

PICC 中国人民财产保险股份有限公司

PICC PROPERTY AND CASUALTY COMPANY LIMITED

Stock Code: 2328

2024

INTERIM REPORT



Company Profile

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



PRINCIPAL ACTIVITIES

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



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Financial Summary

RESULTS

	Six months ended 30 June		Change %
	2024 RMB million	2023 RMB million	
Original insurance premium income ⁽¹⁾	311,996	300,930	3.7
Insurance revenue	235,841	224,368	5.1
Underwriting profit ⁽²⁾	8,999	9,469	-5.0
Interest income from financial assets not measured at fair value through profit or loss	5,713	5,893	-3.1
Other investment income	4,773	5,817	-17.9
Share of profit or loss of associates and joint ventures	3,241	3,469	-6.6
Profit before income tax	21,649	23,751	-8.9
Income tax expense	(3,158)	(3,495)	-9.6
Net profit for the period	18,491	20,256	-8.7

ASSETS AND LIABILITIES

	30 June 2024 RMB million	31 December 2023 RMB million	Change %
Total assets	736,639	703,623	4.7
Total liabilities	491,115	469,319	4.6
Total equity	245,524	234,304	4.8

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

⁽²⁾ Underwriting profit=insurance revenue – [insurance service expenses + net expenses/(income) from reinsurance contracts held + (finance expenses/(income) from insurance contracts issued – finance income/(expenses) from reinsurance contracts held)]

Financial Summary

Original insurance premium income RMB311,996 million	Market share 34.0%	Underwriting profit RMB8,999 million	Combined ratio 96.2%
Total investment income RMB13,971 million	Total investment yield (unannualized) 2.2%	Net profit for the period RMB18,491 million	Return on equity (unannualized) 7.7%
Proposed interim dividend per share RMB0.208	Comprehensive solvency margin ratio 228.5%	Core solvency margin ratio 204.7%	

Discussion and Analysis of Operating Results and Financial Conditions

I. PERFORMANCE OVERVIEW

In the first half of 2024, in an effort to actively implement the decisions and plans of the CPC Central Committee, stick to the general principle of seeking progress while maintaining stability, and practically promote the PICC Group's "To be Prominent Strategy", the Company and its subsidiaries well positioned itself in serving Chinese modernization, spared no efforts to serve the development of the Five Priorities of "technology finance, green finance, inclusive finance, elderly care finance, and digital finance", solidly implemented "Eight Strategic Services", implemented the new business model of "insurance + risk reduction service + science and technology", made further progress in product and service innovation, continuously strengthened the refined management and active risk prevention and control to give full play to insurance's functions as the economic shock absorber and social stabilizer, and promote high-quality development in serving the macro economic and social development.

STEADY INCREASE IN BUSINESS SCALE AND STABLE ENHANCEMENT OF OVERALL STRENGTH

In the first half of 2024, the Company and its subsidiaries continued to optimize management system, upgrade the customer service and diversify the product supply. The business scale has steadily increased, achieving an original insurance premium income (*Note 1*) of RMB311,996 million, representing a year-on-year increase of 3.7%. The market share accounted for 34.0% (*Note 2*) of the property insurance market in the PRC, maintaining the leading position in the industry. The insurance revenue reached RMB235,841 million, representing a year-on-year increase of 5.1%.

The Company and its subsidiaries actively fulfilled their responsibility of insurance, improved the risk pricing, implemented the risk reduction service, strengthened the technological empowerment in various sectors, deeply promoted cost reduction and efficiency improvement, achieving an underwriting profit (*Note 3*) of RMB8,999 million; a combined ratio of 96.2%, of which, the combined ratio of motor vehicle insurance was 96.4% and the combined ratio of non-motor vehicle insurance was 95.8%; a total investment income of RMB13,971 million, a net profit of RMB18,491million and a return on equity (unannualized) of 7.7%.

As at 30 June 2024, the total assets of the Company and its subsidiaries amounted to RMB736,639 million and the net assets amounted to RMB245,524 million; the comprehensive solvency margin ratio (*Note 4*) was 228.5%, and the core solvency margin ratio (*Note 4*) was 204.7%.

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

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

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

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

Discussion and Analysis of Operating Results and Financial Conditions

INNOVATING AND UPGRADING STRATEGIC SERVICES AND CONTINUOUSLY ENHANCING PRODUCT AND SERVICE SUPPLY

By taking serving the real economy as the fundamental purpose, the Company and its subsidiaries implemented “Eight Strategic Services” to support the construction of modernized industrial system, rural revitalization, China’s self-reliance and strength in science and technology, the enhancement of the people’s livelihood and wellbeing, the green development, safe development, regional development and the “Belt and Road” Initiative, continuously enhanced the product and service supply, and provided high-quality services for Chinese modernization. The Company underwrote various projects in low-altitude economy sector, and promoted the proposal for comprehensive insurance service for industrial parks, providing 127 thousand industrial park enterprises with risk protection of RMB17.4 trillion. The Company and its subsidiaries further increased their science and technology insurance and intellectual property insurance products, launched the country’s first comprehensive insurance product for pilot test, the first insurance product for temporary patent protection period and first batch of insurance products for loss of overseas patent/trademark registration expenses. The risk protection provided for green insurance was RMB110.6 trillion, representing a year-on-year increase of 16.0%. The Company actively developed insurance products for social governance, provided safe production risk protection of RMB4.5 trillion for 164 thousand enterprises, provided insurance support for the construction of Beijing-Tianjin-Hebei Region, Guangdong-Hong Kong-Macau Greater Bay Area, Yangtze River Delta and other national key regions, and provided strong support for the construction of “Five Centers” in Shanghai.

By adhering to the customer-centric approach, the Company and its subsidiaries continued to improve customer management capability and further consolidated the development foundation. By the end of June 2024, the number of individual customers of the Company was more than 120 million and the number of corporate customers reached 4.391 million, representing an increase of 1.4% and 3.8% respectively as compared to the beginning of the year; the coverage ratio of high-tech enterprises and innovative enterprises that use special and sophisticated technologies to produce novel and unique products increased to 23.7% and 32.3% respectively; the agriculture insurance provided risk protection for 41.79 million rural households, the implementation scope of full cost insurance and planting income insurance for the three major staple food crops was expanded to 30 provinces (autonomous regions, municipalities); social medical insurance served 760 million people, the participation rate of national pilot long-term care insurance projects was 65.3%; and the coverage of regional catastrophe insurance was expanded to 93 cities in 17 provinces, providing risk protection for 350 million people, representing an increase of 80 million people as compared to the beginning of the year.



Discussion and Analysis of Operating Results and Financial Conditions

SOLIDLY PROMOTING RISK REDUCTION AND BUILDING A WHOLE-PROCESS SERVICE CLOSED CYCLE

By giving full play to the functional value of insurance, promoting the quality improvement, coverage expansion and variety increase of risk reduction services, and building a closed cycle of “product supply – pre-underwriting – during the term of insurance – pre-disaster – during the disaster – post-disaster” services, the Company and its subsidiaries effectively leveraged the functions of risk reduction services in improving risk prevention capabilities of society and promoting high quality development of businesses. **Through effective pre-underwriting risk identification, the Company and its subsidiaries solidly advanced a comprehensive risk survey of corporate business.** In the first half of 2024, the Company and its subsidiaries issued 1.975 million digital risk survey reports, completed 102 thousand standard risk surveys and 1,075 professional risk surveys. **The Company and its subsidiaries implemented risk reduction value-added services and risk monitoring and early warning during the term of insurance,** organized disaster emergency response exercises, innovatively drew the disaster emergency response capability map, stored the emergency response equipments, tools and materials, and established PICC rescue teams; the Company and its subsidiaries provided 844 thousand risk reduction services in safe production liability insurance, property insurance and other key insurance sectors, and provided 4.304 million weather early warnings and more than 43 thousand IoT early warnings. **The Company and its subsidiaries actively implemented the disaster prevention and loss reduction and risk screening before disaster.** In response to the rainstorms in South China, the Company and its subsidiaries allocated and installed water immersion IoT equipments and other equipments in advance, made pre-disaster inspection of 15 thousand customers, set up warning signs and watched over the places which are easily logged with water, collected and relocated the subject matters of the agriculture insurance, and made arrangements for the storage locations, maintenance points and other important resources. **The Company and its subsidiaries made great efforts in rescue and dispatch and claim settlement during and after the disaster.** By adhering to the principle of “fast and full claim payment and reasonable prepayment”, the Company and its subsidiaries made great efforts in post-disaster recovery, reconstruction and loss indemnity in response to the rainstorms in South China, road collapse of Meizhou-Dapu Expressway in Guangdong Province, landslide in Zhaotong, Yunnan Province and the earthquake in Wushi, Xinjiang Autonomous Region, and duly performed the functions of insurance as the economic shock absorber and social stabilizer.

Discussion and Analysis of Operating Results and Financial Conditions

II. PRINCIPAL ACTIVITIES AND OPERATION ANALYSIS

(I) INSURANCE BUSINESS

1. Business Overview

Underwriting results

In the first half of 2024, the Company and its subsidiaries achieved an insurance revenue of RMB235,841 million, representing a year-on-year increase of RMB11,473 million (or 5.1%). The increase of insurance revenue was mainly driven by the business growth in motor vehicle insurance, accidental injury and health insurance and liability insurance, etc. The Company and its subsidiaries achieved an insurance service result of RMB13,495 million, representing a year-on-year decrease of 2.5%. The underwriting profit was RMB8,999 million, representing a year-on-year decrease of 5.0%. The comprehensive loss ratio was 70.1%, representing a year-on-year increase of 1.2 pp; the comprehensive expense ratio was 26.1%, representing a year-on-year decrease of 0.8 pp; the combined ratio was 96.2%, representing a year-on-year increase of 0.4 pp.

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

	Six months ended 30 June		
	2024	2023	Change
	RMB million	RMB million	%
Insurance revenue	235,841	224,368	5.1
Insurance service expenses	(217,380)	(204,715)	6.2
Net expenses from reinsurance contracts held	(4,966)	(5,818)	-14.6
Insurance service result	13,495	13,835	-2.5
Finance expenses from insurance contracts issued	(5,106)	(4,998)	2.2
Finance income from reinsurance contracts held	610	632	-3.5
Underwriting profit	8,999	9,469	-5.0
Comprehensive loss ratio (%) ⁽¹⁾	(70.1)	(68.9)	Increased by 1.2 pp
Comprehensive expense ratio (%) ⁽²⁾	(26.1)	(26.9)	Decreased by 0.8 pp
Combined ratio (%) ⁽³⁾	(96.2)	(95.8)	Increased by 0.4 pp

Discussion and Analysis of Operating Results and Financial Conditions

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

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

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

Premiums by distribution channels

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

	Six months ended 30 June			2023	
	Amount RMB million	2024	Change %	Amount RMB million	Percentage %
		Percentage %			
Insurance agents	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	126,162	40.5	7.0	117,859	39.2
Insurance brokers	25,276	8.1	4.0	24,294	8.1
Total	311,996	100.0	3.7	300,930	100.0

Discussion and Analysis of Operating Results and Financial Conditions

Premiums by region

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

	Six months ended 30 June		Change %
	2024 RMB million	2023 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
Total	311,996	300,930	3.7

2. Operating Segment Data

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

Discussion and Analysis of Operating Results and Financial Conditions

(1) Motor vehicle insurance

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

	Six months ended 30 June		Change %
	2024 RMB million	2023 RMB million	
Insurance revenue	145,157	137,907	5.3
Insurance service expenses	(136,347)	(130,036)	4.9
Underwriting profit ⁽¹⁾	5,202	4,590	13.3
Comprehensive loss ratio (%)	(71.2)	(69.7)	Increased by 1.5 pp
Comprehensive expense ratio (%)	(25.2)	(27.0)	Decreased by 1.8 pp
Combined ratio (%)	(96.4)	(96.7)	Decreased by 0.3 pp

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

The Company and its subsidiaries adhered to the principle of profitable development, improved risk pricing, strengthened risk selection, promoted the construction of professional channels, improved the quality and efficiency of services, and maintained a stable growth of business. The Company and its subsidiaries achieved an insurance revenue of RMB145,157 million from motor vehicle insurance, representing a year-on-year increase of 5.3%.

