation approach	–	–	–
Contracts not measured with premium allocation approach	5,509	3,589	53.5

Management Discussion and Analysis

(2) Analysis from the business perspective

Analysis by Insurance Type

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

Unit: RMB million

Medical insurance	18,430	50.9	5.3	17,500	51.9
Participating endowment insurance	9,362	25.8	0.1	9,352	27.7
Illness insurance	3,483	9.6	2.1	3,411	10.1
Nursing care insurance	4,543	12.5	46.6	3,098	9.2
Accidental injury insurance	342	0.9	8.2	316	0.9
Disability losses insurance	71	0.2	22.4	58	0.2

In the first half of 2024, PICC Health grasped the development opportunities arising from the continuous improvement of the multi-level social security system, vigorously developed its health insurance business, and realised an original premiums income of medical insurance of RMB18,430 million, representing a year-on-year increase of 5.3%, and it stepped up the efforts in developing both policy-related and commercial nursing care insurance business, realized an original premium income of RMB4,543 million from nursing care insurance, representing a year-on-year increase of 46.6%.

Management Discussion and Analysis

Analysis by Channel

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

Unit: RMB million

	10,958	30.2	5.3	10,410	30.9
First-year business of long-term insurance	1,955	5.4	58.4	1,234	3.7
Single premiums	79	0.2	(55.4)	177	0.5
First-year regular premiums	1,876	5.2	77.5	1,057	3.2
Renewal business	6,057	16.7	(13.1)	6,972	20.7
Short-term insurance	2,946	8.1	33.7	2,204	6.5
	11,814	32.6	13.3	10,430	30.9
First-year business of long-term insurance	9,490	26.2	(3.3)	9,817	29.1
Single premiums	7,687	21.2	(0.5)	7,725	22.9
First-year regular premiums	1,803	5.0	(13.8)	2,092	6.2
Renewal business	2,324	6.4	279.1	613	1.8
Short-term insurance	–	–	–	–	–
	13,459	37.1	4.4	12,895	38.2
First-year business of long-term insurance	36	0.1	(14.3)	42	0.1
Single premiums	22	0.1	(37.1)	35	0.1
First-year regular premiums	14	0.0	100.0	7	0.0
Renewal business	78	0.2	5.4	74	0.2
Short-term insurance	13,345	36.8	4.4	12,779	37.9

Management Discussion and Analysis

In terms of Internet Insurance business, PICC Health further accelerated the pace of the “third party + self-operated” dual-wheel drive, strengthened the construction of mechanism and system of its self-operated platform, deepened cooperation with existing platforms, optimised the operation process, improved the product matrix, and iterated the supply of inclusive health insurance. In particular, in the first half of 2024, it focused on market demand and innovatively developed the disability income loss insurance named “Everlasting Income Protection Insurance ()”

), which provides disability income loss protection for multiple scenarios such as hospitalisation, specific illnesses and functional injuries. It also integrated Millions Medical Insurance with Cancer Prevention Medical Insurance, and launched “Hao Yi Bao, long-term Medical Insurance (flagship edition) ()”, etc. In terms of individual insurance agent business, it adhered to the professional development path, focused on the cultivation of sales elites, increased sales personnel productivity, and actively planned for the innovative transformation and development of channel. Individual insurance channel achieved an original premium income of RMB10,958 million, representing a year-on-year increase of 5.3%.

PICC Health continued to strengthen its cooperation with the bancassurance channel, strictly enforced the relevant regulatory requirements such as the “consistency between the reported commission rates of insurance companies and their actual commission rates”, vigorously developed regular premiums business from new clients, especially the long-term nursing care insurance business, built up a high-performance team, and dug up channel resources, resulting in steady growth of the bancassurance business. The bancassurance channel achieved an original premium income of RMB11,814 million, representing a year-on-year increase of 13.3%.

In terms of social medical supplementary insurance sector, PICC Health adhered to the principles of integrity and innovation. On the basis of consolidating and upgrading its traditional business, it accelerated the breakthrough of innovative businesses such as long-term nursing care insurance, outpatient chronic and special disease insurance and “Hui Min Bao ()”, continued to strengthen its medical insurance handling capacity, highlighted technological empowerment and synergistic development of its business, and comprehensively enhanced its service efficiency, maintained a faster growth of its innovative business and achieved a new level of premium scale. In terms of commercial group insurance business, it promoted the implementation of the “Healthy Enterprise” project, focused on the development of corporate customer business and social and commercial integration business, enhanced its service operation capability, provided integrated workplace medical and healthcare service solutions, and promoted the high-quality development of the group insurance business. Group insurance channel achieved an original premium income of RMB13,459 million, representing a year-on-year increase of 4.4%.

Analysis by Region

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

Unit: RMB million

Guangdong Province	11,809	11,220	5.2
Henan Province	2,165	2,305	(6.1)
Shaanxi Province	2,146	1,715	25.1
Liaoning Province	2,029	1,835	10.6
Hubei Province	1,792	1,796	(0.2)
Jiangxi Province	1,773	1,909	(7.1)
Anhui Province	1,763	1,861	(5.3)
Shandong Province	1,713	1,406	21.8
Shanxi Province	1,429	1,363	4.8
Jiangsu Province	1,335	1,098	21.6
Other Regions	8,277	7,227	14.5

Persistency Ratios of Premiums

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

13-month premium persistency ratio ⁽¹⁾ (%)	92.1	84.4
25-month premium persistency ratio ⁽²⁾ (%)	82.2	82.8

Notes:

- (1) The 13-month premium persistency ratio for a given year is the proportion of actual TWPs for the 13th month after the long-term regular premium individual health insurance policies newly issued in the preceding year were issued and came into effect, and the actual TWPs of such policies in the year of their issuance.
- (2) The 25-month premium persistency ratio for a given year is the proportion of actual TWPs for the 25th month after the long-term regular premium individual health insurance policies newly issued in the penultimate year were issued and came into effect, and the actual TWPs of such policies in the year of their issuance.

Management Discussion and Analysis

Top Five Products

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

Unit: RMB million

Kang Li Ren Sheng Endowment Insurance (Participating)	Endowment insurance	Bancassurance channel/Individual insurance channel/Group insurance channel	9,342
Group Critical Illness Medical Insurance for Urban and Rural Residents (Type A)	Medical insurance	Group insurance channel	4,355
PICC Health You Xiang Bao Internet Medical Insurance	Medical insurance	Individual insurance channel	3,793
He Xie Sheng Shi Large Amount Supplementary Group Medical Insurance for Urban Employees	Medical insurance	Group insurance channel	3,519
Medical Insurance for Chronic and Specialized Patient Groups of PICC Health	Medical insurance	Group insurance channel	1,557

(3) Insurance contract liabilities

As of 30 June 2024, net insurance contract liabilities increased by 18.0% as compared to the end of last year, primarily due to growth in business, while net reinsurance contract assets decreased by 22.6% as compared to the end of last year, primarily due to the impact of the successive expiry of the ceded direct insurance business.

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

Unit: RMB million

Management Discussion and Analysis

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

Unit: RMB million

Insurance contract liabilities (assets)	89,284	75,668	18.0
Remaining coverage liabilities	74,949	61,270	22.3
Liability for incurred claims	14,335	14,398	(0.4)
Reinsurance contract assets (liabilities)	2,108	2,722	(22.6)
Remaining coverage assets recovered under reinsurance policies	(4,672)	(3,428)	36.3
Incurred claims assets recovered under reinsurance policies	6,780	6,150	10.2

(II) Asset Management Business

In the first half of 2024, the investment segment implemented the requirements of the “To be Prominent Strategy” of the Group, continued to strengthen the building of professional capability, continuously enhanced capabilities to “serve national strategies and main businesses of insurance”, strengthened its asset-liability matching management, and constructed its investment portfolio with a cross-cycle perspective, and its investment performance remained stable.

In the first half of 2024, PICC AMC aimed at the development goal of building a prominent asset management company, promoted high-quality development and stabilized the level of investment income. As of 30 June 2024, the scale of assets under management of PICC AMC amounted to RMB1.8 trillion, representing an increase of 7.0% compared with the beginning of the year. In the first half of 2024, PICC

AMC achieved an operating income of RMB786 million and a net profit of RMB269 million.

Starting from the “PICC Coordinate” of serving Chinese path to modernization, PICC AMC increased product innovation, and continued to enhance its efforts in serving national strategies and supporting the real economy. As of 30 June 2024, the investment in the Eight Strategic Services of PICC AMC amounted to RMB785,891 million, representing an increase of 12.8% compared with the beginning of the year.

In the face of complex and volatile external environment, PICC AMC strengthened the integration of investment and research, promoted innovation in investment strategies and models, and stabilized the Group’s investment returns. For fixed-income investment, PICC AMC continuously strengthened allocation and trading capabilities to play its role of ballast for returns. For equity investment, PICC AMC built proactive investment management capabilities with absolute returns as the core to reduce the volatility of investment performance.

Management Discussion and Analysis

For alternative investments, PICC AMC actively promoted the development and investment of innovative products such as high-quality ABS, CMBS and quasi-REITs, and responded to the needs of insurance fund allocation through business transformation.

In the first half of 2024, PICC Pension assisted in the construction of the national multi-pillar pension security system, the coverage of annuity business continued to expand, and commercial pension business improved steadily. As of 30 June 2024, the assets under the management of PICC Pension amounted to RMB609,120 million, the operating income for the first half of the year was RMB401 million, and the net profit was RMB129 million.

PICC Pension continued to make efforts on the priority on pension finance, and focused on enhancing strategic services for improving people's livelihood. The service coverage of annuity business grew steadily. As of 30 June 2024, the assets under the management of the second pillar amounted to RMB600,121 million, representing an increase of 4.9% compared to the beginning of the year. PICC Pension served 1,675 corporate annuity customers. In the first half of 2024, PICC Pension won 389 new bids for corporate pension collective plan clients. The commercial pension pilot has improved

steadily, and the third pillar commercial pension business has become an important tool for innovation and transformation of the business model of PICC Pension. As of 30 June 2024, the commercial pension of PICC Pension has covered ten pilot regions, and the assets under the management of the third pillar commercial pension amounted to RMB8,999 million, representing an increase of 119.1% compared to the beginning of the year, serving 168.7 thousand customers, representing an increase of 145.2% compared to the beginning of the year.

In the first half of 2024, PICC Investment Holding focused on its main responsibilities and main businesses, continued to promote industrial construction, maintained steady growth in operating results, continued to optimize business quality structure, constantly improved management system and mechanism, and took effective risk prevention and control measures. In the first half of 2024, PICC Investment Holding achieved an operating income of RMB474 million and a net profit of RMB78 million.

PICC Investment Holding practically served the Group's "To be Prominent Strategy". Based on its own mission of industrialization construction, PICC Investment Holding promoted the continuous improvement of development

quality, served the construction of the Group's integrated health and inclusive pension ecology, and conducted in-depth research on the community pension model. The sample project layout of three levels, including Heng Yi () – institutional pension, Yansheng () – total disability care and Tianqiao () – home-based pension, has initially formed.