The Company and its subsidiaries actively promoted the online, platform-based and refined risk control, improved claim settlement management capabilities of motor vehicle insurance, adopted innovative claim settlement service model, and implemented risk reduction services. However, due to freezing rain and snow and rainstorm in south China, the claim frequency increased year-on-year, which, combined with the impact of increase in price of spare parts and man-hour cost as well as higher compensation standard for personal injury, the comprehensive loss ratio of the motor vehicle insurance increased by 1.5 pp year-on-year to 71.2%. The Company and its subsidiaries took the lead in maintaining the market order, and continued to integrate resources and strengthen cost control. The comprehensive expense ratio of the motor vehicle insurance was 25.2%, representing a year-on-year decrease of 1.8 pp; the combined ratio was 96.4%, representing a year-on-year decrease of 0.3 pp; and the underwriting profit was RMB5,202 million.

Discussion and Analysis of Operating Results and Financial Conditions

(2) Agriculture insurance

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

	Six months ended 30 June		Change %
	2024 RMB million	2023 RMB million	
Insurance revenue	23,292	25,043	-7.0
Insurance service expenses	(20,248)	(22,324)	-9.3
Underwriting profit	2,572	2,245	14.6
Comprehensive loss ratio (%)	(75.3)	(76.8)	Decreased by 1.5 pp
Comprehensive expense ratio (%)	(13.7)	(14.2)	Decreased by 0.5 pp
Combined ratio (%)	(89.0)	(91.0)	Decreased by 2.0 pp

By focusing on the national strategy of building China's strength in agriculture and following requirements of supply-side structural reform of agriculture, the Company and its subsidiaries accelerated the implementation of national policies to support and benefit agriculture, and grasped opportunities brought by policies such as the promotion of the full cost insurance and planting income insurance for the three major staple food crops. The agriculture insurance achieved an insurance revenue of RMB23,292 million.

The Company and its subsidiaries improved risk management of underwriting of agriculture insurance, optimized the allocation of resources, and further improved the business structure and operation quality; in addition, in active response to the cold wave, frost, rainstorm, drought and other natural disasters, the Company and its subsidiaries implemented the risk reduction and disaster emergency claim settlement response, and improved the claim risk management and professional service capabilities. The comprehensive loss ratio of the agriculture insurance was 75.3%, representing a year-on-year decrease of 1.5 pp; the comprehensive expense ratio was 13.7%, representing a year-on-year decrease of 0.5 pp; the combined ratio was 89.0%, representing a year-on-year decrease of 2.0 pp; and the underwriting profit was RMB2,572 million.

Discussion and Analysis of Operating Results and Financial Conditions

(3) Accidental injury and health insurance

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

	Six months ended 30 June		Change %
	2024 RMB million	2023 RMB million	
Insurance revenue	24,751	23,019	7.5
Insurance service expenses	(24,023)	(21,570)	11.4
Underwriting profit	13	350	-96.3
Comprehensive loss ratio (%)	(64.8)	(64.0)	Increased by 0.8 pp
Comprehensive expense ratio (%)	(35.1)	(34.5)	Increased by 0.6 pp
Combined ratio (%)	(99.9)	(98.5)	Increased by 1.4 pp

In the light of fundamental requirements of enhancing the people's livelihood and wellbeing, the Company and its subsidiaries deeply participated in the construction of the medical insurance system of various levels, vigorously developed policy-oriented health insurance business, actively innovated the supply of commercial accidental injury and health insurance, continued to upgrade and develop the product portfolio classified by customer groups, scenarios and diseases, and upgraded and improved the product value-added services. The accidental injury and health insurance business achieved an insurance revenue of RMB24,751 million, representing a year-on-year increase of 7.5%.

The Company and its subsidiaries stepped up efforts in the inter-connected risk management and control of underwriting and claim, continued to improve business quality, and strengthened the refined and intelligent management of claims. However, affected by the increase in compensation standard and further implementation of direct settlements of cross-provincial medical bills, the comprehensive loss ratio of accidental injury and health insurance was 64.8%, representing a year-on-year increase of 0.8 pp. Due to the increase in percentage of commercial insurance, comprehensive expense ratio of accidental injury and health insurance was 35.1%, representing a year-on-year increase of 0.6 pp, the combined ratio was 99.9%, representing a year-on-year increase of 1.4 pp; and the underwriting profit was RMB13 million.

Discussion and Analysis of Operating Results and Financial Conditions

(4) Liability insurance

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

	Six months ended 30 June		Change %
	2024 RMB million	2023 RMB million	
Insurance revenue	18,339	16,922	8.4
Insurance service expenses	(18,177)	(16,581)	9.6
Underwriting loss	(747)	(477)	Not applicable
Comprehensive loss ratio (%)	(73.5)	(71.0)	Increased by 2.5 pp
Comprehensive expense ratio (%)	(30.6)	(31.8)	Decreased by 1.2 pp
Combined ratio (%)	(104.1)	(102.8)	Increased by 1.3 pp

The Company and its subsidiaries actively served the construction of the modernized industrial system, served building China's self-reliance and strength in science and technology and safe development, and, based on service and innovation, built a multi-scenario risk protection product system for key customer groups by focusing on key business models. The liability insurance achieved an insurance revenue of RMB18,339 million, representing a year-on-year increase of 8.4%.

The Company and its subsidiaries strengthened management of expenses to allocate the resources precisely. The comprehensive expense ratio of the liability insurance was 30.6%, representing a year-on-year decrease of 1.2 pp. Affected by the change in business structure and other factors, the comprehensive loss ratio of liability insurance was 73.5%, representing a year-on-year increase of 2.5 pp; the combined ratio was 104.1%, representing a year-on-year increase of 1.3 pp; and the underwriting loss was RMB747 million.

Discussion and Analysis of Operating Results and Financial Conditions

(5) Commercial property insurance

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

	Six months ended 30 June		Change %
	2024 RMB million	2023 RMB million	
Insurance revenue	8,862	8,337	6.3
Insurance service expenses	(7,641)	(5,841)	30.8
Underwriting profit	38	666	-94.3
Comprehensive loss ratio (%)	(71.6)	(64.4)	Increased by 7.2 pp
Comprehensive expense ratio (%)	(28.0)	(27.6)	Increased by 0.4 pp
Combined ratio (%)	(99.6)	(92.0)	Increased by 7.6 pp

By focusing on serving the real economy, the Company and its subsidiaries drew the map of underwriting business and improved market response capability and professional service capability tailored to customers' needs. The commercial property insurance achieved an insurance revenue of RMB8,862 million, representing a year-on-year increase of 6.3%.

Due to the increase of loss from major disasters, the comprehensive loss ratio of the commercial property insurance was 71.6%, representing a year-on-year increase of 7.2 pp; due to the increase in cost of ceded-in insurance and other factors, the comprehensive expense ratio of the commercial property insurance was 28.0%, representing a year-on-year increase of 0.4 pp; the combined ratio was 99.6%, representing a year-on-year increase of 7.6 pp; and the underwriting profit was RMB38 million.

Discussion and Analysis of Operating Results and Financial Conditions

(6) Other insurance

The other insurance mainly comprises insurance products relating to credit and surety, cargo, household property, special risks, marine hull and construction. The following table sets forth the key operating results and selected financial indicators of other insurance of the Company and its subsidiaries for the relevant periods:

	Six months ended 30 June		Change %
	2024 RMB million	2023 RMB million	
Insurance revenue	15,440	13,140	17.5
Insurance service expenses	(10,944)	(8,363)	30.9
Underwriting profit	1,921	2,095	-8.3
Comprehensive loss ratio (%)	(55.2)	(54.0)	Increased by 1.2 pp
Comprehensive expense ratio (%)	(32.4)	(30.1)	Increased by 2.3 pp
Combined ratio (%)	(87.6)	(84.1)	Increased by 3.5 pp

The Company and its subsidiaries gathered advantageous resources to serve the development of China's real economy and self-reliance and strength in science and technology, escorted the development of the national significant projects and the "Belt and Road" initiative, served the international shipping and the China-Europe Railway Express, protected the safety of cross-border trade and the people's property, and actively expanded new business markets and provided multi-level insurance services. The other insurance achieved an insurance revenue of RMB15,440 million, representing a year-on-year increase of 17.5%.

The Company and its subsidiaries continued to strengthen the control of key process of claim settlement, and enhanced claim settlement cost control and services. However, due to the impact of catastrophes, the comprehensive loss ratio of other insurance was 55.2%, representing a year-on-year increase of 1.2 pp; due to the rapid development of the household property insurance business, the comprehensive expense ratio of other insurance was 32.4%, representing a year-on-year increase of 2.3 pp; the combined ratio was 87.6%, representing a year-on-year increase of 3.5 pp; and the underwriting profit was RMB1,921 million.

Discussion and Analysis of Operating Results and Financial Conditions

(II) INSURANCE FUND INVESTMENT BUSINESS

1. Investment results

	Six months ended 30 June		Change %
	2024 RMB million	2023 RMB million	
Interest income from financial assets not measured at fair value through profit or loss	5,713	5,893	-3.1
Other investment income	4,773	5,817	-17.9
Investment assets impairment reversal/(losses)	244	(33)	Not applicable
Share of profit or loss of associates and joint ventures	3,241	3,469	-6.6
Total investment income	13,971	15,146	-7.8
Total investment yield (unannualized) (%) ⁽¹⁾	2.2	2.6	Decreased by 0.4 pp
Total investment assets ⁽²⁾	641,834	600,711	6.8

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

⁽²⁾ Based on the data as at 30 June 2024 and 31 December 2023.

The Company and its subsidiaries always adhere to the principle of long-term and steady investment to balance risk and yield. In the first half of 2024, the Company and its subsidiaries recognized a total investment income of RMB13,971 million, representing a total investment yield (unannualized) of 2.2%. Due to a deeper year-on-year decline in the A-share market in the first half of 2024, the performance of fund is weaker than the broad-based index, leading to a considerable year-on-year decrease in the realised investment income; interest and dividend income decreased year-on-year due to the continued decline in interest rates and the weakening of the fund's ability to distribute dividends, leading to the year-on-year decrease in total investment income.