In the first half of 2024, PICC Capital took serving the real economy as its fundamental purpose, strengthened risk prevention and control, continuously enhanced development resilience, and actively made progress in changing modes, adjusting structures, improving quality and increasing efficiency. Focusing on investing in new fields and new logic, and aiming at the direction of equity and asset securitization, PICC Capital deepened its understanding of the design of new product structure, and strengthened its ability to analyze and price the value of underlying assets. As of 30 June 2024, the scale of assets under management of PICC Capital was RMB163,765 million. In the first half of 2024, the operating income was RMB173 million, and the net profit was RMB13 million.

In the first half of 2024, PICC Capital Equity Investment Company Limited, a subsidiary of PICC Capital, won a number of awards such as the Top 50 Chinese Private Equity Investment Institutions of 2023 and the Golden Eagle Award – Annual PE Institution by Finance China ().

(III) Investment Portfolio and Investment Income

In the first half of 2024, the Group actively fulfilled the social responsibility as a financial central enterprise, continuously strengthened the ability to serve the strategy, proactively responded to changes in the market environment, and coordinated business development and risk prevention and control. From the perspective of asset liability matching management, the Group insisted on the strength of strategic asset allocation, maintained an appropriate degree of flexibility in the allocation of strategic assets, and dynamically optimized the allocation structure of major assets based on changes in market environment and economic cycles to enhance the stability and sustainability of investment returns.

Management Discussion and Analysis

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

Unit: RMB million

	1,531,827	100.0	1,433,131	100.0
Cash and cash equivalents	32,547	2.1	28,878	2.0
Fixed-income investments	1,031,380	67.3	924,210	64.5
Term deposits	121,574	7.9	81,487	5.7
Treasury bonds and government bonds	322,952	21.1	228,542	15.9
Financial bonds	212,200	13.9	211,153	14.7
Corporate bonds	177,899	11.6	186,807	13.0
Other fixed-income investments ⁽¹⁾	196,755	12.8	216,221	15.1
Equity investments at fair value	293,719	19.2	307,593	21.5
Fund	97,516	6.4	117,375	8.2
Share	44,987	2.9	45,505	3.2
Permanent financial products	74,590	4.9	69,022	4.8
Other equity investments	76,626	5.0	75,691	5.3
Other investments	174,181	11.4	172,450	12.0
Investment in associates and joint ventures	158,727	10.4	156,665	10.9
Others ⁽²⁾	15,454	1.0	15,785	1.1
Financial assets held for trading	331,727	21.7	383,020	26.7
Debt investments	315,497	20.6	318,605	22.2
Other debt investments	438,067	28.6	338,717	23.6
Other equity instruments investments	104,332	6.8	96,541	6.7
Long-term equity investments	158,727	10.4	156,665	10.9
Others ⁽³⁾	183,477	12.0	139,583	9.7

Notes:

- (1) Other fixed-income investments consist of Tier 2 capital instruments, wealth management products, restricted statutory deposits, trust products and asset management products.
- (2) Others consist of investment real estate.
- (3) Others consist of monetary capital, term deposits, financial assets purchased under resale agreements, restricted statutory deposits, investment real estate, etc.

(1) Classified by investment object

In terms of fixed-income investments, the Group increased allocation of long-term government bonds at relatively high interest rates to narrow the asset liability duration gap. The Group continued to optimize bond allocation structure, increased the allocation ratio of other debt investment bonds, and reduced portfolio volatility. The Group also strengthened credit risk management and continuously optimized the credit qualifications for holding positions and increased the allocation of high-quality non-standard products to leverage the role as ballast for investment returns. The Group actively seized allocation opportunities of innovative fixed-income products such as ABS and quasi-REITs to alleviate the pressure of insurance fund allocation.

As of 30 June 2024, the bond investment accounted for 46.6%. Among corporate bonds and non-policy bank financial bonds, the proportion with an external credit rating of AAA reached 98.8%, which were mainly distributed in the fields such as bank, transportation, and public utilities. The ability of entities to repay debt is generally strong and the credit risks are controllable as a whole. The Group paid close attention to the prevention and control of credit risks, strictly followed relevant regulatory requirements, and established investment management process and risk control mechanisms in line with market practices and

features of insurance funds, and strengthened early warning, analysis and disposal of credit risk.

The overall credit risk of investment in non-standard financial products invested by the fund in the Group's system is controllable, with an external credit rating of AAA accounting for 98.0%. The non-standard asset industry covers non-bank finance, transportation, public utilities, energy and other fields, which has played a positive role in serving the development of real economy and supporting the implementation of major national strategies. Apart from strictly selecting core counterparties with reliable credit qualifications as financing entities/guarantors, the Group took effective credit enhancement measures, together with stringent terms regarding accelerated expiry/fund misappropriation protection, to provide a sound guarantee for the repayment of the principal and investment income.

In terms of equity investment, the Group built active equity investment management capabilities through hierarchical construction, and gradually increased the scale of other equity instrument investment types that are in line with the long-term investment and value investment philosophy of insurance funds with absolute returns as the core. Besides, the Group strengthened its trading capabilities and actively seized structural and volatile investment opportunities in the market.

Management Discussion and Analysis

(2) Classified by accounting method

The investment assets of the Group are mainly distributed in financial assets held for trading, debt assets, other debt investments, etc. The proportion of financial assets held for trading decreased by 5.0 percentage points compared to the end of last year, mainly due to the fact that the Company actively optimized the position structure, moderately reduced the bond scale of financial assets held for trading, and increased the allocation of long-term government bonds. The proportion of debt assets decreased by 1.6 percentage points compared to the end of last year, mainly due to the decrease in the scale of non-standard assets as a result of the maturity of existing products. The proportion of other debt investments increased by 5.0 percentage points compared to the end of last year, mainly due to the further increase in the bond allocation proportion of other debt investments from the perspective of asset-liability matching. The proportion of term deposits increased by 2.2 percentage points compared to the end of last year, mainly due to the stabilization of yields on fixed income positions in response to the decline in interest rates.

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

Unit: RMB million

Cash and cash equivalents	137	202
Fixed-income investments	23,847	20,761
Interest income	17,749	16,925
Gains and losses from disposal of financial instruments	3,890	989
Gains and losses on fair value changes	1,830	2,933
Impairment	378	(86)
Equity investments at fair value	(865)	2,883
Dividends and bonus income	2,864	3,510
Gains and losses from disposal of financial instruments	(4,740)	1,150
Gains and losses on fair value changes	1,011	(1,777)
Impairment	–	–
Other investments	5,945	7,640
Investment income from associates and joint ventures	5,645	7,359
Other gains and losses	300	281
Total investment income	29,064	31,486
Net investment income ⁽¹⁾	26,795	28,362
Total investment yield (annualised) ⁽²⁾ (%)	4.1	4.9
Net investment yield (annualised) ⁽³⁾ (%)	3.8	4.4

Notes:

- (1) Net investment income = total investment income – gains and losses from the disposal of investment assets – gains and losses on fair value changes of investment assets – impairment losses of investment assets
- (2) Total investment yield (annualised) = (total investment income – interest expenses on securities sold under agreements to repurchase)/(average total investment assets as of the beginning and end of the period – average amount of financial assets sold under agreement to repurchase as of the beginning and end of the period)×2
- (3) Net investment yield (annualised) = (net investment income – interest expenses on securities sold under agreements to repurchase)/(average total investment assets as of the beginning and end of the period – average amount of financial assets sold under agreement to repurchase as of the beginning and end of the period)×2

For the first half of 2024, the total investment income of the Group amounted to RMB29,064 million, representing a year-on-year decrease of 7.7%; net investment income amounted to RMB26,795 million, representing a year-on-year decrease of 5.5%; total investment yield (annualised) was 4.1%, representing a year-on-year decrease of 0.8 percentage point; and net investment yield (annualised) was 3.8%, representing a year-on-year decrease of 0.6 percentage point. The Group's three-year average total investment yield⁷ was 4.6%.

(I) Liquidity Analysis

The liquidity of the Group is mainly derived from the issuance of insurance contracts, investment income, cash from disposals or maturity of investment assets and its own financing activities. The demand for liquidity primarily arises from insurance claims or benefits, surrenders, withdrawals or other forms

of early termination of insurance policies for insurance contracts, payment of dividends to shareholders and cash required for payment of various ordinary expenses.

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

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

(II) Statement of Cash Flows

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

⁷ The three-year average total investment yield is the average of the annualized total investment yields for the last three complete years. The Group has implemented the new financial instruments standards since 1 January 2023, and the annualized total investment yield for 2023 represents the information under the new financial instruments standards, and the annualized total investment yield for 2021 and 2022 represents the information under the old financial instruments standards.

Management Discussion and Analysis

Unit: RMB million

Net cash flows generated from operating activities	70,044	59,921	16.9
Net cash flows used in investing activities	(44,453)	(40,901)	8.7
Net cash flows used in financing activities	(21,759)	(28,715)	(24.2)

The Group's net cash flows generated from operating activities changed from a net inflow of RMB59,921 million in January to June 2023 to a net inflow of RMB70,044 million in January to June 2024, mainly due to the increase in cash inflows from premiums.

The Group's net cash flows used in investing activities changed from a net outflow of RMB40,901 million in January to June 2023 to a net outflow of RMB44,453 million in January to June 2024, mainly due to the increase in cash paid for investment.

The Group's net cash flows used in financing activities changed from a net outflow of RMB28,715 million in January to June 2023 to a net outflow of RMB21,759 million in January to June 2024, mainly due to the decrease in cashes paid for debts repayment.

On 28 August 2024, the Board of the Company proposed an interim dividend for 2024 of RMB6.30 cents per share (tax inclusive), amounting to a total of approximately RMB2,786 million. The proposal will be implemented after approval at the Company's general meeting.

(I) Future Prospects

The Third Plenary Session of the 20th CPC Central Committee has made strategic arrangements to further deepen comprehensive reform and promote Chinese-style modernization. The "Resolution of the Central Committee of the Communist Party of China on Further Deepening Reform Comprehensively to Advance Chinese Modernization" has, for the first time, proposed the establishment of a science and technology insurance policy system and improvement of the underwriting capabilities of shipping insurance and level of global service. Additionally, it made important arrangements for developing multi-level agricultural insurance, the acceleration of the development of multi-level and multi-pillar pension insurance system, the exertion of the supplementary protection function of various types of commercial insurance, the improvement of critical illness insurance and medical assistance system, and the acceleration of the establishment of a long-term nursing care insurance system. This fully reflects the high importance attached by the Central Committee of the Party to exerting the functional role of insurance. During the progress of building China into a modern socialist country in all respects,

the insurance industry is ushering in a historic opportunity for high-quality development.

In the second half of 2024, the Group will be driven by the spirit of the Third Plenary Session of the 20th CPC Central Committee, steadfastly adhere to princip

quality and sustainable business development; comprehensively push forward fine management, cost reduction and efficiency enhancement, and strengthen the balancing of assets and liabilities, so as to consolidate the continuous improvement of its operating performance. The Group will also take solid measures to ensure consumer protection, adhere to the principle of integrity in business operation, and enhance the quality of customer service.

The Group will implement the decisions and plans of the Third Plenary Sessions of the 20th CPC Central Committee, actively plan and put forward the further deepening of the Group's comprehensive reforms in the areas of governance, functions, models, mechanisms, digitalisation and internationalisation, and strive to tackle the problems in system, mechanism and development model that constrained the Group's high-quality development.