Discussion and Analysis of Operating Results and Financial Conditions

2. Composition of Investment Assets

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

	30 June 2024			31 December 2023	
	Balance RMB million	Percentage %	Change in balance %	Balance RMB million	Percentage %
Classified by accounting measurement:					
Cash and cash equivalents	21,531	3.3	30.3	16,526	2.7
Term deposits	79,409	12.4	37.4	57,785	9.6
Financial investments at amortized cost	135,585	21.1	7.4	126,192	21.0
Financial assets at fair value through other comprehensive income	206,883	32.2	14.8	180,142	30.0
Financial assets at fair value through profit or loss	121,021	18.9	-16.0	144,047	24.0
Investment properties	7,627	1.2	0.7	7,576	1.3
Investments in associates and joint ventures	63,604	9.9	1.6	62,601	10.4
Other investment assets ⁽¹⁾	6,174	1.0	5.7	5,842	1.0
Total investment assets	641,834	100.0	6.8	600,711	100.0

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

Discussion and Analysis of Operating Results and Financial Conditions

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

	30 June 2024			31 December 2023	
	Balance RMB million	Percentage %	Change in balance %	Balance RMB million	Percentage %
Classified by investment object:					
Cash and cash equivalents	21,531	3.3	30.3	16,526	2.7
Fixed-income investments	387,962	60.5	10.9	349,749	58.2
Term deposits	79,409	12.4	37.4	57,785	9.6
Treasury bonds and government bonds	86,713	13.5	84.5	46,993	7.8
Financial bonds	73,279	11.4	-14.6	85,816	14.3
Corporate bonds	68,073	10.6	-7.2	73,354	12.2
Long-term debt investment schemes	33,806	5.3	-10.4	37,737	6.3
Other fixed-income investments ⁽¹⁾	46,682	7.3	-2.9	48,064	8.0
Equity investments	154,936	24.1	-2.2	158,417	26.4
Funds	37,044	5.8	-20.2	46,447	7.7
Shares	39,936	6.2	11.2	35,926	6.0
Unlisted equity	17,199	2.7	-0.6	17,298	2.9
Preferred shares	7,407	1.1	-0.6	7,454	1.3
Perpetual bonds	36,563	5.7	0.7	36,295	6.0
Other equity investments ⁽²⁾	16,787	2.6	11.9	14,997	2.5
Investment properties	7,627	1.2	0.7	7,576	1.3
Investments in associates and joint ventures	63,604	9.9	1.6	62,601	10.4
Other investment assets ⁽³⁾	6,174	1.0	5.7	5,842	1.0
Total investment assets	641,834	100.0	6.8	600,711	100.0

Discussion and Analysis of Operating Results and Financial Conditions

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

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

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

Under the principle of long-term and prudent investment, the Company implemented strict risk control and continued to optimize its investment portfolios. As at 30 June 2024, the balance of investment assets of the Company and its subsidiaries was RMB641,834 million, representing an increase of 6.8% as compared to the beginning of the year, among which, the balance of fixed income investment assets was RMB387,962 million, representing an increase of RMB38,213 million (or 10.9%) as compared to the beginning of the year, and its share in the total portfolio increased by 2.3 pp as compared to the beginning of the year, which was mainly attributable to the efforts made by the Company to increase its allocation of interest rate bonds and to lengthen the duration of the bonds at a relative high level of interest rate during the period of interest rate downturn, as well as its selective allocation of medium- and long-term bank term deposits. The balance of equity investment assets was RMB154,936 million, representing a decrease of RMB3,481 million (or -2.2%) as compared to the beginning of the year, and its share in the total portfolio decreased by 2.3 pp as compared to the beginning of the year, which was mainly due to a more balanced position structure as a result of timely optimization of the Company's investment asset structure in line with the fluctuations of the A-share market.

3. Investments in associates and joint ventures

As at 30 June 2024, the amount of investments in associates and joint ventures of the Company and its subsidiaries was RMB63,604 million, representing an increase of RMB1,003 million (or 1.6%) as compared to the beginning of the year. Please refer to Note 17 to the interim condensed consolidated financial information for details.

4. Material investments

Saved as disclosed in this interim report, during the reporting period, there is no material change to any information in relation to material investment of the Company and its subsidiaries provided pursuant to paragraphs 32 and 40(2) of Appendix D2 to the Listing Rules as compared with the 2023 annual report. Please refer to Note 17 to the interim condensed consolidated financial information for details.

5. Asset pledge

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

Discussion and Analysis of Operating Results and Financial Conditions

(III) OVERALL RESULTS

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

	Six months ended 30 June		Change %
	2024 RMB million	2023 RMB million	
Profit before income tax	21,649	23,751	-8.9
Income tax expense	(3,158)	(3,495)	-9.6
Net profit for the period	18,491	20,256	-8.7
Total assets ⁽¹⁾	736,639	703,623	4.7
Net assets ⁽¹⁾	245,524	234,304	4.8

⁽¹⁾ Based on the data as at 30 June 2024 and 31 December 2023.

Profit before income tax

As a result of the foregoing, the profit before income tax of the Company and its subsidiaries in the first half of 2024 was RMB21,649 million, representing a year-on-year decrease of RMB2,102 million (or -8.9%).

Income tax expense

In the first half of 2024, the Company and its subsidiaries recorded an income tax expense of RMB3,158 million, representing a year-on-year decrease of RMB337 million (or -9.6%). The decrease in income tax expense was mainly due to the decrease in taxable profit.

Net profit for the period

As a result of the foregoing, the net profit of the Company and its subsidiaries decreased by RMB1,765 million (or -8.7%) from RMB20,256 million in the first half of 2023 to RMB18,491 million in the first half of 2024, and basic earnings per share was RMB0.831.

Discussion and Analysis of Operating Results and Financial Conditions

III. SPECIFIC ANALYSIS

(I) ANALYSIS OF LIQUIDITY AND CAPITAL ADEQUACY

Cash Flow Analysis

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

	Six months ended 30 June		Change RMB million
	2024 RMB million	2023 RMB million	
Net cash flows generated from operating activities	21,246	17,702	3,544
Net cash flows used in investing activities	(16,501)	(6,667)	-9,834
Net cash flows generated from/(used in) financing activities	287	(13,194)	13,481
Effects of exchange rate changes on cash and cash equivalents	7	124	-117
Net increase/(decrease) in cash and cash equivalents	5,039	(2,035)	7,074

In the first half of 2024, the net cash flows generated from operating activities of the Company and its subsidiaries were RMB21,246 million, representing a year-on-year increase of RMB3,544 million (or 20.0%). The increase in net cash flows generated from operating activities was mainly attributable to the increase in cash inflows from the business growth and the decrease in cash outflows for operating expenses, taxation, etc.

In the first half of 2024, the net cash flows used in investing activities of the Company and its subsidiaries were RMB16,501 million, compared to net cash flows used in investing activities of RMB6,667 million for the corresponding period of the previous year. The increase in net cash flows used in investing activities was mainly attributable to the increase in net cash inflows from operating activities and corresponding increase in cash available for investments by the Company and its subsidiaries.



Discussion and Analysis of Operating Results and Financial Conditions

In the first half of 2024, the net cash flows generated from financing activities of the Company and its subsidiaries were RMB287 million, compared to net cash outflows of RMB13,194 million for the corresponding period of the previous year. The increase in net cash flows generated from financing activities was mainly attributable to the year-on-year increase in the net cash inflows in relation to securities sold under agreements to repurchase.

As at 30 June 2024, cash and cash equivalents (exclusive of accrued interest) of the Company and its subsidiaries amounted to RMB21,527 million.

Gearing Ratio

As at 30 June 2024, the gearing ratio (*Note*) of the Company and its subsidiaries was 65.6%, representing an increase of 0.1 pp as compared to the beginning of 2024.

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

Source of Working Capital

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

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

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

Capital Expenditure

The capital expenditure of the Company and its subsidiaries primarily includes expenditures for operational properties under construction and acquisition of motor vehicles for operational purposes as well as development of the information system. In the first half of 2024, the capital expenditure of the Company and its subsidiaries was RMB849 million.

Discussion and Analysis of Operating Results and Financial Conditions

Solvency Margin (Note)

	30 June 2024 RMB million	31 December 2023 RMB million	Change %
Actual capital	243,231	226,182	7.5
Core capital	217,833	203,088	7.3
Minimum capital	106,427	97,334	9.3
Comprehensive solvency margin ratio (%)	228.5	232.4	Decreased by 3.9 pp
Core solvency margin ratio (%)	204.7	208.7	Decreased by 4.0 pp

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

(II) RISK MANAGEMENT

Credit Risk

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

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

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



Discussion and Analysis of Operating Results and Financial Conditions

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

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

Exchange Rate Risk

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

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

Interest Rate Risk

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

Interest Rate Swaps

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

Discussion and Analysis of Operating Results and Financial Conditions

(III) OTHER SPECIFIC ANALYSIS

Contingent Events

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

As at 30 June 2024, there were certain pending legal proceedings of the Company and its subsidiaries. After taking professional opinions into account, the management of the Company believes that such legal proceedings will not induce a significant impact on the operation of the Company and its subsidiaries.

Events after the Reporting Period

On 28 August 2024, the Board of Directors of the Company proposed an interim dividend of RMB0.208 per ordinary share for the year 2024, which is subject to the approval of the general meeting of the Company.

Development of New Products

In the first half of 2024, the Company actively delivered people's insurance in a more politically-oriented and people-centric way, further enriched the product system of "Eight Strategic Services", and effectively strengthened the supply of high-quality insurance products and services for major strategies, key areas and weak links, and developed or amended a total of 1,394 insurance provisions, including 235 national provisions and 1,159 regional provisions, or 1,177 main insurance provisions and 217 rider provisions.

Employees

As at 30 June 2024, the Company had 162,180 employees. In the first half of 2024, the employees' remuneration paid by the Company and its subsidiaries amounted to RMB21,389 million, mainly including basic salaries, performance related bonuses, and various insurance and welfare contributed in accordance with the relevant PRC laws and regulations. The Company and its subsidiaries enhanced the performance and working efficiency of employees by providing various career development paths, strengthening employee trainings, implementing performance appraisal and other measures. The Company is of the view that the Company and its subsidiaries maintain a good relationship with their employees.



Discussion and Analysis of Operating Results and Financial Conditions

IV. LOOKING FORWARD

China's overall stable and growing economy, the continuation of the upturn and improvement trend, and the accelerated cultivation of new momentum and new advantages have provided a favourable external environment for the development of property and casualty insurance industry. The Company and its subsidiaries will follow the guidance of the spirit of the Third Plenary Session of the 20th CPC Central Committee, unswervingly promote high-quality development, stabilize growth, improve quality and efficiency, optimize the model and prevent risks, and continue to enhance our core functions and core competitiveness, so as to cultivate new momentums and growth points while serving the Chinese modernization.

Firstly, focusing on the implementation and refinement of the Five Priorities of “technology finance, green finance, inclusive finance, elderly care finance and digital finance”. In terms of technology finance, we will match and link the implementation of the technology insurance policy system, and provide technology-based enterprises with full-chain and full-cycle insurance services; in terms of green finance, we will vigorously develop green insurance business in the fields of clean energy, green transport, green building, low carbon technology, etc., promote environmental pollution control insurance, proactively participate in the construction of environmental risk management and control system, and provide services for carbon peaking and carbon neutrality; in terms of inclusive finance, we will focus on key areas of protection such as micro, small and medium-sized enterprises, private enterprises, rural revitalization and new citizens, and continue to innovate inclusive insurance products and services supply; in terms of elderly care finance, we will actively develop commercial health insurance and improve our social security business such as long-term care insurance and critical illness insurance; in terms of digital finance, we will innovate insurance products and services for the digital economy and effectively leverage digital resources to improve the efficiency and level of insurance services.

Secondly, optimizing the business model and enhancing the capacity of risk reduction services. We will actively implement the new business model of “insurance + risk reduction services + technology”, promote the building of standard, digital, systematic and professional risk reduction services, strengthen the risk survey before underwriting and the early warning and risk screening during the term of insurance, improve the disaster emergency response and claim settlement capability, build a value chain of whole process risk reduction services, and refine risk reduction services in segmented areas. We will comprehensively promote the construction of the “Wan Xiang Yun” platform, build a professional risk reduction service team, accelerate the development of the “PICC Model”, and establish service standards that can be followed, modelled and promoted in the relevant fields, so as to facilitate risk reduction services from single innovation to overall promotion, and to help continuously improve the resilience of the economy and society against risks.

Thirdly, innovating the mechanism and system to further stimulate the momentum and vitality. We will adhere to the internal organic development and refined management, continue to improve the operation and management system, and carry out various tasks in a systematic, integrated, coordinated and effective way. We will optimize the sales organization and management and strengthen the construction of professional sales team to better meet the needs of market expansion and customer service. We will further promote comprehensive cost reduction and efficiency enhancement to improve the effectiveness of resource utilization in areas including sales, underwriting, claim management, reinsurance and operations, and to consolidate our cost leadership. We will accelerate the pace of digital transformation, improve our business and IT structures, promote the in-depth integration of business and technology, push forward the construction and promotion of AI applications such as intelligent marketing and intelligent medical auditing, optimize the tools for sales development, accelerate the digital transformation of claim management, and build industry-leading digital innovation capabilities and digital customer experience.