The Group will continue to promote model innovation, conduct property insurance risk reduction services, and accelerate the construction of the health and pension ecosystem. The Group will be dedicated to promoting product innovation, actively developing and launching original products, and implementing the cultivation of the Group's demonstration projects new quality productive forces. The Group will actively promote the technological innovation, strengthen the cultivation of independent research and development capabilities, and actively apply leading technologies such as artificial intelligence.

Management Discussion and Analysis

upgrading are steadily advancing. However, the domestic structural adjustment continues to deepen with some pains emerging, and the positive trend of economic recovery still needs to be consolidated. Internationally, the external environment is becoming more complex and severe with increasing uncertainties, and the continuous rise in interest rates, debt sustainability risks, geopolitical tensions and deteriorating climate risks continue to pose challenges to economic growth. The Company attaches great importance to risk prevention, continuously predicts the impact of macroeconomic environment and policies, optimizes and upgrades the comprehensive risk management system, actively carries out risk monitoring, evaluation and response, and continuously improves risk management capabilities.

In terms of market risk, as for equity investment, the domestic secondary equity market has not shown a clear trend of strengthening, with stock indices remaining low and fluctuating, structural differentiation is obvious, and market sentiment is relatively depressed; the primary equity market has entered a period of shifting and adjustment due to factors such as tightening of listing channels and cascading effects of the secondary market. In terms of fixed income investment, the overall bond market continues to be strong, but it is necessary to pay attention to the impact of future interest rate changes on bond prices. In terms of credit risk, in the first half of 2024, with gradual implementation of national support policies for defusing local government debt and real estate, the credit

Management Discussion and Analysis

risk in key risk areas such as urban investment and real estate has converged. In the first half of the year, the default and extension scale of credit bonds decreased year-on-year, and real estate bonds remained the main segment for bond market accidents. Besides, risk events such as non-standard extension and overdue bills in urban investment still occurred frequently, mainly concentrating in weak qualified urban investment platforms in Yunnan Province, Guizhou Province, Shandong Province and other regions. In the future, it is still necessary to focus on the credit risk of real estate enterprise debt investments and non-standard products of urban investment platforms. The Company will closely monitor the changes in the capital market trends, conduct analysis, and

in the industry continue to decrease, effectively alleviating the risk of interest spread loss, while also bringing new challenges to the sales and insurance service capabilities of insurance companies. The Company will continue to pay close attention to risk management in insurance business, continuously enhance risk reduction service capability, reasonably apply risk mitigation measures, and effectively respond to the impact of frequent occurrence of disasters; strictly implement regulatory policies, continuously reduce debt costs of life and health insurance, strengthen asset-liability matching, and effectively prevent the risk of interest spread loss; and continuously improve the risk monitoring mechanism for key areas and key businesses, and constantly enhance the ability of early identification, early detection, early warning and early disposal of risks.

In addition to the capital supplementary bonds issued by the Group and the repurchase business disposed of in the investment business, the Group had bank borrowings of RMB526 million as of 30 June 2024. Details of the capital supplementary bonds are set out in Note 21 to the consolidated financial statements of this report.

Save as disclosed in this report, after the publication of the annual report 2023 of the Company, there are no material changes affecting the Company's performance that need to be disclosed under paragraphs 32 and 40(2) of Appendix D2 to the Listing Rules of the Stock Exchange.

Embedded Value

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

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

Ernst & Young (China) Advisory Limited, independent consulting actuaries, have prepared actuarial consultants' review reports on the estimates of the embedded value of PICC Life and PICC Health, respectively, as at 30 June 2024, and the value of half year's new business of PICC Life and PICC Health, respectively, in respect of our new life and health insurance businesses

written as at 30 June 2024, on a range of assumptions. Copies of consulting actuaries' review reports are included in our interim report. These reports do not constitute an audit opinion of the financial information used in the report.

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

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

Ernst & Young (China) Advisory Limited (“EY”, “we” or “our”) has been entrusted by PICC Life Insurance Company Limited (“PICC Life”, the “company”) to review its valuation of embedded value as at 30 June 2024. This report is prepared and to be enclosed in the 2024 interim report of the People’s Insurance Company (Group) of China Limited. It summarizes EY’s work scope, the valuation methodology of the embedded value, valuation results and assumptions on which the valuation depends.

Our scope of work covered:

- Review the valuation methodology for the embedded value and the value of half year’s new business as at 30 June 2024;
- Review the assumptions used in the valuation of embedded value and value of half year’s new business as at 30 June 2024;
- Review the various valuation results of the embedded value as at 30 June 2024, i.e. the embedded value, value of half year’s new business and the sensitivity tests results of value of in-force business and value of half year’s new business under alternative assumptions;
- Review the breakdown of value of half year’s new business as at 30 June 2024 by distribution channels.

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

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

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

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

Based on our review, we concluded that:

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

On behalf of Ernst & Young (China) Advisory Limited

Zhenping Fu

Jia Zhang

1.1. Definition

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

- **Adjusted Net Worth** this is the sum of the adjusted net worth and value of in-force business as at the valuation date;
 - **Fair Value** this is the fair value of the assets attributable to shareholders in excess of liabilities of the business as at the valuation date;
 - **Present Value** this is the present value of future cash flows
-

2.1. Overall Results

Adjusted Net Worth	90,133	66,055
Value of In-Force Business before CoC	54,773	47,122
Cost of Required Capital	(18,678)	(18,137)
Value of In-Force Business after CoC	36,095	28,984

- Notes: 1. Figures may not add up to total due to rounding.
2. In the above table, the assumptions such as investment return used in the calculation of embedded value as at 31 December 2023 are consistent with the current assumptions, and other assumptions are consistent with the assumptions used in the evaluation at 31 December 2023.

Value of Half year's New Business before CoC	5,691	4,889
Cost of Required Capital	(1,756)	(2,828)

- Notes: 1. Figures may not add up to total due to rounding.
2. In the above table, the assumptions such as investment return used in the calculation of the value of half year's new business as at 30 June 2023 are consistent with the current assumptions, and other assumptions are consistent with those used in the evaluation at 31 December 2023.

2.2. Results by Distribution Channels

The results of the value of half year's new business by distribution channel as at 30 June 2024 and 30 June 2023 are summarized in the table below.

Value of Half year's New Business after CoC (2023)	553	1,477	29	2,060
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- Notes: 1. Figures may not add up to total due to rounding.
2. In the above table, the assumptions such as investment return used in the calculation of the value of half year's new business as at 30 June 2023 are consistent with the current assumptions, and other assumptions are consistent with those used in the evaluation at 31 December 2023.

The assumptions below are used for the valuation of the embedded value and value of half year's new business as at 30 June 2024.

3.1. Risk Discount Rate

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

3.2. Rate of Investment Return

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

3.3. Policy Dividend

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

3.4. Mortality and Morbidity

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

3.5. Claim Ratio

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

3.6. Lapse Rates

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

3.7. Expenses and Commissions

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

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

3.8. Tax

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

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

Base Scenario	36,095	3,935
Risk Discount Rate at 8%	42,658	4,684
Risk Discount Rate at 10%	30,748	3,316
Rate of investment return increased by 50 bps	53,217	5,624
Rate of investment return decreased by 50 bps	18,733	2,218
Expenses increased by 10%	35,142	3,873
Expenses decreased by 10%	37,047	3,997
Lapse rate increased by 10%	35,941	3,822
Lapse rate decreased by 10%	36,256	4,051
Mortality increased by 10%	35,529	3,885
Mortality reduced by 10%	36,667	3,986
Morbidity increased by 10%	34,786	3,910
Morbidity reduced by 10%	37,423	3,959
Short-term business claim ratio increased by 10%	36,043	3,853
Short-term business claim ratio decreased by 10%	36,146	4,016
Participating Ratio (80/20)	34,703	3,827

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

Ernst & Young (China) Advisory Limited (“EY”, “we” or “our”) has been entrusted by PICC Health Insurance Company Limited (“PICC Health”, the “company”) to review its valuation of embedded value as at 30 June 2024. This report is prepared and to be enclosed in the 2024 interim report of the People’s Insurance Company (Group) of China Limited. It summarises EY’s work scope, the valuation methodology of the embedded value, valuation results and assumptions on which the valuation depends.

Our scope of work covered:

- Review the valuation methodology for the embedded value and the value of half year’s new business as at 30 June 2024;
- Review the assumptions used in the valuation of embedded value and value of half year’s new business as at 30 June 2024;
- Review the various valuation results of the embedded value as at 30 June 2024, i.e. the embedded value, value of half year’s new business and the sensitivity tests results of value of in-force business and value of half year’s new business under alternative assumptions;
- Review the breakdown of value of half year’s new business as at 30 June 2024 by distribution channels.

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

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

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

This report is addressed solely to PICC Health in accordance with the engagement letter signed by PICC Health and us. We have agreed that PICC Health provides the review opinion report to the People’s Insurance Company (Group) of China Limited to be disclosed in its 2024 interim report. To the fullest extent permitted by applicable law, we do not accept or assume any responsibility, duty of care or liability to an y

Based on our review, we concluded that:

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

On behalf of Ernst & Young (China) Advisory Limited

Zhenping Fu

Jia Zhang

2.1. Overall Results

Adjusted Net Worth	9,878	8,103
Value of In-Force Business before CoC	20,170	15,560
Cost of Required Capital	(1,157)	(1,169)
Value of In-Force Business after CoC	19,013	14,392

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

Value of Half year's New Business before CoC	3,372	1,492
Cost of Required Capital	(347)	(324)

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

2. In the table above, the value of half year's new business as at 30 June 2023 is recalculated based on the investment and risk discount rate assumptions as at 30 June 2024 while the other assumptions remain unchanged.

2.2. Results by Distribution Channels

PICC Health split the value of half year's new business by distribution channel. The results of the value of half year's new business by distribution channel as at 30 June 2024 and 30 June 2023 are summarised in the table below.

Risk Discount Rate:	9.0%			
Value of Half year's New Business after CoC (2023)	418	926	(176)	1,168

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

2. In the table above, the value of half year's new business as at 30 June 2023 is recalculated based on the investment and risk discount rate assumptions as at 30 June 2024 while the other assumptions remain unchanged.

The assumptions below are used for the valuation of the embedded value and value of half year's new business as at 30 June 2024.

3.1. Risk Discount Rate

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

3.2. Rate of Investment Return

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

3.3. Policy Dividend

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

3.4. Mortality and Morbidity

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

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

3.5. Claim Ratio

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

3.6. Lapse Rates

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

3.7. Expenses and Commissions

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

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

3.8. Tax

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

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

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

Base Scenario	19,013	3,025
Risk Discount Rate at 8%	20,387	3,259
Risk Discount Rate at 10%	17,834	2,819
Rate of investment return increased by 50 bps	21,309	3,377
Rate of investment return decreased by 50 bps	16,707	2,673
Expenses increased by 10%	18,908	2,887
Expenses decreased by 10%	19,118	3,162
Lapse rate increased by 10%	18,731	2,941
Lapse rate decreased by 10%	19,278	3,119
Mortality increased by 10%	19,022	3,019
Mortality reduced by 10%	19,003	3,031
Morbidity increased by 10%	19,454	2,928
Morbidity reduced by 10%	18,552	3,122
Short-term business claim ratio increased by 5%	18,737	2,543
Short-term business claim ratio decreased by 5%	19,289	3,506
Participating Ratio (80/20)	18,901	2,978

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

Corporate Governance

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

In the first half of 2024, the Company has complied with the relevant provisions of the SSE on corporate governance for listed companies and the Corporate Governance Code in Appendix C1 to the Listing Rules of the Stock Exchange, and constantly improved the corporate governance structure. The shareholders' general meeting, the Board of Directors, the Board of Supervisors and senior management independently performed their respective duties pursuant to the Articles of Association, and in compliance with laws and regulatory requirements.

During the reporting period, the Company convened two shareholders' general meetings, five meetings of the Board of Directors, and four meetings of the Board of Supervisors. In accordance with regulatory requirements, the announcements concerning the resolutions adopted at the above meetings were published on the website of the SSE, the website of the Hong Kong Stock Exchange and relevant information disclosure media.

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

The Board of Supervisors established the Duty Performance and Due Diligence Supervision Committee,

Corporate Governance

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

1	2024 First Extraordinary General Meeting	23 February 2024	PICC Building, No. 88 West Chang'an Avenue, Xicheng District, Beijing
2	2023 Annual General Meeting	28 June 2024	PICC Building, No. 88 West Chang'an Avenue, Xicheng District, Beijing

Major issues for approval in the shareholders' general meetings included: 23 resolutions, including the remuneration scheme for the Company's Directors and Supervisors for the year 2022, the resolution on the report of the Board of Directors for the year 2023, the resolution on the report of the Board of Supervisors for the year 2023, the resolution on the final financial accounts for the year 2023, the resolution on the profit distribution for the year 2023, the resolution on the budget for fixed asset investment for the year 2024, the resolution on the engagement of accounting firms for the year 2024, the resolution on the charity donation plan of the Group for the year 2024, the resolution on the capital planning of the Group (2024-2026) and the resolution on the election of the new session of Directors. Besides, the shareholders' general meetings received and reviewed four resolutions, including the performance report of the Directors for the year 2023, the work report (and performance report) of the independent Directors for the year 2023, the report on the solvency-related condition of the Group for the year 2023 and the report on the overall related party transactions and the evaluation of internal transactions of the Group for the year 2023.

As at the date of this report, the executive Directors of the Company are Mr. Wang Tingke, Mr. Zhao Peng, Mr. Li Zhuyong and Mr. Xiao Jianyou; the non-executive Directors are Mr. Wang Qingjian, Mr. Miao Fusheng, Mr. Wang Shaoqun, Mr. Yu Qiang and Mr. Song Hongjun; and the independent non-executive Directors are Mr. Shiu Sin Por, Mr. Ko Wing Man, Ms. Cui Li, Ms. Xu Lina and Mr. Wang Pengcheng.

During the reporting period, the Board of the Company conducted the new session election, and elected Mr. Bei Duoguang and Mr. Gao Pingyang as the independent non-executive Directors of the fifth session of the Board of the Company in place of Mr. Shiu Sin Por and Mr. Ko Wing Man. The qualifications of Mr. Bei Duoguang and Mr. Gao Pingyang are subject to the approval by the NFRA, and other Directors of the last session remain in office.

As at the date of this report, the independent Supervisor of the Company is Ms. Starry Lee Wai King, and the employee representative Supervisors are Mr. Wang Yadong and Mr. He Zuwang.

On 3 January 2024, the Supervisor Mr. Xu Yongxian resigned from his position as a shareholder representative Supervisor of the Company, the vice chairman of the Financial and Internal Control Supervision Committee of the Board of Supervisors, and a member of the Duty Performance and Due Diligence Supervision Committee of the Board of Supervisors due to his age.

On 29 April 2024, the Company held the 25th meeting of the fourth session of the Board, and elected Mr. Bei Duoguang and Mr. Gao Pingyang as the candidates for the independent non-executive Directors of the fifth session of the Board of the Company. On 28 June 2024, the general meeting passed the resolution on the election of Mr. Bei Duoguang as an independent non-executive Director of the fifth session of the Board of Directors of the Company and the resolution on the election of Mr. Gao Pingyang as an independent non-executive Director of the fifth session of the Board of Directors of the Company. The terms of office of Mr. Bei Duoguang and Mr. Gao Pingyang as the independent non-executive Directors of the Company shall commence from the date of approval of their qualifications as the independent non-executive Directors by the NFRA until the expiry of the term of the fifth session of the Board of the Company. Before Mr. Bei Duoguang and Mr. Gao Pingyang formally assume their duties, Mr. Shiu Sin Por and Mr. Ko Wing Man, the independent non-executive Directors of the fourth session of the Board, will continue to perform their duties in accordance with the requirements of laws and regulations.

During the reporting period, the Company did not implement any share incentive scheme, employee share ownership scheme or other employee incentive measures.

The Board proposed the distribution of an interim dividend of RMB6.3 cents per share (tax inclusive) for the six months ended 30 June 2024, amounting to a total of approximately RMB2,786 million (tax inclusive). The above proposal will be put forward to a general meeting of the Company for consideration and approval. The specific arrangements regarding the declaration and distribution of interim dividend (including arrangement of withholding and payment of income tax for shareholders) and the time arrangement of the closure of register of members of H shares will be disclosed separately in the circular for the relevant general meeting. If the declaration of interim dividend is approved at the general meeting of the Company, the interim dividend is expected to be paid around 24 January 2025.

Movements in Ordinary Shares and Shareholders

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

(I) Total Number of Shareholders and Information on Shareholding of Shareholders

Total number of ordinary shareholders as at the end of the reporting period (Shareholder)	A Shares: 171,507 H Shares: 5,209
Total number of preferred shareholders with restored voting rights as at the end of the reporting period (Shareholder)	Not applicable

Unit: Share

MOF	-	26,906,570,608	60.84	-	-	-	The State
HKSCC Nominees Limited	383,250	8,703,136,725	19.68	-	Unknown	Unknown	Foreign legal person
SSF	-	5,605,582,779	12.68	-	-	-	The State
Hong Kong Securities Clearing Company Limited	-50,655,567	258,798,374	0.59	-	-	-	Foreign legal person
Kong Fengquan	-	50,957,185	0.12	-	-	-	Domestic natural person
Industrial and Commercial Bank of China Limited – Huatai-Pinebridge CSI 300 Exchange Traded Open-ended Index Securities Investment Fund	14,265,400	37,998,600	0.09	-	-	-	Others
Guosen Securities Company Limited – Fangzheng Fubon China Securities Insurance Themed Index Securities Investment Fund	4,686,900	30,959,376	0.07	-	-	-	Others
Abu Dhabi Investment Authority	24,009,028	25,479,415	0.06	-	-	-	Foreign legal person
China Construction Bank Corporation – E Fund CSI 300 Traded Open-ended Index Initiated Securities Investment Fund	16,268,500	25,071,100	0.06	-	-	-	Others
Qiu Jiajun	1,721,100	20,371,400	0.05	-	-	-	Domestic natural person

Movements in Ordinary Shares and Shareholders

Unit: Share

MOF	26,906,570,608	A shares	26,906,570,608
HKSCC Nominees Limited	8,703,136,725	H shares	8,703,136,725
SSF	5,605,582,779	A shares	5,605,582,779
Hong Kong Securities Clearing Company Limited	258,798,374	A shares	258,798,374
Kong Fengquan	50,957,185	A shares	50,957,185
Industrial and Commercial Bank of China Limited – Huatai-Pinebridge CSI 300 Exchange Traded Open-ended Index Securities Investment Fund	37,998,600	A shares	37,998,600
Guosen Securities Company Limited – Fangzheng Fubon China Securities Insurance Themed Index Securities Investment Fund	30,959,376	A shares	30,959,376
Abu Dhabi Investment Authority	25,479,415	A shares	25,479,415
China Construction Bank Corporation – E Fund CSI 300 Traded Open-ended Index Initiated Securities Investment Fund	25,071,100	A shares	25,071,100
Qiu Jiajun	20,371,400	A shares	20,371,400
Details of securities account designated for share repurchase of the top ten shareholders	Not applicable		
Details of the abovementioned shareholders' entrusting of voting rights, entrusted voting rights, and waiver of voting rights	Not applicable		
Details of the above shareholders who are connected to each other or acting in concert	The Company is not aware of any connected relationship among the above shareholders or any parties acting in concert as defined by the Administrative Measures on Acquisition of Listed Companies		
Details of preferred shareholders with restored voting rights and the number of shares held by them	Not applicable		

Notes:

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

Movements in Ordinary Shares and Shareholders

Unit: Share

Industrial and Commercial Bank of China Limited – Huatai-PineBridge CSI 300 Traded Open-ended Index Securities Investment Fund	23,733,200	0.05	183,000	0.0004	37,998,600	0.09	-	-	
China Construction Bank Corporation - E Fund CSI 300 Traded Open-ended Index Initiated Securities Investment Fund	8,802,600	0.02	83,000	0.0002	25,071,100	0.06	-	-	

Unit: Share

Industrial and Commercial Bank of China Limited – Huatai-PineBridge CSI 300 Traded Open-ended Index Securities Investment Fund									

Movements in Ordinary Shares and Shareholders

Environmental and Social Responsibilities

PICC actively devotes into the national green development strategy, continues to improve the green financial system and mechanism, expands the supply of green insurance products and services, intensifies the green investment support, and strives to promote green and low-carbon operation.

(I) Established and Improved the Green Finance Management System

The Group has established a complete “Board of Directors – management – executive” ESG governance structure. The Board shall assume the main responsibility of green finance, and take charge of determining green finance strategies and determining ESG risk management decisions; the management shall promote the establishment of a green finance committee to coordinate green finance and ESG related work; and the executive shall establish the “Green Development and ESG Work Office” to take the lead in promoting the implementation of daily management work. The Group studied and formulated the “Green Finance Management Measures of PICC Group (Trial)”, the “Green Finance Development Plan of PICC Group (2024-2027)” and the “2024 Green Finance and ESG Related Key Works of PICC Group”, further strengthened the top-level design and comprehensively and systematically promoted the development of green finance.

(II) Strengthened the Green Insurance Risk Management

The Group promoted the establishment of unified green insurance product judgment standards, green industry customer judgment standards and customer ESG risk assessment standards covering all insurance subsidiaries, selected key insurance types to study and establish a mapping relationship between ESG risk assessment results and underwriting risks, and realized the classified management and dynamic assessment of customers’ ESG risks. The Group strengthened the disaster early warning and prevention, actively carried out green insurance risk reduction services, and provided 844 thousand risk reduction services in the fields of safety liability insurance, IDI, property insurance, housing, parks, elevators, cyber security, etc. in the first half of 2024, and assisted in the investigation of risks of 386 thousand hidden dangers, provided 4.304 million weather warnings and more than 43 thousand IoT early warnings.

(III) Strengthened the Operation-end Carbon Emission Management

The Group is not a high pollution and high emissions enterprise. The main energy and resources consumed are water, electricity, gasoline, diesel fuel and natural gas. The main emissions are greenhouse gas and exhaust emissions caused by energy consumption, discharge of wastewater and solid waste from offices. In the first half of 2024, the Company and its subsidiaries were not aware of any administrative penalties due to environmental issues during the

(I) Served the Overall Economic and Social Development

PICC conscientiously studies and implements the spirit of the Central Financial Work Conference, takes Eight Strategic Services as the starting point, makes every effort in the “Five Priorities” on finance, and proactively plays the functions of insurance as an economic shock absorber and social stabilizer.