Discussion and Analysis of Operating Results and Financial Conditions

Fourthly, building a solid bottom line of risk prevention and co-ordinating development and safety. We will adhere to the prevention and control of risk as the eternal theme of financial work, coordinate the relationship between rights and responsibilities, speed and stability, prevention and elimination, develop a correct understanding of performance and risk, and implement the financial culture of honesty, faithfulness, prudence, integrity, innovation and compliance with laws and regulations. We will continue to improve our comprehensive risk management system, strengthen risk prevention in key areas to achieve early identification, early warning, early exposure and early mitigation of risks, and resolutely safeguard the bottom line of no systemic financial risks.

Fifthly, continuously optimizing asset structure to maintain healthy portfolio development. We will maintain the credit risk standards, expand the scale of interest rate bonds, lengthen maturity when appropriate, and selectively allocate non-standard financial products. We will actively seize the market opportunities through swing trading while maintaining the proportion of equity assets, adjust structure and realize gains, stabilize the proportion of equity investment, increase investment in high-quality equity investment projects, and promote the industrial investment layout.



Corporate Governance and Other Information

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

The Directors, Supervisors and President of the Company did not hold any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations as defined in Part XV of the SFO as at 30 June 2024 that were required to be recorded in the register as required to be kept under Section 352 of the SFO or required to be notified to the Company and the Hong Kong Stock Exchange under the Model Code.

During the six months ended 30 June 2024, the Company did not grant any rights to the Directors, Supervisors or President of the Company (including their spouses or children under the age of 18) to subscribe for shares, underlying shares or debentures of the Company or any of its associated corporations as defined in Part XV of the SFO. As at 30 June 2024, none of the abovementioned subscription right existed.

CHANGES IN THE BOARD AND SUPERVISORY COMMITTEE

CHANGES IN THE BOARD

Changes in the Board members during the period from 1 January 2024 to the date of this interim report are as follows:

The first extraordinary general meeting of the Company in the year of 2024 held on 29 April 2024 elected Ms. Xue Shuang as an Independent Director of the 6th session of the Board with the term of office commencing from the date of the approval of her qualification as a Director by the NFRA and ending upon the expiry of the term of office of the 6th session of the Board.

The 8th meeting of the 6th session of the Board of the Company held on 29 April 2024 elected Ms. Xue Shuang as members of the Audit Committee, the Nomination, Remuneration and Review Committee and the Related Party Transaction Control Committee of the Board with the same term of office as that of her directorship.

The 8th meeting of the Audit Committee of the 6th session of the Board of the Company held on 29 April 2024 elected Ms. Xue Shuang as the Chairman of the Audit Committee of the Board with the same term of office as that of her directorship.

As at the date of this interim report, the qualification of Ms. Xue Shuang as a Director has not been approved by the NFRA.

Ms. Qu Xiaohui retired as an Independent Director on 29 April 2024. The positions of Ms. Qu as the Chairman of the Audit Committee of the Board, and as members of the Nomination, Remuneration and Review Committee and the Related Party Transaction Control Committee of the Board also ceased simultaneously.

Corporate Governance and Other Information

As at the date of this interim report, the Board comprises:

Mr. Wang Tingke (*Chairman of the Board, Non-executive Director*)

Mr. Yu Ze (*Vice Chairman of the Board, Executive Director*)

Mr. Jiang Caishi (*Executive Director*)

Mr. Zhang Daoming (*Executive Director*)

Mr. Hu Wei (*Executive Director*)

Mr. Li Tao (*Non-executive Director*)

Mr. Cheng Fengchao (*Independent Director*)

Mr. Wei Chenyang (*Independent Director*)

Mr. Li Weibin (*Independent Director*)

Mr. Qu Xiaobo (*Independent Director*)

CHANGES IN THE SUPERVISORY COMMITTEE

Changes in the Supervisory Committee members during the period from 1 January 2024 to the date of this interim report are as follows:

Ms. Li Shuk Yin Edwina resigned as an External Supervisor on 30 June 2024. The position of Ms. Li as a member of the Financial and Internal Control Supervision Committee of the Supervisory Committee also ceased simultaneously.

As at the date of this interim report, the Supervisory Committee comprises:

Mr. Dong Qingxiu (*Chairman of the Supervisory Committee, Shareholder Supervisor*)

Mr. Wang Yadong (*Shareholder Supervisor*)

Mr. Carson Wen (*External Supervisor*)

Mr. Zhou Zhiwen (*Employee Representative Supervisor*)

Mr. Fu Xiaoliang (*Employee Representative Supervisor*)



Corporate Governance and Other Information

CHANGES IN THE INFORMATION ON DIRECTORS AND SUPERVISORS

CHANGES IN THE INFORMATION OF DIRECTORS

Mr. Zhang Daoming, an Executive Director, currently also acts as an executive director and the president of PICC Financial Services Company Limited.

Mr. Cheng Fengchao, an Independent Director, no longer serves as an external supervisor of Everbright Securities Company Limited*.

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

Mr. Li Weibin, an Independent Director, currently also acts as an independent director of China Life Insurance (Overseas) Company Limited.

CHANGES IN THE INFORMATION OF SUPERVISORS

Mr. Carson Wen, an External Supervisor, currently also acts as the legal representative and an executive director of Lexiang Jinfu (Beijing) Asset Management Limited.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has formulated the Guidelines on Transactions of the Company's Securities by the Employees (the "Securities Transactions Guidelines") that are applicable to Directors, Supervisors and all employees. The terms of the Securities Transactions Guidelines are no less exacting than those set out in the Model Code. The Company enquired with all the Directors and Supervisors, and they all confirmed that they complied with the requirements under the Model Code and the Securities Transactions Guidelines during the first half of 2024. Among them, Ms. Qu Xiaohui, a former Independent Director, also confirmed that she complied with the requirements under the Model Code and the Securities Transactions Guidelines throughout her term of office in the first half of 2024.

Corporate Governance and Other Information

DISCLOSEABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS UNDER SFO

As at 30 June 2024, the following persons held interests or short positions in the shares or underlying shares of the Company that were required to be disclosed pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO and recorded in the register as required to be kept by the Company pursuant to Section 336 of the SFO, or notified to the Company and the Hong Kong Stock Exchange by other means:

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

Name of shareholder	Capacity	Number of H shares	Nature of interests	Percentage of total number of H shares in issue (Note 1)	Percentage of total number of shares in issue (Note 1)
Citigroup Inc.	Interest of controlled corporations, approved lending agent	700,018,665 (Note 2)	Long position	10.14%	3.15%
	Interest of controlled corporations	86,177,419 (Note 2)	Short position	1.24%	0.39%
	Approved lending agent	687,794,001	Lending pool	9.96%	3.09%
GIC Private Limited	Investment manager	413,694,662	Long position	5.99%	1.86%
BlackRock, Inc.	Interest of controlled corporations	372,380,590 (Note 3)	Long position	5.40%	1.67%
	Interest of controlled corporations	26,246,000 (Note 3)	Short position	0.38%	0.12%

Corporate Governance and Other Information

Notes:

1. As at 30 June 2024, the Company has issued a total number of 15,343,471,470 domestic shares and a total number of 6,899,293,833 H shares. The total number of its issued shares is 22,242,765,303.
2. Among which, 6,025 H shares (Long position) were held through derivatives, categorised as held through physically settled listed derivatives; 1,374,769 H shares (Long position) and 7,933,725 H shares (Short position) were held through derivatives, categorised as held through physically settled unlisted derivatives; 5,736,000 H shares (Long position) and 71,057,033 H shares (Short position) were held through derivatives, categorised as held through cash settled unlisted derivatives.
3. Among which, 176,000 H shares (Long position) and 20,804,000 H shares (Short position) were held through derivatives, categorised as held through cash settled unlisted derivatives.

Save as disclosed above, the Company is not aware of any other persons having any interests or short positions in the shares or underlying shares of the Company that were required to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO and recorded in the register as required to be kept under Section 336 of the SFO, or being substantial shareholders of the Company as at 30 June 2024.

PROPOSED INTERIM DIVIDEND AND CLOSURE OF REGISTER OF H SHARE MEMBERS

The Board proposed the distribution of an interim dividend of RMB0.208 per share (inclusive of applicable tax) for the six months ended 30 June 2024. The total amount of dividend was approximately RMB4,626 million. The above proposal is subject to the consideration and approval at the forthcoming extraordinary general meeting. The specific arrangement regarding announcement and distribution of the interim dividend, relevant arrangement for the closure of registration for H share members, etc. will be disclosed separately in the circular for the extraordinary general meeting by the Company. Payment date of the interim dividend will be disclosed separately by the Company. To the knowledge of the Company, there was no arrangement under which any shareholder has waived or agreed to waive any dividend.

WITHHOLDING AND PAYMENT OF DIVIDEND INCOME TAX

Pursuant to the regulations of relevant PRC laws and regulations and regulatory documents on taxation, the Company shall, as a withholding agent, withhold and pay income tax on the dividend, including withholding and payment of enterprise income tax on behalf of overseas non-resident enterprise shareholders, individual income tax on behalf of overseas individual shareholders and individual income tax on behalf of domestic individual shareholders investing through China-Hong Kong Stock Connect, in the distribution of the interim dividend for the six months ended 30 June 2024. Particulars of withholding and payment of income tax on dividend and information for H shareholders of the Company to obtain relevant relief from taxation will be disclosed separately in the circular of the extraordinary general meeting by the Company.

Corporate Governance and Other Information

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The Company and its subsidiaries did not purchase, sell or redeem any of the Company's listed securities (including sale of treasury shares) in the first half of 2024. As at 30 June 2024, the Company and its subsidiaries did not hold any treasury shares of the Company.

CORPORATE GOVERNANCE

During the period from 1 January 2024 to the date of this interim report, the Company has complied with all the code provisions of the Corporate Governance Code.

REVIEW OF INTERIM RESULTS

Ernst & Young, the Company's auditor, and the Audit Committee of the Company have reviewed the unaudited interim condensed consolidated financial information of the Company and its subsidiaries for the six months ended 30 June 2024.

Report on Review of Interim Condensed Consolidated Financial Information

To the Board of Directors of PICC Property and Casualty Company Limited

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

INTRODUCTION

We have reviewed the interim financial information set out on pages 35 to 79, which comprises the interim condensed consolidated statement of financial position of PICC Property and Casualty Company Limited (the “Company”) and its subsidiaries (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 Hong Kong Accounting Standard 34 *Interim Financial Reporting* (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 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.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. 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 Hong Kong 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.

CONCLUSION

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 HKAS 34.