The Company increased the supply of industrial insurance, vigorously promoted comprehensive insurance for “enterprises that use special and sophisticated technologies to produce novel and unique products” and the insurance for industrial parks, and has underwritten 76.2 thousand high-tech enterprises and 45.8 thousand “enterprises that use special and sophisticated technologies to produce novel and unique products”. The Company actively served the financing needs of small and micro enterprises and individual industrial and commercial households, and helped 34 thousand small, medium and micro enterprises and individual industrial and commercial households to obtain loans or financing amounted to RMB9.39 billion.

The Company developed multi-level agricultural insurance, innovated various insurance products for comprehensive rural revitalization, and comprehensively strengthened its support for rural revitalization. The Company established a long-term working mechanism, and specifically deployed the service and promotion of the full cost and planting income insurance for three major staple foods, rural household property insurance and fishery insurance. The agriculture insurance provided risk protection of RMB1.47 trillion for 41.79 million rural households, and the total insured amount of the full cost insurance for three major staple foods financially subsidized by the central government increased by 25.7% year-on-year.

The Company launched the first national pilot comprehensive insurance, which strongly supported the transformation of scientific and technological achievements; issued China’s first batch of patent and trademark overseas promotion expense loss insurance, which provided escort for the overseas distribution of the intellectual property rights of Chinese enterprises; increased product supply in domestically produced and controllable fields, and promoted the first launch of exclusive insurance for Shanghai automotive chips.

The Company vigorously developed long-term care insurance and maintained an industry-leading participation rate in national pilot programs. Our occupational pension services covered all 33 provincial units, and the cumulative number of enterprise pension clients reached 1,675; the premiums of third-pillar commercial pension insurance from new policies increased by 66.0%. The number of individual pension service clients was 22 thousand, which was among the highest in the industry; and the number of in-force clients of commercial pension was 168.7 thousand. The Company also launched internet-based disability income loss insurance for new citizen groups.

Environmental and Social Responsibilities

The Company continued to increase the development of new “dual-carbon” products, launched China’s first energy storage system income loss insurance, continuously enriched the clean energy product system, and strengthened green insurance coverage in key areas, with a green insurance risk coverage of RMB111.9 trillion in the first half of 2024. The Company deepened cooperation with green enterprises and green projects, and provided integrated financial services support including debt and equity to enterprises and projects related to green development. As at the end of June 2024, the Group’s investment for serving green development amounted to RMB99.6 billion. The Group signed the Principles for Sustainable Insurance of the United Nations (UN PSI), actively fulfilling the requirements of international mainstream sustainable development initiatives.

The Company promoted the launch of China’s first comprehensive catastrophic insurance with all-risk catastrophes, wide coverage and long cycles in Hebei Province, which covers 74 million urban and rural residents in the province with one policy. The Group also upgraded China’s urban and rural residents’ residential catastrophe insurance consortium to expand catastrophe multi-disaster protection. In the face of disasters and dangers such as the collapse of Meida Expressway and the torrential rains and floods in the south since the beginning of the year, the Company rapidly engaged in disaster relief and post-disaster compensation, and made every effort to safeguard the safety of people’s lives and property and the stability of society as a whole.

The Company established the aviation insurance center, technology insurance center and reinsurance center at a high level in Shanghai, and accelerated the implementation of operation of new models. The Company took the initiative to serve the construction of Xiong’an New Area, accelerated the construction of organizations and teams, and undertook major projects.

The Company underwrote key projects under the “Belt and Road”, such as the Nam Ou River Hydroelectric Power Station in Laos, and provided risk protection amounting to RMB996.8 billion for overseas corporate properties and engineering projects.

(II) Actively Engaged in Public Welfare and Charitable Activities

With the PICC Charity Foundation as the professional operation platform for public welfare and charity, the Company planned and launched the “PICC Mother’s Health Express ()” public welfare program of health assistance in 2024. The Group’s labor union allocated care and concern fund of RMB2.44 million to provide condolences to 122 sick and needy employees and 144 village cadres as consolation. The Company visited and consoled 7,156 employees in difficulty and frontline staff on duty across the entire system, with the consolation amounting to more than RMB7 million.

(III) Consolidated and Built on Achievements in Poverty Alleviation and Promoted the Rural Revitalization

Environmental and Social Responsibilities

Based on the advantageous resources in five counties and actual industrial development, and with a focus on the protection of the national food security and assisting in the development of local specialty industries, PICC actively invested funds to support the assistance projects, to extend the value of the industrial chain, and to help the overall rural revitalization.

With “serving the national food and important agricultural products production” as an important working requirement, the Company resolutely implemented the policy of fully implementing the full cost insurance and planting income insurance for three major staple foods on a nationwide basis, and continuously upgraded the insurance protection for important agricultural products. PICC’s “Blue Grain Warehouse ()” model of modernized marine pasture insurance was honored as one of the Top Ten Innovative Models of Financial Support to Agriculture by the Ministry of Agriculture and Rural Affairs in 2023.

Combined with the specialty industries of different regions, and around aquatic products, fruits, beef cattle, greenhouses, vegetable crops and others, the Company dug deep into the new needs and new driving forces, increased the innovation of weather index insurance, price income insurance, etc., and continued to implement the bonus insurance policy of the central government, strongly supported the development of the specialty industries in poverty-eradicated areas, and consolidated the effectiveness of the poverty alleviation and attack on poverty.

The Company continued to develop product innovation in the area of rural revitalization, and with a focus on the different risks faced by various segments of the agricultural production and operation chain as well as rural eco-tourism, the Company increased its efforts to promote industrial and supply chain insurance to more comprehensively and adequately meet the risk protection needs of rural industrial development.

Significant Events

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

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

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

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

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Significant Events

Commitments related to the initial public offering	Others	MOF	Shareholders' intention to hold shares and commitments in relation to reducing their holdings in the Company's Prospectus.	16 November 2018	Yes	Effective from 16 November 2018	Yes
	Others	SSF	Shareholders' intention to hold shares and commitments in relation to reducing their holdings in the Company's Prospectus.	16 November 2018	Yes	Effective from 16 November 2018	Yes
	Dividend	The Company	The dividend commitment in the Company's Prospectus.	16 November 2018	Yes	Effective from 16 November 2018	Yes
	Others	The Company	Commitment to take remedial measures for the dilution impact on immediate return in the Company's Prospectus.	16 November 2018	Yes	Effective from 16 November 2018	Yes
	Others	Directors and senior management	Commitment to take remedial measures for the dilution impact on immediate return in the Company's Prospectus.	16 November 2018	Yes	Effective from 16 November 2018	Yes
	Others	The Company	Commitment in relation to the contents of the Prospectus in the Company's Prospectus.	5 November 2018	Yes	Effective from 5 November 2018	Yes
	Others	Directors, Supervisors and senior management	Commitment in relation to the contents of the Prospectus in the Company's Prospectus.	5 November 2018	Yes	Effective from 5 November 2018	Yes

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

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

The existing and resigned Directors, Supervisors and senior management of the Company prior to the date of this report were not subject to any penalty by securities regulators within latest three years.

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

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

Significant Events

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

The Company and its subsidiaries did not purchase, sell or redeem any listed securities (including sale of treasury shares) of the Company or its subsidiaries during the reporting period.

As at 30 June 2024, the Company did not hold any treasury shares.

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

The Audit Committee of the Board of the Company has, in the presence of the external auditor, reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2024.

The Company has formulated the guidelines on transactions of the Company's securities that are applicable to Directors, Supervisors and all employees. The terms of such guidelines are no less exacting than those set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules of the Stock Exchange. The Company enquired with all the Directors and Supervisors, and they all confirmed that they had complied with the requirements under the Model Code and such guidelines during the first half of 2024.

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

We have reviewed the interim financial information set out on pages 82 to 116, which comprises the interim condensed consolidated statement of financial position of The People's Insurance Company (Group) of China Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2024 and the interim condensed consolidated income statement, the interim condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our review in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the International Auditing and Assurance Standards Board. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Certified Public Accountants

Hong Kong
28 August 2024

For the six months ended 30 June 2024
(Amounts in millions of Renminbi, unless otherwise stated)

Insurance revenue	4	261,629		246,884
Interest income (from financial assets not measured at fair value through profit or loss)	5	14,801		14,589
Net investment gains	5	8,240	385	9,631
Share of profits or losses of associates and joint ventures				

For the six months ended 30 June 2024
(Amounts in millions of Renminbi, unless otherwise stated)

PROFIT FOR THE PERIOD		31,489	27,780
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss:			
Finance expenses from insurance contracts issued		(22,845)	(6,139)
Finance income from reinsurance contracts held		161	128
Changes in the fair value of debt instruments at fair value through other comprehensive income		12,614	4,292
Allowance for credit losses on debt instruments measured at fair value through other comprehensive income		(69)	34
Income tax effect		900	(173)
		(9,239)	(1,858)
Share of other comprehensive income of associates and joint ventures		365	74
Exchange differences arising on translating foreign operations		11	117
NET OTHER COMPREHENSIVE INCOME THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS		(8,863)	(1,667)
Items that will not be reclassified to profit or loss:			
Gains on revaluation of property and equipment and right-of-use assets upon transfer to investment properties	19	17	470
Changes in the fair value of equity instruments at fair value through other comprehensive income		4,587	1,197
Finance expenses from insurance contracts issued		(706)	(70)
Income tax effect		(1,095)	(447)
		2,803	1,150
Actuarial losses on pension benefit obligation		(77)	(36)
Share of other comprehensive income of associates and joint ventures		46	(15)
NET OTHER COMPREHENSIVE INCOME THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS		2,772	1,099
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF INCOME TAX		(6,091)	(568)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		25,398	27,212
Attributable to:			
Owners of the Company		18,271	19,920
Non-controlling interests		7,127	7,292
		25,398	27,212

As at 30 June 2024
(Amounts in millions of Renminbi, unless otherwise stated)

ASSETS			
Cash and cash equivalents	12	32,542	28,835
Financial assets measured at amortized cost	13	315,497	318,605
Financial assets measured at fair value through other comprehensive income	14	542,399	435,258
Financial assets measured at fair value through profit or loss	15	331,727	383,020
Insurance contract assets	16	821	2,902
Reinsurance contract assets		32,751	39,259
Term deposits	17	121,574	81,487
Restricted statutory deposits		13,902	13,433
Investments in associates and joint ventures	18	158,727	156,665
Investment properties	19	15,454	15,791
Property and equipment		32,215	32,702
Right-of-use assets		7,099	7,099
Intangible assets		3,120	3,544
Goodwill		198	198
Deferred tax assets		16,786	13,488
Other assets	20	25,121	24,396
TOTAL ASSETS		1,649,933	1,556,682

Interim Condensed Consolidated Statement of Financial Position (Continued)

As at 30 June 2024
(Amounts in millions of Renminbi, unless otherwise stated)

LIABILITIES			
Financial liabilities measured at fair value through profit or loss		9,000	4,089
Securities sold under agreements to repurchase		92,815	108,969
Income tax payable		1,187	567
Bonds payable	21	37,492	37,992
Lease liabilities		2,190	2,270
Insurance contract liabilities	16	1,065,706	980,730
Reinsurance contract liabilities		138	118
Investment contract liabilities		8,005	7,985
Pension benefit obligation		2,731	2,720
Deferred tax liabilities		372	402
Other liabilities	22	82,275	77,937
TOTAL LIABILITIES		1,301,911	1,223,779
EQUITY			
Issued capital	23	44,224	44,224
Reserves		210,360	198,982
Equity attributable to owners of the Company		254,584	243,206
Non-controlling interests		93,438	89,697
TOTAL EQUITY		348,022	332,903
TOTAL EQUITY AND LIABILITIES		1,649,933	1,556,682

The interim condensed consolidated financial information on pages 82 to 116 was approved and authorised for issue by the Board of Directors on 28 August 2024 and are signed on its behalf by:

DIRECTOR

DIRECTOR

Interim Condensed Consolidated Statement of Changes in Equity (Continued)

For the six months ended 30 June 2024
(Amounts in millions of Renminbi, unless otherwise stated)

Six months ended 30 June 2023 (Unaudited)																
Attributable to owners of the Company																
	Issued capital (Note 23)	Share premium account **	Financial assets at fair value through other comprehensive income revaluation reserve **	Insurance finance reserve **	General risk reserve **	Catastrophic loss reserve **	Asset revaluation reserve **	Share of other comprehensive income of associates and joint ventures **	Foreign currency translation reserve **	Surplus reserve* **	Other reserves **	Actuarial losses on pension benefit obligations **	Retained profits **	Subtotal	Non-controlling interests	Total
Balance at 1 January 2023	44,224	23,973	9,958	(8,716)	18,558	59	3,987	(260)	10	14,922	(15,209)	(1,433)	141,109	231,182	82,682	313,864
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	-	20,588	20,588	7,192	27,780
Other comprehensive income for the period	-	-	3,039	(4,053)	-	-	2,525	25	105	-	-	(36)	-	(668)	100	(568)

For the six months ended 30 June 2024
(Amounts in millions of Renminbi, unless otherwise stated)

NET CASH FLOWS FROM OPERATING ACTIVITIES	70,044	59,921
NET CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchases of investment properties, property and equipment, intangible assets and land use rights	(776)	(847)
Proceeds from disposals of investment properties, property and equipment, intangible assets and land use rights	193	143
Purchases of investments	(238,530)	(238,771)
Proceeds from disposals of investments	213,752	171,734
=		

For the six months ended 30 June 2024
(Amounts in millions of Renminbi, unless otherwise stated)

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

The Company is an investment holding company. During the six months ended 30 June 2024, the Company's subsidiaries mainly provide integrated financial products and services and are engaged in property and casualty insurance, life and health insurance, asset management and other businesses. The Company and its subsidiaries are collectively referred to as the "Group".

This interim condensed consolidated financial information is 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.

The interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") issued by the International Accounting Standards Board ("IASB"), as well as with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Other than additional accounting policies resulting from the application of amendments to International Financial Reporting Standards as issued by the IASB ("IFRS Accounting Standards"), the accounting policies and methods of computation used in the interim condensed consolidated financial information are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2023.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and therefore should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023.

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2024

(Amounts in millions of Renminbi, unless otherwise stated)

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2023, except for the adoption of amendments to the IFRS Accounting Standards as of 1 January 2024 as described below.

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

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

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

Amendments to IFRS 18	<i>Presentation and Disclosure in Financial Statements³</i>
Amendments to IFRS 19	<i>Subsidiaries without Public Accountability: Disclosures³</i>
Amendments to IFRS 9 and IFRS 7	<i>Amendments to Classification and Measurement of Financial Instruments²</i>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture⁴</i>
Amendments to IAS 21	<i>Lack of Exchangeability¹</i>

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

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

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

⁴ Effective for annual periods beginning on or after a date to be determined

The adoption of the above amendments will not expect to have material impact on the Group's interim condensed consolidated financial information.

The Group's operating segments are presented in a manner consistent with the internal management reporting provided to the management for deciding how to allocate resources and for assessing performance.

For management purposes, the Group is organised into business units based on principal activities of subsidiaries and has the following operating and reportable segments:

- (1) The non-life insurance segment offers a wide variety of non-life insurance products mainly by PICC Property and Casualty Company Limited ("PICC P&C");
- (2) The life insurance segment offers a wide range of life insurance products by PICC Life Insurance Company Limited ("PICC Life");
- (3) The health insurance segment offers a wide range of health and medical insurance products by PICC Health Insurance Company Limited ("PICC Health");
- (4) The asset management segment offers asset management services;
- (5) The headquarters and other segments provide management and support for the Group's business through its strategy, risk management, finance, legal and human resources functions and comprises insurance agent business, reinsurance business and other operating business of the Group.

The segment's net profit includes revenue less expenses that are directly attributable to the segment.

Segment's assets and liabilities mainly comprise operating assets and liabilities that are directly attributable to the segment. Segment's assets are recognised after deducting the related provisions, and such deductions are directly written off in the Group's consolidated statement of financial position.

In the segment reporting, insurance revenue and other income earned are included in the segment's revenue, and profit or loss is presented as the operating results of the segment.

Intersegment sales are transacted according to terms and conditions negotiated by the relevant parties within the Group.

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2024

(Amounts in millions of Renminbi, unless otherwise stated)

Insurance revenue	236,724	10,576	13,786	–	2,535	(1,992)	1,211,629
Interest income (from financial assets not measured at fair value through profit or loss)	5,743	6,922	1,339	27	770	–	14,801
Net investment gains/(losses)	3,515	4,000	41	162	9,485	(8,963)	8,240
Share of profits or losses of associates and joint ventures	5,112	2,139	5	25	177	(1,813)	5,645
Exchange gains	37	15	1	(1)	12	–	64
Other income	794	134	211	1,183	1,351	(1,710)	1,963
TOTAL INCOME							
– SEGMENT INCOME	251,925	23,786	15,383	1,396	14,330	(14,478)	292,342
– External income	251,256	23,615	15,366	831	1,274	–	292,342
– Inter-segment income							

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2024
(Amounts in millions of Renminbi, unless otherwise stated)

	Non-life insurance	Life insurance	Health insurance	Asset management	Headquarters and others	Eliminations	Total
Insurance revenue	224,868	8,598	12,628	–	2,344	(1,554)	246,884
Interest income (from financial assets not measured at fair value through profit or loss)	5,860	6,697	1,233	24	995	(220)	14,589
Net investment gains/(losses)	4,389	3,738	357	249	9,765	(8,867)	9,631
Share of profits or losses of associates and joint ventures	5,828	2,655	4	14	514	(1,656)	7,359
Exchange gains	301	60	1	–	107	–	469
Other income	740	165	211	1,136	884	(1,220)	1,916
TOTAL INCOME							
– SEGMENT INCOME	241,986	21,913	14,434	1,423	14,609	(13,517)	280,848
– External income	241,714	21,795	14,392	970	1,977	–	280,848
– Inter-segment income	272	118	42	453	12,632	(13,517)	–
Insurance service expenses	204,733	5,267	9,039	–	2,115	(2,007)	219,147
Net expenses from reinsurance contracts held	6,057	(42)	514	–	31	(393)	6,167
Finance expenses from insurance contracts issued	5,025	11,971	1,178	–	189	(70)	18,293
Finance (income)/losses from reinsurance contracts held	(663)	2	(38)	–	(8)	73	(634)
Finance costs	498	359	92	6	570	–	1,525
Other operating and administrative expenses	1,138	906	407	812	1,607	(814)	4,056
Net impairment losses/(reversal) on financial assets	220	48	36	(5)	(4)	–	295
TOTAL OPERATING EXPENSES	217,008	18,511	11,228	813	4,500	(3,211)	248,849
PROFIT/(LOSS) BEFORE TAX	24,978	3,402	3,206	610	10,109	(10,306)	31,999
Income tax expenses	(3,558)	9	(480)	(30)	(87)	(73)	(4,219)
PROFIT FOR THE PERIOD							
– SEGMENT RESULTS	21,420	3,411	2,726	580	10,022	(10,379)	27,780

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2024
(Amounts in millions of Renminbi, unless otherwise stated)

Segment assets and liabilities as at 30 June 2024 and 31 December 2023, and other segment information for the six months ended 30 June 2024 and 2023 are as follows:

30 June 2024							
Segment assets	764,334	687,045	114,487	14,030	228,033	(157,996)	1,649,933
Segment liabilities	493,792	649,418	100,592	4,506	55,153	(1,550)	1,301,911
Six months ended 30 June 2024							
Other segment information:							
Capital expenditures	545	34	37	442	32	(314)	776
Depreciation and amortization	1,755	304	179	75	216	(115)	2,414
31 December 2023							
Segment assets	732,187	641,200	102,807	13,799	216,884	(150,195)	1,556,682
Segment liabilities	470,996	605,279	91,089	4,387	57,271	(5,243)	1,223,779
Six months ended 30 June 2023							
Other segment information:							
Capital expenditures	908	120	158	83	288	(439)	1,118
Depreciation and amortization	2,277	550	211	162	352	(1,054)	2,498

The headquarters, non-life and life insurance segments hold equity interests of 0.85%, 5.91% and 6.14%, respectively, in the Industrial Bank Co., Ltd. ("Industrial Bank"), an associate of the Group as at 30 June 2024 and 31 December 2023. These interests are accounted for as financial assets measured at fair value through other comprehensive income in the headquarters and non-life insurance segments, while accounted for as investment in an associate in life insurance segment. On consolidation, these interests in aggregate are accounted for as an associate and the impacts of relevant adjustments to the interim condensed consolidated financial statements are allocated to the respective segments according to their respective equity interest holdings.

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2024
(Amounts in millions of Renminbi, unless otherwise stated)

Insurance revenue		
Contracts not measured under the premium allocation approach	26,218	23,066
Contracts measured under the premium allocation approach	235,411	223,818
TOTAL	261,629	246,884
Insurance service expenses		
Liability for remaining coverage	45,370	49,259
Liability for incurred claims	182,148	169,888
TOTAL	227,518	219,147
Interest income from financial assets not measured at fair value through profit or loss (a)	14,801	14,589
Net investment gains (b)	8,240	9,631
Net impairment reversal/(losses) on financial assets (c)	380	(295)
TOTAL	23,421	23,925
Financial assets measured at amortized cost	6,682	6,441
Financial assets measured at fair value through other comprehensive income	6,026	5,469
Current and term deposits	1,836	2,532
Securities purchased under resale agreements	68	124
Others	189	23
TOTAL	14,801	14,589

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2024

(Amounts in millions of Renminbi, unless otherwise stated)

Interest income		
– Financial assets measured at fair value through profit or loss	3,085	2,538
Dividend income		
– Equity instruments measured at fair value through other comprehensive income	1,793	1,636
– Financial assets measured at fair value through profit or loss	1,071	1,874
Lease income from investment properties	400	366
Subtotal	6,349	6,414
Realised investment gains/(losses)		
Financial assets measured at fair value through profit or loss	(2,844)	1,020
Financial assets measured at fair value through other comprehensive income	1,995	1,120
Investments in associates and joint ventures	–	4
Financial assets measured at amortized cost	(1)	(1)
Subtotal	(850)	2,143
Unrealised investment gains/(losses)		
Financial assets measured at fair value through profit or loss	2,841	1,156
Investment properties	(100)	(82)
Subtotal	2,741	1,074

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2024
(Amounts in millions of Renminbi, unless otherwise stated)

Financial assets measured at amortized cost	342	(68)
Term deposits	42	16
Debt instruments measured at fair value through other comprehensive income	(6)	(34)
Other financial assets	2	(209)
TOTAL	380	(295)

Asset management fee	1,150	654
Government grants	134	288
Commission income arising from the collection of taxes on motor vehicles and vessels	111	92
Disposal gains from investment properties, property and equipment, intangible assets and land use rights	35	68
Others	533	814
TOTAL	1,963	1,916

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2024

(Amounts in millions of Renminbi, unless otherwise stated)

Interest expenses		
Securities sold under agreements to repurchase	713	739
Bonds payable	691	700
Pension benefit obligation unwound	33	39
Interest on lease liabilities	10	34
Others	127	13
TOTAL	1,574	1,525

Employee costs	25,115	23,801
Technical/labor services and consulting fee	7,838	8,727
Promotion expenses	5,990	8,551
Contributions to China Insurance Security Fund	2,578	2,362
Depreciation and amortization	2,414	2,303
Electronic equipment operating expenses	741	772
Prevention fee	442	525
Business and travel expenses	87	97
Others	5,600	6,347
Subtotal	50,805	53,485
Less: Expenses attributed to insurance acquisition cash flows	(23,920)	(27,812)
Less: Other insurance fulfilment cash flows in the period	(22,445)	(21,617)
TOTAL	4,440	4,056

Insurance companies in China are required to make regular contributions to China Insurance Security Fund (“CISF”) according to the types and premiums of products sold during the year. CISF was established to provide protection for policyholders when an insurance company in China is in financial troubles.