Ernst & Young

Certified Public Accountants

Hong Kong

28 August 2024

Interim Condensed Consolidated Income Statement

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in RMB million unless otherwise specified)

	Notes	Six months ended 30 June 2024 (Unaudited)	Six months ended 30 June 2023 (Unaudited)
Insurance revenue	4	235,841	224,368
Insurance service expenses	4	(217,380)	(204,715)
Net expenses from reinsurance contracts held		(4,966)	(5,818)
INSURANCE SERVICE RESULT		13,495	13,835
Finance expenses from insurance contracts issued		(5,106)	(4,998)
Finance income from reinsurance contracts held		610	632
Interest income from financial assets not measured at fair value through profit or loss	5	5,713	5,893
Other investment income	5	4,773	5,817
Credit impairment losses	5	265	(239)
Other income		245	276
Other finance costs	6	(588)	(522)
Other operating expenses	7	(1,038)	(686)
Share of profit or loss of associates and joint ventures		3,241	3,469
Foreign exchange gains, net		39	274
PROFIT BEFORE INCOME TAX		21,649	23,751
Income tax expense	8	(3,158)	(3,495)
NET PROFIT FOR THE PERIOD		18,491	20,256
Attributable to:			
Owners of the parent		18,490	20,254
Non-controlling interests		1	2
Basic earnings per share	9	RMB0.831	RMB0.911
Diluted earnings per share	9	RMB0.831	RMB0.911

Interim Condensed Consolidated Statement of Comprehensive Income

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in RMB million unless otherwise specified)

	Six months ended 30 June 2024 (Unaudited)	Six months ended 30 June 2023 (Unaudited)
NET PROFIT FOR THE PERIOD	18,491	20,256
OTHER COMPREHENSIVE INCOME		
Items that may be reclassified to profit or loss in subsequent periods:		
Finance expenses from insurance contracts issued	(1,163)	(631)
Finance income from reinsurance contracts held	200	105
Debt instruments at fair value through other comprehensive income		
Changes in fair value	2,843	1,310
Reclassification of gains to profit or loss upon disposals	(193)	(464)
Changes in impairment allowance recorded in profit or loss	(34)	(43)
Income tax effect	(390)	(69)
Share of other comprehensive income of associates and joint ventures	(1,417)	(238)
NET OTHER COMPREHENSIVE INCOME THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS	(154)	(30)
Items that will not be reclassified to profit or loss in subsequent periods:		
Gains on revaluation of properties and right-of-use assets upon transfer to investment properties	17	395
Changes in fair value of equity instruments at fair value through other comprehensive income	4,803	(1,094)
Income tax effect	(1,167)	171
Share of other comprehensive income of associates and joint ventures	287	–
NET OTHER COMPREHENSIVE INCOME THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS	3,940	(528)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	3,786	(558)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	22,277	19,698
Attributable to		
Owners of the parent	22,275	19,689
Non-controlling interests	2	9

Interim Condensed Consolidated Statement of Financial Position

AS AT 30 JUNE 2024

(All amounts expressed in RMB million unless otherwise specified)

	Notes	30 June 2024 (Unaudited)	31 December 2023 (Audited)
ASSETS			
Cash and cash equivalents	11	21,531	16,526
Financial investments:			
Financial investments at amortised cost	12	135,585	126,192
Financial assets at fair value through other comprehensive income	13	206,883	180,142
Financial assets at fair value through profit or loss	14	121,021	144,047
Insurance contract assets	15	796	2,885
Reinsurance contract assets	15	32,832	38,891
Term deposits	16	79,409	57,785
Investments in associates and joint ventures	17	63,604	62,601
Investment properties	18	7,627	7,576
Property and equipment	19	23,542	24,091
Right-of-use assets	20	5,170	5,436
Deferred income tax assets		13,057	10,139
Prepayments and other assets	21	25,582	27,312
TOTAL ASSETS		736,639	703,623
LIABILITIES			
Securities sold under agreements to repurchase		41,397	40,037
Income tax payable		901	8
Investment contract liabilities	22	1,733	1,736
Insurance contract liabilities	15	382,543	371,829
Reinsurance contract liabilities	15	24	21
Bonds payable	23	8,246	8,365
Lease liabilities		1,171	1,316
Accruals and other liabilities	24	55,100	46,007
TOTAL LIABILITIES		491,115	469,319

Interim Condensed Consolidated Statement of Financial Position

	Notes	30 June 2024 (Unaudited)	31 December 2023 (Audited)
EQUITY			
Issued capital	25	22,242	22,242
Reserves		220,593	209,178
Equity attributable to owners of the parent		242,835	231,420
Non-controlling interests		2,689	2,884
TOTAL EQUITY		245,524	234,304
TOTAL LIABILITIES AND EQUITY		736,639	703,623

Interim Condensed Consolidated Statement of Changes in Equity

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in RMB million unless otherwise specified)

For the six months ended 30 June 2024 (Unaudited)

	Attributable to owners of the parent											Non-controlling interests	Sub-total	Total equity
	Reserves*													
	Issued capital	Share premium and other reserves	Asset revaluation reserve**	Revaluation reserve of financial assets at fair value through other comprehensive income	Insurance finance reserve	General risk reserve	Catastrophic loss reserve	Share of other comprehensive income of associates and joint ventures	Retained earnings					
1 January 2024	22,242	11,346	5,028	9,882	(514)	25,878	130	(1,223)	78,496	231,420	2,884	234,304		
Total comprehensive income														
Net profit for the period	-	-	-	-	-	-	-	-	18,490	18,490	1	18,491		
Other comprehensive income	-	-	11	5,627	(723)	-	-	(1,130)	-	3,785	1	3,786		
Appropriations to discretionary surplus reserve	-	-	-	-	-	7,000	-	-	(7,000)	-	-	-		
Dividends declared (note 10)	-	-	-	-	-	-	-	-	(10,877)	(10,877)	-	(10,877)		
Others	-	17	-	(594)	-	-	-	-	594	17	(197)	(180)		
30 June 2024 (Unaudited)	22,242	11,363	5,039	14,915	(1,237)	25,878	130	(2,353)	79,703	242,835	2,689	245,524		

* These reserve accounts comprise the consolidated reserves of RMB220,593 million in the interim condensed consolidated statement of financial position at 30 June 2024.

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

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

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2023 (Unaudited)

Attributable to owners of the parent												
Reserves*												
	Issued capital	Share premium and other reserves	Asset revaluation reserve**	Revaluation reserve of financial assets at fair value through other comprehensive income	Insurance finance reserve	Surplus reserve**	General risk reserve	Catastrophic loss reserve	Share of other comprehensive income of associates and joint ventures	Retained earnings	Sub-total	Non-controlling interests
1 January 2023	22,242	11,347	4,738	10,092	(227)	67,691	23,414	85	(552)	79,782	218,612	2,892
												221,504
Total comprehensive income												
Net profit for the period	-	-	-	-	-	-	-	-	-	20,254	20,254	2
Other comprehensive income	-	-	293	(226)	(394)	-	-	-	(238)	-	(565)	7
												20,256
												(558)
Appropriations to discretionary surplus reserve	-	-	-	-	-	10,000	-	-	-	(10,000)	-	-
Dividends declared (note 10)	-	-	-	-	-	-	-	-	-	(10,632)	(10,632)	-
Others	-	(4)	-	-	-	-	-	-	-	-	(4)	(4)
30 June 2023 (Unaudited)	22,242	11,343	5,031	9,866	(621)	77,691	23,414	85	(790)	79,404	227,665	2,901
												230,566

* These reserve accounts comprise the consolidated reserves of RMB205,423 million in the interim condensed consolidated statement of financial position at 30 June 2023.

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

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

Interim Condensed Consolidated Statement of Cash Flows

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in RMB million unless otherwise specified)

	Six months ended 30 June 2024 (Unaudited)	Six months ended 30 June 2023 (Unaudited)
Note		
NET CASH FLOWS GENERATED FROM OPERATING ACTIVITIES	21,246	17,702
NET CASH FLOWS USED IN INVESTING ACTIVITIES		
Interest received	6,525	8,711
Rental income received from investment properties	185	181
Dividends received from financial investments	1,776	3,294
Payments for capital expenditure	(849)	(798)
Proceeds from sales and maturities of financial investments	78,465	55,083
Payments for purchase of financial investments	(82,218)	(77,998)
Dividends received from associates and joint ventures	1,125	1,047
Proceeds from disposal of property and equipment, intangible assets and other assets	167	108
(Increase)/Decrease in term deposits, net	(21,677)	3,705
Subtotal	(16,501)	(6,667)
NET CASH FLOWS GENERATED FROM /(USED IN) FINANCING ACTIVITIES		
Increase/(Decrease) in securities sold under agreements to repurchase, net	1,370	(12,172)
Payments of lease liabilities	(332)	(384)
Interest paid	(554)	(638)
Capital reduction to non-controlling interests	(197)	–
Subtotal	287	(13,194)

Interim Condensed Consolidated Statement of Cash Flows

	Note	Six months ended 30 June 2024 (Unaudited)	Six months ended 30 June 2023 (Unaudited)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		7	124
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		5,039	(2,035)
Cash and cash equivalents at beginning of the period		16,488	21,250
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	11	21,527	19,215
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Demand deposits and cash on hand	11	12,930	9,057
Securities purchased under resale agreements with original maturity of no more than three months	11	8,597	10,158
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	11	21,527	19,215

Notes to the Interim Condensed Consolidated Financial Information

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in RMB million unless otherwise specified)

1. CORPORATE INFORMATION

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

The Company and its subsidiaries (collectively referred to as the “Group”) are mainly engaged in property and casualty insurance business. Details of the operating segments are set out in note 3 to the interim condensed consolidated financial information.

The 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.

2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with Hong Kong Accounting Standard 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Other than the changes in accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the interim condensed consolidated financial information for the six months ended 30 June 2024 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 consolidated 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

2. BASIS OF PREPARATION (CONTINUED)

2.1 APPLICATION OF NEW STANDARDS AND AMENDMENTS TO HKFRSs

In the current interim period, the Group has applied, for the first time, the following amendments which are mandatory effective for the annual period beginning on or after 1 January 2024 for the preparation of the Group's interim condensed consolidated financial information:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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

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

2.2 NEW AND AMENDMENTS TO HKFRSs IN ISSUED BUT NOT YET EFFECTIVE

The Group has not applied the following key amendments that have been issued but are not yet effective, in the interim condensed consolidated financial information:

Amendments to HKAS 21	Lack of Exchangeability ¹
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
HKFRS 18	Presentation and Disclosure in Financial Statements ³
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴

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

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

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

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

None of these amendments is expected to have a significant effect on the interim condensed consolidated financial information of the Group.

Notes to the Interim Condensed Consolidated Financial Information

3. OPERATING SEGMENT INFORMATION

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

For management purposes, the Group is organised into business units based on their products and services and has six reportable segments other than the corporate and other segment as follows:

- (a) the motor vehicle segment which provides insurance products covering motor vehicles;
- (b) the accidental injury and health segment which provides insurance products covering accidental injuries and medical expenses;
- (c) the agriculture segment which provides insurance products covering agriculture business;
- (d) the liability segment which provides insurance products covering policyholders' liabilities;
- (e) the commercial property segment which provides insurance products covering commercial properties; and
- (f) the others which mainly represents insurance products related to cargo, credit and surety, household property, special risks, marine hull and construction.

Management monitors the results of the Group's operating segments separately for the purpose of performance assessment. Segment performance is evaluated based on reportable segment result.

The corporate and other segment includes the income and expenses from reinsurance contracts issued and held, the income and expenses from investment activities, other income, unallocated income and expenses of the Group.

Insurance business assets and liabilities directly attributable to operating segments of insurance business will be allocated to each segment. Investment assets and liabilities managed will be allocated to the corporate and other business segment together with property and equipment, investment properties, prepaid land premiums, other assets, bonds payable, income tax payable, deferred tax assets and other payables, which are not allocated further.

Geographical information is not presented as the Group's customers, business, assets and liabilities are mainly located and operations are mainly carried out in the Chinese mainland for relevant entities. No inter-segment transactions occurred for the six months ended 30 June 2024 and 2023.