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2024
(Amounts in millions of Renminbi, unless otherwise stated)

Current tax	8,145	7,290
Adjustments in respect of prior years	(71)	63
Deferred tax	(3,215)	(3,134)
TOTAL	4,859	4,219

Certain operations of the Company's subsidiaries in the Western region and Hainan Province are entitled to tax benefits and their eligible taxable income is subject to an income tax rate of 15%. One of the Company's subsidiaries is recognised as a high-tech enterprise and its eligible taxable income is subject to income tax at a rate of 15%. Except for the above-mentioned subsidiaries, the Company and its subsidiaries registered in the PRC are subject to corporate income tax ("CIT") at the statutory rate of 25% (2023: 25%) on their respective taxable income in accordance with the relevant PRC income tax rules and regulations. Income taxes on taxable income elsewhere were calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

The calculation of basic earnings per share for the six months ended 30 June 2024 and the six months ended 30 June 2023 is based on the profit attributable to owners of the Company and the number of ordinary shares in issue during the periods.

Profit attributable to owners of the Company for the period	23,400	20,588
Weighted average number of ordinary shares in issue (in million shares)	44,224	44,224
Basic earnings per share (in RMB Yuan)	0.53	0.47

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2024

(Amounts in millions of Renminbi, unless otherwise stated)

Profit attributable to owners of the Company for the period	23,400	20,588
Add: Adjustment of profit attributable to owners of the Company from the assumption of the conversion of all the convertible bonds issued by an associate (Note)	(1,546)	(1,617)
Profit attributable to owners of the Company for the calculation of diluted earnings per share	21,854	18,971
Weighted average number of ordinary shares in issue (in million shares)	44,224	44,224
Diluted earnings per share (in RMB Yuan)	0.49	0.43

Note: The associate of the Group, Industrial Bank issued convertible bonds with a share conversion period from 30 June 2022 to 26 December 2027, which meet potential ordinary shares under IAS 33. The adjustment of profit attributable to owners of the Company from the assumption of the conversion of all the convertible bonds issued by the associate was considered in the calculation of diluted earnings per share.

Dividends recognised as distribution during the period:		
Year 2022 Final paid – RMB16.60 cents per share	–	7,341
Year 2023 Final paid – RMB15.60 cents per share	6,899	–

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2024
(Amounts in millions of Renminbi, unless otherwise stated)

Money at call and short notice	19,534	20,274
Deposits with banks with original maturity of no more than three months	1,878	119
Securities purchased under resale agreements with original maturity of no more than three months	11,130	8,442
TOTAL	32,542	28,835

The Group entered into a number of resale agreements to purchase certain securities with commitments to sell in the future, and counterparties are required to pledge certain bonds as collaterals. The securities purchased are not recognised on the interim condensed consolidated statement of financial position.

Bonds		
– Government bonds	94,234	78,285
– Financial bonds	19,796	8,670
– Corporate bonds	21,142	31,261
Debt investment schemes	89,582	97,016
Trust schemes	83,841	94,114
Asset-backed plans and others	9,232	11,955
TOTAL	317,827	321,301
Less: Impairment provisions	(2,330)	(2,696)
NET CARRYING VALUE	315,497	318,605

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2024
(Amounts in millions of Renminbi, unless otherwise stated)

Debt instruments measured at fair value through other comprehensive income		
Bonds		
– Government bonds	225,727	147,973
– Financial bonds	66,368	47,291
– Corporate bonds	143,524	141,129
Trust schemes	355	–
Asset-backed plans	2,093	2,324
Including:		
Amortized cost	402,905	316,141
Accumulated changes in fair value	35,162	22,576
Equity instruments measured at fair value through other comprehensive income		
Listed shares	18,214	16,028
Perpetual instruments	74,590	69,022
Other equity investments	11,528	11,491
Including:		
Amortized costs	97,675	93,213
Accumulated changes in fair value	6,657	3,328
TOTAL	542,399	435,258

As at 30 June 2024, the impairment allowance for debt instruments measured at fair value through other comprehensive income was RMB583 million (31 December 2023: RMB652 million).

During the six months ended 30 June 2024, for the consideration of optimizing liquidity arrangement, the Group disposed of equity instruments measured at fair value through other comprehensive income with a cost of RMB3,932 million. The cumulative gains transferred from revaluation reserve to retained profits upon disposals were RMB1,283 million.

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2024
(Amounts in millions of Renminbi, unless otherwise stated)

Bond		
– Government bonds	3,016	2,306
– Financial bonds	126,038	155,194
– Corporate bonds	13,286	14,468
Funds	97,516	117,375
Listed shares	26,773	29,477
Asset management products	3,949	5,473
Unlisted equity investments	11,979	12,269
Trust schemes	9,333	7,678
Equity investments plans and others	39,837	38,780
TOTAL	331,727	383,020

As at 30 June 2024 and 31 December 2023, the Group has not designated any financial assets (that would otherwise have been classified and measured at amortized cost or fair value through other comprehensive income) at fair value through profit or loss.

The analysis of liabilities for remaining coverage and liabilities for incurred claims is as follows:

Insurance contract assets	821	2,902
Insurance contract liabilities	1,065,706	980,730
Net insurance contract liabilities		
– Liability for remaining coverage	816,084	745,081
– Liability for incurred claims	248,801	232,747
TOTAL	1,064,885	977,828

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2024
(Amounts in millions of Renminbi, unless otherwise stated)

The original maturities of the term deposits are as follows:

More than 3 months to 12 months	1,415	2,593
More than 1 year to 2 years	335	566
More than 2 years to 3 years	19,028	12,739
More than 3 years	99,736	64,246
TOTAL	120,514	80,144
Add: Interest receivables	1,326	1,655
Less: Impairment provisions	(266)	(312)
NET CARRYING VALUE	121,574	81,487

The Group's investments in the associates and joint ventures as at 30 June 2024 and 31 December 2023 are as follows:

Associates		
Cost of investments in associates	68,505	68,505
Share of post-acquisition profits, other comprehensive income and other equity movement, less dividend received or receivable	87,274	85,044
Subtotal	155,779	153,549
Joint ventures		
Cost of investments in joint ventures	3,086	3,086
Share of post-acquisition profits, other comprehensive income and other equity movement, less dividend received or receivable	(138)	30
Subtotal	2,948	3,116
TOTAL	158,727	156,665

The most recent available financial statements of Industrial Bank are used in applying the equity method by the Group. For the six months ended 30 June 2024, Industrial Bank were included by the Group on the basis of financial statements made up for the six months ended 31 March 2024, taking into effects of significant transactions or events in the subsequent period from 1 April 2024 to 30 June 2024.

Movement of investments in associates and joint ventures is as follows:

Associates and joint ventures	156,665	-	-	5,645	411	8	(4,002)	-	158,727
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As at 30 June 2024, the carrying amount of the Group's investment in Industrial Bank was RMB92,520 million (31 December 2023: RMB90,830 million). As at 30 June 2024, the market value of the Group's investment in Industrial Bank was RMB44,418 million (31 December 2023: RMB39,596 million), which was lower than the carrying amount. As a result, the Group performed an impairment test on the carrying amount, which confirmed that there was no impairment at 30 June 2024 as the recoverable amount as determined by a value-in-use ("VIU") approach was higher than the carrying value.

The impairment test was performed by comparing the recoverable amount of Industrial Bank, determined by a VIU calculation, with its carrying amount. The VIU calculation uses discounted cash flow projections based on management's best estimates of future earnings available to ordinary shareholders prepared in accordance with IAS 36.

As at 30 June 2024, the carrying amount of the Group's investment in Hua Xia Bank Co., Limited ("Hua Xia Bank") was RMB45,685 million (31 December 2023: RMB45,128 million). As at 30 June 2024, the market value of the Group's investment in Hua Xia Bank was RMB16,405 million (31 December 2023: RMB14,405 million), which was lower than the carrying amount. As a result, the Group performed an impairment test on the carrying amount, which confirmed that there was no impairment at 30 June 2024 as the recoverable amount as determined by a VIU approach was higher than the carrying value.

The impairment test was performed by comparing the recoverable amount of Hua Xia Bank, determined by a VIU calculation, with its carrying amount. The VIU calculation uses discounted cash flow projections based on management's best estimates of future earnings available to ordinary shareholders prepared in accordance with IAS 36.

The key assumptions used in the VIU calculation of Industrial Bank and Hua Xia Bank are as follows:

Forecast period	5 years
Long-term profit growth rate	2.5%
Discount rate	9.4-10.5%

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2024

(Amounts in millions of Renminbi, unless otherwise stated)

Balance at beginning of period	15,791	15,085
Additions	24	80
Transfer from property and equipment	139	974
Transfer from right-of-use assets	–	65
Revaluation gains generated from the transfer of property and equipment	17	347
Revaluation gains generated from the transfer of right-of-use assets	–	123
Decrease in fair value of investment in property	(100)	(82)
Transfer to property and equipment and right-of-use assets	(381)	(587)
Disposals	(36)	(3)
Balance at end of period	15,454	16,002

The Group's investment properties were revalued as at the end of the reporting period by independent professional valuers. Valuations were carried out by the following two approaches:

- (1) The Group uses the direct comparison approach and assumes sale of the property interests in their existing states with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the relevant market. This approach rests on the wide acceptance of the market transactions as the best indicator and pre-supposes that evidence of relevant transactions in the marketplace can be extrapolated to similar properties, subject to allowances for variable factors; or
- (2) The Group uses income approach and determines the fair value at the period end by discounting the target properties' rental income derived from existing lease agreements and the potential rental income projected by reference to the current market rental status, at an appropriate capitalization rate.

The fair value of the investment properties is usually determined by these approaches according to professional judgement. Therefore, these fair values are categorised as Level 3.

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2024
(Amounts in millions of Renminbi, unless otherwise stated)

Deductible input value-added tax	4,928	5,250
Receivables from co-insurers for amounts paid on behalf	3,838	4,349
Dividends receivable	3,235	117
Refundable deposits	2,244	1,375
Prepaid output value-added tax on premiums	2,001	1,482
Restricted funds	1,661	1,441
Reinsurance guarantee deposits	1,613	398
Prepayments and deposits	808	842
Loans and advances	664	636
Securities settlement receivables	339	2,640
Prepayment for income tax	–	3,734
Others	5,603	3,945
TOTAL	26,934	26,209
Less: impairment provision for other assets	(1,813)	(1,813)
NET CARRYING VALUE	25,121	24,396

As at 30 June 2024, bonds payable represent supplementary capital bonds issued.

Carrying amount repayable in		
– More than five years	37,492	37,992

The terms of these capital supplementary bonds are ten years. With proper notice to the counterparties, the Group has an option to redeem the capital supplementary bonds at par values at the end of the fifth year from the date of issue. The interest rates of the Group's capital supplementary bonds range from 3.29% to 3.68% in the first five years (31 December 2023: 3.29% to 3.68%) and 4.29% to 4.68% in the next five years (31 December 2023: 4.29% to 4.68%).

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2024
(Amounts in millions of Renminbi, unless otherwise stated)

Salaries and welfare payable	30,045	30,700
Payables to non-controlling interests of consolidated structure entities	13,042	16,800
Dividends payable	10,287	–
Value added tax and other taxes payable	6,349	8,229
Payables to co-insurers	4,181	2,866
Premiums received in advance	3,769	5,625
Payables to suppliers	1,656	2,023
Insurance deposits received	832	574
Bank borrowings	526	603
Others	11,588	10,517
TOTAL	82,275	77,937

Issued and fully paid ordinary shares of RMB1 each (in million shares)		
A share	35,498	35,498
H shares	8,726	8,726
TOTAL	44,224	44,224
Issued capital (in RMB million)		
A shares	35,498	35,498
H shares	8,726	8,726
TOTAL	44,224	44,224

The Group's activities are exposed to insurance risk and varieties of financial risks. The Group issues contracts that transfer insurance risk or financial risk or both. The key financial risk is that proceeds from the sale of financial assets will not be sufficient to fund the obligations arising from the Group's insurance and investment contracts. The most important components of financial risk are credit risk, liquidity risk and market risk.

The interim condensed consolidated financial statements do not include all the financial risk management information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023.

There have been no significant changes in the Group's risk management processes since 31 December 2023 or in any risk management policies.

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2024
(Amounts in millions of Renminbi, unless otherwise stated)

This note provides information on how the Group determines the fair values of major financial assets and liabilities. Details of fair value measurements of investment properties are disclosed in note 19 to the interim condensed consolidated financial information.

Cash and cash equivalents	32,542	28,835	32,542	28,835
Financial assets measured at fair value through profit or loss	331,727	383,020	331,727	383,020
Term deposits	121,574	81,487	121,574	81,487
Financial assets measured at amortized cost	315,497	318,605	341,557	337,671
Financial assets measured at fair value through other comprehensive income	542,399	435,258	542,399	435,258
Restricted statutory deposits	13,902	13,433	13,902	13,433
Total financial assets	1,357,641	1,260,638	1,383,701	1,279,704

Financial liabilities measured at fair value through profit or loss	9,000	4,089	9,000	4,089
Securities sold under agreements to repurchase	92,815	108,969	92,815	108,969
Investment contract liabilities	8,005	7,985	8,005	7,985
Bonds payable	37,492	37,992	38,198	38,226
Total financial liabilities	147,312	159,035	148,018	159,269

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:

- (1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- (2) 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
- (3) Level 3 inputs are unobservable inputs for the asset or liability.

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2024
(Amounts in millions of Renminbi, unless otherwise stated)

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and input(s) used).

Financial assets measured at fair value through profit or loss	123,999	Level 1	Quoted bid prices in an active market
Financial assets measured at fair value through profit or loss	147,560	Level 2	Quotes for the same or similar assets in inactive markets, or for the same or similar assets from third-party valuation service providers
Financial assets measured at fair value through profit or loss	43,912	Level 3	Valuation techniques with valuations of restricted securities, comparable company method with non-observable input value, net asset value method and recent financing price
Financial assets measured at fair value through profit or loss	16,256	Level 3	Fair value of the investments is based on the use of internal discounted cash flow valuation models
Financial assets measured at fair value through other comprehensive income – debt instruments	20,504	Level 1	Quoted bid prices in an active market
Financial assets measured at fair value through other comprehensive income – debt instruments	417,208	Level 2	Quotes for the same or similar assets in inactive markets, or for the same or similar assets from third-party valuation service providers
Financial assets measured at fair value through other comprehensive income – debt instruments	355	Level 3	Fair value of the investments is based on the use of internal discounted cash flow valuation models
Financial assets measured at fair value through other comprehensive income – equity instruments	14,605	Level 1	Quoted bid prices in an active market
Financial assets measured at fair value through other comprehensive income – equity instruments	55,477	Level 2	Quotes for the same or similar assets in inactive markets, or for the same or similar assets from third-party valuation service providers
Financial assets measured at fair value through other comprehensive income – equity instruments	3,786	Level 3	Valuation techniques with valuations of restricted securities, comparable company method with non-observable input value, net asset value method and recent financing price
Financial assets measured at fair value through other comprehensive income – equity instruments	30,464	Level 3	Fair value of the investments is based on the use of internal discounted cash flow valuation models

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2024
(Amounts in millions of Renminbi, unless otherwise stated)

Financial assets measured at fair value through profit or loss	129,004	Level 1	Quoted bid prices in an active market
Financial assets measured at fair value through profit or loss	200,642	Level 2	Quotes for the same or similar assets in inactive markets, or for the same or similar assets from third-party valuation service providers
Financial assets measured at fair value through profit or loss	53,374	Level 3	Valuation techniques with valuations of restricted securities, comparable company method with non-observable input value, net asset value method and recent financing price
Financial assets measured at fair value through other comprehensive income – debt instruments	15,470	Level 1	Quoted bid prices in an active market
Financial assets measured at fair value through other comprehensive income – debt instruments	323,247	Level 2	Quotes for the same or similar assets in inactive markets, or for the same or similar assets from third-party valuation service providers
Financial assets measured at fair value through other comprehensive income – equity instruments	12,820	Level 1	Quoted bid prices in an active market
Financial assets measured at fair value through other comprehensive income – equity instruments	52,704	Level 2	Quotes for the same or similar assets in inactive markets, or for the same or similar assets from third-party valuation service providers
Financial assets measured at fair value through other comprehensive income – equity instruments	3,371	Level 3	Valuation techniques with valuations of restricted securities, comparable company method with non-observable input value, net asset value method and recent financing price
Financial assets measured at fair value through other comprehensive income – equity instruments	27,646	Level 3	Fair value of the investments is based on the use of internal discounted cash flow valuation models

During the six months ended 30 June 2024, the Group transferred certain financial assets with a carrying amount of RMB7,342 million (six months ended 30 June 2023: RMB9,805 million) from Level 1 to Level 2 due to changes in availability of quoted prices in active markets. The Group transferred certain financial assets with a carrying amount of RMB23,057 million (six months ended 30 June 2023: RMB8,087 million) from Level 2 to Level 1 during the current interim period due to changes in availability of quoted prices in active markets.

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2024
(Amounts in millions of Renminbi, unless otherwise stated)

Some of the Group's financial assets and financial liabilities are not carried at fair value at the end of each reporting period but their fair values are disclosed in the table set out at the beginning of this note. The levels of fair value in the fair value hierarchy in respect of these fair values disclosed are as follows:

Financial assets				
Financial assets measured at amortized cost	4,304	152,651	184,602	341,557
Financial liabilities				
Bonds payable	–	38,198	–	38,198

Financial assets				
Financial assets measured at amortized cost	3,152	131,097	203,422	337,671
Financial liabilities				
Bonds payable	–	38,226	–	38,226

The fair values of the debt instruments reported as financial assets and financial liabilities and included in the Level 2 and Level 3 category above have been determined using discounted cash flow model, with significant inputs being estimated cash flows and the discount rate that reflects the risk of counterparties and the Group.

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2024
(Amounts in millions of Renminbi, unless otherwise stated)

Beginning of the period	84,391	71,172
Unrealised gains recognised in other comprehensive income	1,360	1,277
Additions	12,301	6,683
Gains/(losses) recognised in profit or loss	132	(1,031)
Disposals	(3,411)	(2,485)
End of the period	94,773	75,616

For Level 3 financial assets and liabilities, prices are determined based on the significant unobservable factors such as discounted rate and discount of liquidity as at 30 June 2024 and 30 June 2023.

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

Property and equipment commitments:		
Contracted, but not provided for	1,175	725
Investment commitments:		
Contracted, but not provided for	2,242	1,184

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2024

(Amounts in millions of Renminbi, unless otherwise stated)

The Company is a state-owned enterprise and its controlling shareholder is the MOF.

During the six months ended 30 June 2024 and 30 June 2023, the Group had the following significant related party transactions:

Industrial Bank		
Gross written premiums	2	27
Interest income	125	338
Dividend income	2,786	3,183
Claims and policyholders' benefits	80	80
Handling charges and commissions	32	119
Hua Xia Bank		
Gross written premiums	8	8
Interest income	24	–
Dividend income	984	982
Claims and policyholders' benefits	3	1
Handling charges and commissions	2	–
Other associates		
Interest income	1	4
Dividend income	232	276
Other income	6	4
Purchase of spare parts	59	122
Other operating and administrative expenses	7	4

Transactions with these associates were conducted on a basis with reference to prevailing rates with other third parties.

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2024
(Amounts in millions of Renminbi, unless otherwise stated)

Industrial Bank		
Cash and cash equivalents	3,184	3,141
Dividends receivable	2,786	–
Equity instruments measured at fair value through other comprehensive income	635	675
Term deposits	6,247	6,242
Hua Xia Bank		
Cash and cash equivalents	571	188
Term deposits	3,037	–
Other associates		
Debt instruments measured at fair value through other comprehensive income	812	811
Other assets	12	9
Other associates		
Other liabilities	2	11

Key management personnel of the Company include certain directors, supervisors and senior management.

No transactions have been entered into with the key management personnel during the six months ended 30 June 2024 and the six months ended 30 June 2023 other than the emoluments RMB6 million (six months ended 30 June 2023: RMB7 million) paid to them (being the key management personnel compensation).

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2024

(Amounts in millions of Renminbi, unless otherwise stated)

The MOF is the controlling shareholder of the Company. The MOF is the component of the State Council of PRC (“State Council”) and performs government functions such as finance, taxation and management of state-owned assets authorized by the State Council.

The Group’s key business is insurance and investment 人 寿 保 险 及 投 资 业 务

The logo consists of the letters 'PICC' in a bold, red, sans-serif font. The background of the entire page is a light orange color with large, abstract black shapes that resemble stylized wings or a bird in flight, positioned at the top and right edges.

中国人民保险集团股份有限公司

THE PEOPLE'S INSURANCE COMPANY (GR