Notes to the Interim Condensed Consolidated Financial Information

3. OPERATING SEGMENT INFORMATION (CONTINUED)

The segment income statements for the six months ended 30 June 2024 (unaudited) are as follows:

	Insurance							Total
	Motor vehicle	Accidental injury and health	Agriculture	Liability	Commercial property	Others	Corporate and other	
Insurance revenue	145,157	24,750	23,230	18,289	8,340	15,106	969	235,841
Insurance service expenses	(136,322)	(24,021)	(20,169)	(18,201)	(7,186)	(10,579)	(902)	(217,380)
Net expenses from reinsurance contracts held	-	-	-	-	-	-	(4,966)	(4,966)
Insurance service result	8,835	729	3,061	88	1,154	4,527	(4,899)	13,495
Finance expenses from insurance contracts issued	(3,291)	(521)	(7)	(600)	(251)	(400)	(36)	(5,106)
Finance income from reinsurance contracts held	-	-	-	-	-	-	610	610
Interest income from financial assets not measured at fair value through profit or loss	-	-	-	-	-	-	5,713	5,713
Other investment income	-	-	-	-	-	-	4,773	4,773
Credit impairment losses	-	-	-	-	-	-	265	265
Other income	-	-	-	-	-	-	245	245
Other finance costs	-	-	-	-	-	-	(588)	(588)
Other operating expenses	-	-	-	-	-	-	(1,038)	(1,038)
Share of profit or loss of associates and joint ventures	-	-	-	-	-	-	3,241	3,241
Foreign exchange gains, net	-	-	-	1	3	10	25	39
Profit/(Loss) before income tax	5,544	208	3,054	(511)	906	4,137	8,311	21,649
Income tax expense	-	-	-	-	-	-	(3,158)	(3,158)
Net profit/(loss) for the period	5,544	208	3,054	(511)	906	4,137	5,153	18,491
Segment operating result	5,544	208	3,054	(511)	906	4,137	5,153	18,491

Notes to the Interim Condensed Consolidated Financial Information

3. OPERATING SEGMENT INFORMATION (CONTINUED)

The segment income statements for the six months ended 30 June 2023 (unaudited) are as follows:

	Insurance							Total
	Motor vehicle	Accidental injury and health	Agriculture	Liability	Commercial property	Others	Corporate and other	
Insurance revenue	137,904	23,019	25,024	16,836	7,735	12,705	1,145	224,368
Insurance service expenses	(130,028)	(21,569)	(22,293)	(16,511)	(5,239)	(8,047)	(1,028)	(204,715)
Net expenses from reinsurance contracts held	-	-	-	-	-	-	(5,818)	(5,818)
Insurance service result	7,876	1,450	2,731	325	2,496	4,658	(5,701)	13,835
Finance expenses from insurance contracts issued	(3,096)	(604)	(70)	(547)	(227)	(446)	(8)	(4,998)
Finance income from reinsurance contracts held	-	-	-	-	-	-	632	632
Interest income from financial assets not measured at fair value through profit or loss	-	-	-	-	-	-	5,893	5,893
Other investment income	-	-	-	-	-	-	5,817	5,817
Credit impairment losses	-	-	-	-	-	-	(239)	(239)
Other income	-	-	-	-	-	-	276	276
Other finance costs	-	-	-	-	-	-	(522)	(522)
Other operating expenses	-	-	-	-	-	-	(686)	(686)
Share of profit or loss of associates and joint ventures	-	-	-	-	-	-	3,469	3,469
Foreign exchange gains, net	-	-	-	5	12	-	257	274
Profit/(Loss) before income tax	4,780	846	2,661	(217)	2,281	4,212	9,188	23,751
Income tax expense	-	-	-	-	-	-	(3,495)	(3,495)
Net profit/(loss) for the period	4,780	846	2,661	(217)	2,281	4,212	5,693	20,256
Segment operating result	4,780	846	2,661	(217)	2,281	4,212	5,693	20,256

Notes to the Interim Condensed Consolidated Financial Information

3. OPERATING SEGMENT INFORMATION (CONTINUED)

The segment assets and liabilities of the Group at 30 June 2024 and other segment information for the six months ended 30 June 2024 are as follows:

	Insurance							Total
	Motor vehicle	Accidental injury and health	Agriculture	Liability	Commercial property	Others	Corporate and other	
30 June 2024 (Unaudited)								
Segment assets	162	1,161	844	1,228	979	1,602	730,663	736,639
Segment liabilities	242,281	41,626	3,406	42,930	18,675	31,009	111,188	491,115
For the six months ended 30 June 2024 (Unaudited)								
Other segment information:								
Capital expenditures	423	130	139	66	35	56	–	849
Depreciation and amortisation	996	284	162	133	43	143	22	1,783

The segment assets and liabilities of the Group at 31 December 2023 and other segment information for the six months ended 30 June 2023 are as follows:

	Insurance							Total
	Motor vehicle	Accidental injury and health	Agriculture	Liability	Commercial property	Others	Corporate and other	
31 December 2023 (Audited)								
Segment assets	226	225	3,052	963	945	2,775	695,437	703,623
Segment liabilities	243,425	36,427	183	41,236	17,943	31,781	98,324	469,319
For the six months ended 30 June 2023 (Unaudited)								
Other segment information:								
Capital expenditures	497	83	88	62	25	40	3	798
Depreciation and amortisation	1,136	189	202	141	56	91	9	1,824

Notes to the Interim Condensed Consolidated Financial Information

4. INSURANCE REVENUE AND INSURANCE SERVICE EXPENSES

The following table discloses insurance revenue and insurance service expenses:

	Six months ended 30 June 2024	Six months ended 30 June 2023
Insurance revenue		
Contracts not measured under the premium allocation approach	2,775	2,644
Contracts measured under the premium allocation approach	233,066	221,724
Total insurance revenue	235,841	224,368
Insurance service expenses		
The liabilities for remaining coverage	(46,524)	(46,379)
The liabilities for incurred claims	(170,856)	(158,336)
Total insurance service expenses	(217,380)	(204,715)

An analysis of insurance revenue and contractual service margin ("CSM") for insurance contracts issued by transition method is included in the following tables:

	Six months ended 30 June 2024	Six months ended 30 June 2023
Insurance revenue		
New contracts and contracts measured under the full retrospective approach at transition	234,689	222,664
Contracts measured under the modified retrospective approach at transition	186	345
Contracts measured under the fair value approach at transition	966	1,359
Total	235,841	224,368

	30 June 2024	31 December 2023
CSM		
New contracts and contracts measured under the full retrospective approach at transition	24	7
Contracts measured under the modified retrospective approach at transition	5	2
Contracts measured under the fair value approach at transition	375	489
Total	404	498

Notes to the Interim Condensed Consolidated Financial Information

5. NET INVESTMENT INCOME

	Six months ended 30 June 2024	Six months ended 30 June 2023
Interest income from financial assets not measured at fair value through profit or loss (a)	5,713	5,893
Other investment income (b)	4,773	5,817
Credit impairment losses (c)	265	(239)
Total	10,751	11,471

(a) Interest income from financial assets not measured at fair value through profit or loss

	Six months ended 30 June 2024	Six months ended 30 June 2023
Financial investments at amortised cost	2,803	2,617
Current and term deposits at amortised cost	1,277	1,738
Debt instruments at fair value through other comprehensive income	1,633	1,538
Total	5,713	5,893

Notes to the Interim Condensed Consolidated Financial Information

5. NET INVESTMENT INCOME (CONTINUED)

(b) Other investment income

	Six months ended 30 June 2024	Six months ended 30 June 2023
Operating lease income from investment properties	185	181
Interest income from financial assets at fair value through profit or loss	1,186	1,158
Dividends:		
Equity instruments at fair value through other comprehensive income	2,631	2,655
Financial assets at fair value through profit or loss	485	710
Subtotal	3,116	3,365
Unrealised gains/(losses) on investments:		
Financial assets at fair value through profit or loss	69	(255)
Realised gains on investments:		
Financial assets at fair value through profit or loss	110	1,022
Debt instruments at fair value through other comprehensive income	193	453
Gains on derecognition of financial assets at amortised cost	–	1
Subtotal	303	1,476
Losses on fair value changes of investment properties (note 18)	(86)	(108)
Total	4,773	5,817

Notes to the Interim Condensed Consolidated Financial Information

5. NET INVESTMENT INCOME (CONTINUED)

(c) Credit impairment losses

	Six months ended 30 June 2024	Six months ended 30 June 2023
Financial investments at amortised cost	201	5
Term deposits	40	2
Debt instruments at fair value through other comprehensive income	3	(33)
Other financial assets	21	(213)
Total	265	(239)

6. OTHER FINANCE COSTS

	Six months ended 30 June 2024	Six months ended 30 June 2023
Interest on securities sold under agreements to repurchase	333	324
Interest on bonds payable	168	161
Interest on lease liabilities	24	24
Interest on Investment contracts	63	13
Total	588	522

Notes to the Interim Condensed Consolidated Financial Information

7. OTHER OPERATING EXPENSES

The following expenses for the six months ended 30 June 2024 and 2023 were analysed by nature. Expenses incurred that were fulfilment cash flows are not presented in other operating expenses, but either presented as insurance service expenses or recognised as insurance acquisition cash flows according to HKFRS 17.

	Six months ended 30 June 2024	Six months ended 30 June 2023
Employee expenses (including directors', supervisors' and senior management's remunerations)	21,057	20,043
Salaries, allowances and performance related bonuses	18,616	17,931
Pension scheme contributions	2,441	2,112
Commissions	19,734	20,594
Business publicity expenses	5,926	8,504
Labor dispatch fee	5,620	5,811
Consulting fee	1,744	2,586
Taxes and other surcharges	974	966
Depreciation of property and equipment	867	876
Amortisation of intangible assets	489	456
Depreciation of right-of-use assets	427	492
Other expenses	6,574	6,734
Subtotal	63,412	67,062
Less: Insurance acquisition cash flows	(42,277)	(46,757)
Less: Other incurred expenses directly attributable to insurance contracts	(20,097)	(19,619)
Total	1,038	686

Notes to the Interim Condensed Consolidated Financial Information

8. INCOME TAX EXPENSE

The provision for income tax expense is calculated based on the statutory rate of 25% in accordance with the relevant PRC income tax rules and regulations during each period. Starting from 2020, the Company's branches in some western provinces and Hainan Province enjoy the preferential tax rate of 15% for eligible taxable income. According to relevant tax regulations, the preferential tax rates of some western provinces and Hainan Province are applicable until 2030 and 2024, respectively.

	Six months ended 30 June 2024	Six months ended 30 June 2023
Current tax	7,444	6,436
Deferred tax	(4,286)	(2,941)
Total	3,158	3,495

9. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share attributable to owners of the parent is based on the following:

	Six months ended 30 June 2024	Six months ended 30 June 2023
Earnings:		
Net profit attributable to owners of the parent (RMB million)	18,490	20,254
Shares:		
Weighted average number of ordinary shares in issue (in million shares) (note 25)	22,242	22,242
Basic earnings per share (RMB yuan)	0.831	0.911

Basic earnings per share amounts were calculated as the profit attributable to owners of the parent divided by the respective weighted average number of ordinary shares in issue for the six months ended 30 June 2024 and 2023.

Notes to the Interim Condensed Consolidated Financial Information

9. EARNINGS PER SHARE (CONTINUED)

(b) Diluted earnings per share

For the six months ended 30 June 2024 and 2023, the Company did not hold any dilutive potential ordinary shares, therefore diluted earnings per share amounts were the same as basic earnings per share amounts.

10. DIVIDENDS

	Six months ended 30 June 2024	Six months ended 30 June 2023
Dividends recognised as distribution during the period:		
Final dividend for the year 2022 - RMB0.478 per ordinary share	–	10,632
Final dividend for the year 2023 - RMB0.489 per ordinary share	10,877	–

Pursuant to the shareholders' approval at the general meeting on 28 June 2024, a final dividend of RMB0.489 per ordinary share totaling RMB10,877 million in respect of the year ended 31 December 2023 was declared.

Pursuant to the shareholders' approval at the general meeting on 19 June 2023, a final dividend of RMB0.478 per ordinary share totaling RMB10,632 million in respect of the year ended 31 December 2022 was declared.

No interim dividend was distributed by the Company in respect of the interim period for the six months ended 30 June 2023.

Notes to the Interim Condensed Consolidated Financial Information

11. CASH AND CASH EQUIVALENTS

	30 June 2024	31 December 2023
Demand deposits and cash on hand	12,930	12,242
Securities purchased under resale agreements with original maturity of no more than three months	8,597	4,246
Subtotal	21,527	16,488
Add: Interest receivable	4	38
Total	21,531	16,526
Cash and cash equivalents by accounting categories: Financial assets at amortised cost	21,531	16,526

For securities purchased under resale agreements, counterparties are required to pledge certain bonds as collateral. The securities purchased are not recognised on the interim condensed consolidated statement of financial position.

The carrying amounts of cash and cash equivalents approximated the fair values at 30 June 2024 and 31 December 2023.

12. FINANCIAL INVESTMENTS AT AMORTISED COST

	30 June 2024	31 December 2023
Bond investments:		
Government bonds	35,066	19,119
Corporate bonds	16,919	17,904
Financial bonds	7,051	6,548
Trust plans	38,229	39,178
Long-term debt investment schemes	34,105	38,118
Project support schemes	4,909	6,149
Others	461	532
Total	136,740	127,548
Less: Provision for impairment	(1,155)	(1,356)
Net value	135,585	126,192

Notes to the Interim Condensed Consolidated Financial Information

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2024	31 December 2023
Debt instruments:		
Bond investments		
Government bonds	51,167	27,547
Corporate bonds	48,028	51,442
Financial bonds	16,469	16,013
Project support schemes	73	71
Subtotal	115,737	95,073
Including:		
Amortised cost	108,393	90,379
Accumulated fair value changes	7,344	4,694
Equity instruments:		
Perpetual bonds	35,461	34,676
Listed shares	31,491	27,941
Perpetual trust plans and perpetual debt plans	16,787	14,998
Preferred shares	7,407	7,454
Subtotal	91,146	85,069
Including:		
Cost	79,035	76,979
Accumulated fair value changes	12,111	8,090
Total	206,883	180,142

Notes to the Interim Condensed Consolidated Financial Information

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)

At 30 June 2024, the impairment provision of financial assets at fair value through other comprehensive income was RMB200 million.

Certain investments in equity instruments that are not held for trading were designated at fair value through other comprehensive income. The equity instruments at fair value through other comprehensive income, designated by the Group, are non-trading equity investments with the primary objective of being held for long term or obtaining dividends during the holding period.

The dividend income recognised by the Group for such equity instruments for the six months ended 30 June 2024 was RMB2,631 million. For the six months ended 30 June 2024, for optimizing asset allocation and asset-liability management, the Group disposed of equity instruments designated at fair value through other comprehensive income amounting to RMB1,935 million. The cumulative earnings net of taxes of such equity instruments transferred into retained earnings from revaluation reserve upon the disposals were RMB594 million during the period.

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2024	31 December 2023
Bond investments:		
Financial bonds	49,761	63,257
Corporate bonds	3,167	4,048
Government bonds	487	331
Mutual funds	33,408	40,879
Equity investment funds and plans	13,946	14,647
Listed shares	8,445	7,983
Asset management products	3,636	5,569
Unlisted shares	3,253	2,651
Trust plans	2,031	2,052
Project support schemes	1,580	1,011
Perpetual bonds	1,102	1,619
Debt Investment schemes	205	–
Total	121,021	144,047

Notes to the Interim Condensed Consolidated Financial Information

15. INSURANCE CONTRACTS

Analysis by liabilities for remaining coverage and liabilities for incurred claims of insurance contracts issued:

	30 June 2024	31 December 2023
Insurance contract assets	(796)	(2,885)
Insurance contract liabilities	382,543	371,829
Net insurance contract liabilities	381,747	368,944
Liabilities for remaining coverage	159,896	158,614
Excluding loss component	154,066	152,720
Loss component	5,830	5,894
Liabilities for incurred claims	221,851	210,330

Analysis by assets for remaining coverage and assets for incurred claims of reinsurance contracts held:

	30 June 2024	31 December 2023
Reinsurer's share of the assets for remaining coverage	(3,692)	(610)
Excluding loss-recovery component	(3,915)	(947)
Loss-recovery component	223	337
Reinsurer's share of the assets for incurred claims	36,500	39,480
Net reinsurance contract assets	32,808	38,870

Notes to the Interim Condensed Consolidated Financial Information

16. TERM DEPOSITS

The original maturities of the term deposits are as follows:

	30 June 2024	31 December 2023
More than 3 months to 1 year	472	472
More than 1 year to 2 years	–	7
More than 2 years to 3 years	13,311	8,978
More than 3 years	64,761	47,410
Subtotal	78,544	56,867
Add: Interest receivable	1,045	1,138
Less: Provision for impairment	(180)	(220)
Total	79,409	57,785

Notes to the Interim Condensed Consolidated Financial Information

17. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	30 June 2024	31 December 2023
Associates		
Cost of investments in associates	39,759	39,759
Share of post-acquisition profit and other equity movement, less dividends received or receivable	23,811	22,809
Subtotal	63,570	62,568
Joint ventures		
Cost of investments in joint ventures	98	98
Share of post-acquisition profit and other equity movement, less dividends received or receivable	(57)	(58)
Subtotal	41	40
Total	63,611	62,608
Less: Provision for impairment	(7)	(7)
Net value	63,604	62,601

As at 30 June 2024, the carrying amount of the Group's investment in Hua Xia Bank Co., Limited ("Hua Xia Bank", a material associate of the Group) 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 value-in-use ("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 HKAS 36.

Notes to the Interim Condensed Consolidated Financial Information

18. INVESTMENT PROPERTIES

	Six months ended 30 June 2024	Six months ended 30 June 2023
At 1 January	7,576	7,440
Transferred from property and equipment and right-of-use assets	120	806
Fair value gains on revaluation of investment properties transferred from property and equipment and right-of-use assets	17	395
Decrease in fair value of investment properties (<i>note 5</i>)	(86)	(108)
Transferred to property and equipment and right-of-use assets	–	(884)
At 30 June	7,627	7,649

The fair values were determined based on the valuation carried out by external independent valuers, Cushman & Wakefield Shenzhen Valuation Co., Ltd. and Jones Lang LaSalle (Beijing) Real Estate Assets Appraisal & Consultancy Co., Ltd. Valuations were carried out based on the following two approaches:

- (i) The Group uses the income approach determining the fair values at the evaluation date by discounting the target properties' rental income derived from existing lease agreements and the potential rental income projected by reference to the current market rental status, at an appropriate capitalisation rate; or
- (ii) The Group uses the direct comparison approach comparing the amounts of target properties with those of the similar properties sold recently, adjusting the difference of status, date, region and other specific factors between the target properties and the similar properties sold recently, based on the recent similar transaction price.

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

Notes to the Interim Condensed Consolidated Financial Information

19. PROPERTY AND EQUIPMENT

For the six months ended 30 June 2024, the Group acquired assets with a cost of RMB430 million (for the six months ended 30 June 2023: RMB110 million) and incurred construction costs of RMB58 million (for the six months ended 30 June 2023: RMB173 million) for construction in progress.

Assets with a net book value of RMB50 million were disposed of by the Group for the six months ended 30 June 2024 (for the six months ended 30 June 2023: RMB43 million), resulting in a net disposal gain of RMB34 million (for the six months ended 30 June 2023: net gain of RMB36 million).

For the six months ended 30 June 2024, construction in progress with an aggregate amount of RMB4 million (for the six months ended 30 June 2023: RMB148 million) was transferred to lands and buildings upon completion.

For the six months ended 30 June 2024, items of property and equipment with a carrying amount of RMB120 million (for the six months ended 30 June 2023: RMB740 million) were transferred to investment properties, and there were no investment properties transferred to property and equipment (for the six months ended 30 June 2023: RMB588 million).

20. RIGHT-OF-USE ASSETS

For the six months ended 30 June 2024, the Group entered into certain new lease agreements for the use of office buildings and vehicles for 1 to 10 years. The Group is required to make fixed payments periodically from the respective lease commencement dates. On the commencement date or effective date of modification of the leases, the Group recognised right-of-use assets and lease liabilities of RMB194 million related to these new or modified leases.

At 30 June 2024, right-of-use assets included prepaid land premium of RMB4,021 million (31 December 2023: RMB4,112 million).

Notes to the Interim Condensed Consolidated Financial Information

21. PREPAYMENTS AND OTHER ASSETS

	30 June 2024	31 December 2023
Deductible input value-added tax	4,921	5,226
Restricted statutory deposits (i)	4,743	4,726
Receivables from co-insurers for amounts paid on their behalf	3,434	3,877
Prepaid income tax	–	3,731
Intangible assets	2,308	2,811
Prepaid output value-added tax borne by the policyholders	2,451	1,728
Deposits paid	2,053	1,232
Receivables arising from redemption of investment funds	717	1,422
Prepayments for acquisition of assets and services	320	265
Amounts due from PICC Group (note 29 (2))	209	53
Amounts due from fellow subsidiaries under PICC Group (note 29 (2))	22	25
Amounts due from associates (note 29 (2))	21	50
Others	5,139	2,919
Total	26,338	28,065
Less: Provision for impairment	(756)	(753)
Net value	25,582	27,312

- (i) In accordance with the PRC Insurance Law, the Company is required to maintain a deposit equivalent to 20% of its registered capital with banks designated by the National Financial Regulatory Administration (the “NFRA”) as a security fund. The use of the security fund is subject to the approval of the NFRA.

22. INVESTMENT CONTRACT LIABILITIES

	30 June 2024	31 December 2023
Policyholders’ deposits	1,673	1,676
Policy dividends payable	60	60
Total	1,733	1,736

Notes to the Interim Condensed Consolidated Financial Information

23. BONDS PAYABLE

Bonds payable comprised capital supplementary bonds.

	30 June 2024	31 December 2023
Carrying amount repayable in: more than five years	8,246	8,365

On 23 March 2020, the Company issued capital supplementary bonds with par value of RMB8,000 million and a contractual period of ten years. The Company has an option to redeem the bonds at par value at the end of the fifth year from the date of issue. The coupon rate of the bonds is 3.59% per annum in the first five years and 4.59% per annum in the following five years.

24. ACCRUALS AND OTHER LIABILITIES

	30 June 2024	31 December 2023
Salaries and staff welfare payables	20,159	20,491
Dividends payable	10,877	–
Other taxes payable	6,063	7,990
Payables to co-insurers	3,794	2,821
Premiums received in advance	3,452	4,963
Insurance protection fund	1,132	906
Insurance deposit received	720	578
Accrued capital expenditures	287	143
Amounts due to fellow subsidiaries under PICC Group (note 29 (2))	181	201
Others	8,435	7,914
Total	55,100	46,007

Notes to the Interim Condensed Consolidated Financial Information

25. ISSUED CAPITAL

	30 June 2024	31 December 2023
Issued and fully paid:		
Domestic shares of RMB1.00 each	15,343	15,343
H shares of RMB1.00 each	6,899	6,899
Total	22,242	22,242

26. RISK MANAGEMENT

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

The interim condensed consolidated financial information does not include all 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 or Group's risk management policies since 31 December 2023.

Notes to the Interim Condensed Consolidated Financial Information

27. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS

(1) Classification of financial instruments

This note provides information on how the Group determines the fair values of major financial assets and financial liabilities. Details of fair value measurements of investment properties are disclosed in note 18 to the interim condensed consolidated financial information.

	Carrying amount		Fair value	
	30 June 2024	31 December 2023	30 June 2024	31 December 2023
Financial assets				
Cash and cash equivalents	21,531	16,526	21,531	16,526
Financial investments at amortised cost	135,585	126,192	145,169	134,051
Financial assets at fair value through other comprehensive income	206,883	180,142	206,883	180,142
Financial assets at fair value through profit or loss	121,021	144,047	121,021	144,047
Term deposits	79,409	57,785	79,409	57,785
Other financial assets	18,136	17,299	18,136	17,299
Total financial assets	582,565	541,991	592,149	549,850
Financial liabilities				
Securities sold under agreements to repurchase	41,397	40,037	41,397	40,037
Investment contract liabilities	1,733	1,736	1,733	1,736
Bonds payable	8,246	8,365	8,167	8,296
Other financial liabilities	22,802	12,584	22,802	12,584
Total financial liabilities	74,178	62,722	74,099	62,653

Notes to the Interim Condensed Consolidated Financial Information

27. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(2) Determination of fair value and the fair value hierarchy of financial instruments

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

(a) *Fair value of major financial assets and financial liabilities that are measured at fair value on a recurring basis*

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

Notes to the Interim Condensed Consolidated Financial Information

27. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(2) Determination of fair value and the fair value hierarchy of financial instruments (continued)

(a) Fair value of major financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Items	Fair value at 30 June 2024	Fair value hierarchy	Valuation technique(s) and key input(s)
Financial assets at fair value through profit or loss	42,256	Level 1	Quoted bid prices in an active market.
Financial assets at fair value through profit or loss	59,330	Level 2	Quotes for the same or similar assets in inactive markets, or for the same or similar assets from third-party valuation service providers.
Financial assets at fair value through profit or loss	15,256	Level 3	Valuation techniques with non-observable input value are used to determine fair value, such as comparable company method, net asset value method and recent financing price.
Financial assets at fair value through profit or loss	4,179	Level 3	Fair value of the investments is based on the use of respective discounted cash flow valuation models.
Debt instruments at fair value through other comprehensive income	6,315	Level 1	Quoted bid prices in an active market.
Debt instruments at fair value through other comprehensive income	109,422	Level 2	Quotes for the same or similar assets in inactive markets, or for the same or similar assets from third-party valuation service providers.
Equity instruments at fair value through other comprehensive income	27,881	Level 1	Quoted bid prices in an active market.
Equity instruments at fair value through other comprehensive income	42,869	Level 2	Quotes for the same or similar assets in inactive markets, or for the same or similar assets from third-party valuation service providers.
Equity instruments at fair value through other comprehensive income	3,609	Level 3	Valuation techniques with non-observable input value are used to determine fair value, such as comparable company method, net asset value method and recent financing price.
Equity instruments at fair value through other comprehensive income	16,787	Level 3	Fair value of the investments is based on the use of respective discounted cash flow valuation models.

Notes to the Interim Condensed Consolidated Financial Information

27. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(2) Determination of fair value and the fair value hierarchy of financial instruments (continued)

(a) Fair value of major financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Items	Fair value at 31 December 2023	Fair value hierarchy	Valuation technique(s) and key input(s)
Financial assets at fair value through profit or loss	42,165	Level 1	Quoted bid prices in an active market.
Financial assets at fair value through profit or loss	82,531	Level 2	Quotes for the same or similar assets in inactive markets, or for the same or similar assets from third-party valuation service providers.
Financial assets at fair value through profit or loss	14,336	Level 3	Valuation techniques with non-observable input value are used to determine fair value, such as comparable company method, net asset value method and recent financing price.
Financial assets at fair value through profit or loss	5,015	Level 3	Fair value of the investments is based on the use of respective discounted cash flow valuation models.
Debt instruments at fair value through other comprehensive income	6,679	Level 1	Quoted bid prices in an active market.
Debt instruments at fair value through other comprehensive income	88,394	Level 2	Quotes for the same or similar assets in inactive markets, or for the same or similar assets from third-party valuation service providers.
Equity instruments at fair value through other comprehensive income	24,735	Level 1	Quoted bid prices in an active market.
Equity instruments at fair value through other comprehensive income	42,129	Level 2	Quotes for the same or similar assets in inactive markets, or for the same or similar assets from third-party valuation service providers.
Equity instruments at fair value through other comprehensive income	3,207	Level 3	Valuation techniques with non-observable input value are used to determine fair value, such as comparable company method, net asset value method and recent financing price.
Equity instruments at fair value through other comprehensive income	14,998	Level 3	Fair value of the investments is based on the use of respective discounted cash flow valuation models.

Notes to the Interim Condensed Consolidated Financial Information

27. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(2) Determination of fair value and the fair value hierarchy of financial instruments (continued)

(a) Fair value of major financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

30 June 2024				
Fair value hierarchy				
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	42,256	59,330	19,435	121,021
Debt instruments at fair value through other comprehensive income	6,315	109,422	–	115,737
Equity instruments at fair value through other comprehensive income	27,881	42,869	20,396	91,146
Total	76,452	211,621	39,831	327,904

31 December 2023				
Fair value hierarchy				
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	42,165	82,531	19,351	144,047
Debt instruments at fair value through other comprehensive income	6,679	88,394	–	95,073
Equity instruments at fair value through other comprehensive income	24,735	42,129	18,205	85,069
Total	73,579	213,054	37,556	324,189

Notes to the Interim Condensed Consolidated Financial Information

27. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(2) Determination of fair value and the fair value hierarchy of financial instruments (continued)

(a) Fair value of major financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

For the six months ended 30 June 2024, financial assets at fair value through profit or loss with a carrying amount of RMB57 million and financial assets at fair value through other comprehensive income with a carrying amount of RMB3,061 million were transferred from Level 1 to Level 2 because the quoted prices in the market for such investments were no longer regularly available. Conversely, financial assets at fair value through profit or loss with a carrying amount of RMB5,459 million and financial assets at fair value through other comprehensive income with a carrying amount of RMB4,012 million were transferred from Level 2 to Level 1 because the quoted prices in active markets were available at 30 June 2024.

As at 30 June 2024, the fair value of derivative financial assets and derivative financial liabilities is RMB338 million and RMB334 million, which are categorised in Level 3.

(b) Fair value of major financial assets and financial liabilities not measured at fair value

The carrying amounts of the Group's financial assets and financial liabilities not measured at fair value approximate their fair values at 30 June 2024 and 31 December 2023 except for the following financial instruments for which fair value and the level of fair value hierarchy are disclosed below:

	30 June 2024			
	Fair value hierarchy			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial investments at amortised cost	1,591	63,724	79,854	145,169
Financial liabilities				
Bonds payable	–	8,167	–	8,167

Notes to the Interim Condensed Consolidated Financial Information

27. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(2) Determination of fair value and the fair value hierarchy of financial instruments (continued)

(b) Fair value of major financial assets and financial liabilities not measured at fair value (continued)

31 December 2023				
Fair value hierarchy				
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial investments at amortised cost	1,129	47,599	85,323	134,051
Financial liabilities				
Bonds payable	–	8,296	–	8,296

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

Notes to the Interim Condensed Consolidated Financial Information

27. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(2) Determination of fair value and the fair value hierarchy of financial instruments (continued)

(c) Reconciliation of Level 3 fair value measurements

	Six months ended 30 June 2024	Six months ended 30 June 2023
1 January	37,556	35,476
Addition	1,677	57
Realised and unrealised gains/(losses) recognised in profit or loss	22	(369)
Unrealised gains recognised in other comprehensive income	799	1,021
Disposals	(223)	(498)
30 June	39,831	35,687

28. CONTINGENCIES AND COMMITMENTS

(1) Contingencies

Due to the nature of the insurance business, the Group is subject to legal proceedings in the ordinary course of business, including being the plaintiff or the defendant in litigation and arbitration. Such legal proceedings mostly involve claims on the Group's insurance policies, and some losses arising therefrom will be partly indemnified by reinsurers or other recoveries including salvages and subrogation. During the six months ended 30 June 2024, the Group was involved in similar legal proceedings on certain insurance businesses. The legal claim amounts for certain cases are significant and the legal proceedings are still in progress. While the outcomes of such contingencies, lawsuits or other proceedings cannot be determined at present, the Group believes that any resulting liabilities, if any, will not have a material adverse effect on the financial position at 30 June 2024 and 31 December 2023 or operating results of the Group for the six months ended 30 June 2024 and 2023.

Notes to the Interim Condensed Consolidated Financial Information

28. CONTINGENCIES AND COMMITMENTS (CONTINUED)

(2) Commitments

	30 June 2024	31 December 2023
Property and equipment commitments:		
Contracted, but not provided for	1,048	717
Authorised, but not contracted	264	269
Investment commitments:		
Contracted, but not provided for	2,003	1,309
Total	3,315	2,295

29. RELATED PARTY TRANSACTIONS

(1) Material transactions with related parties

	Six months ended 30 June 2024	Six months ended 30 June 2023
Transactions with PICC Group:		
2023 final dividend distribution	7,503	–
2022 final dividend distribution	–	7,334
Addition to right-of-use assets	–	74
Addition to lease liabilities	–	74
Payment of lease liabilities	–	78
Interest on lease liabilities	–	1
Service income	54	–
Service expense	34	31
Transactions with fellow subsidiaries under PICC Group:		
Management fee	192	145
Service expense	90	41
Subscription amount of financial products set up and managed by fellow subsidiaries under PICC Group	3,930	6,003
Premiums ceded	443	396
Reinsurance commission income	138	124
Paid losses recoverable from reinsurers	181	192
Brokerage commission expense	76	76
Addition to right-of-use assets	–	10
Addition to lease liabilities	–	10
Payment of lease liabilities	61	43
Interest on lease liabilities	14	5
Rental income	1	1

Notes to the Interim Condensed Consolidated Financial Information

29. RELATED PARTY TRANSACTIONS (CONTINUED)

(1) Material transactions with related parties (continued)

	Six months ended 30 June 2024	Six months ended 30 June 2023
Transactions with associates of the Company:		
Sale of insurance products	56	11
Gross claim paid	1	1
Premiums ceded	2,793	2,952
Reinsurance commission income	812	833
Paid losses recoverable from reinsurers	1,376	1,259
Premiums paid	78	79
Dividend income	1,125	1,345
Agency service commission expense	122	126
Agency service commission income	93	78
Addition to right-of-use assets	1	28
Addition to lease liabilities	1	28
Payment of lease liabilities	9	7
Rental income	12	9
Interest on lease liabilities	1	–
Transactions with associates of PICC Group:		
Dividend income	1,313	1,494
Interest income	140	291
Sale of insurance products	–	40
Gross claim paid	–	20
Transactions with joint ventures of the Company:		
Purchase of spare parts	59	122
Service expense	1	2
Transactions with associates of fellow subsidiaries:		
Service expense	130	174

Notes to the Interim Condensed Consolidated Financial Information

29. RELATED PARTY TRANSACTIONS (CONTINUED)

(2) Outstanding balances with related parties

	30 June 2024	31 December 2023
Cash and cash equivalents:		
Associates of PICC Group	3,176	3,053
Associates	536	181
Term deposits:		
Associates of PICC Group	6,092	6,092
Debt securities at fair value through other comprehensive income:		
Associates of PICC Group	678	701
Equity securities at fair value through other comprehensive income:		
Associates of PICC Group	21,007	18,835
Receivables from reinsurers:		
Associates	1,114	1,149
Fellow subsidiaries under PICC Group	455	288
Amounts due from related parties:		
Fellow subsidiaries under PICC Group (note 21)	22	25
PICC Group (note 21)	209	53
Associates (note 21)	21	50
Payables to reinsurers:		
Associates	2,995	2,868
Fellow subsidiaries under PICC Group	533	266
Dividends payable:		
PICC Group	7,503	–

Notes to the Interim Condensed Consolidated Financial Information

29. RELATED PARTY TRANSACTIONS (CONTINUED)

(2) Outstanding balances with related parties (continued)

	30 June 2024	31 December 2023
Amounts due to related parties:		
Fellow subsidiaries under PICC Group (note 24)	181	201
PICC Group	114	–
Associates	12	10
Lease liabilities:		
Fellow subsidiaries under PICC Group	96	45
PICC Group	–	78
Associates	10	17

PICC Life Insurance Company Limited (“PICC Life”), PICC Health Insurance Company Limited (“PICC Health”), PICC Reinsurance Company Limited (“PICC Re”) and PICC Financial Services Company Limited (“PICC Financial Services”) are all associates of the Company and fellow subsidiaries of the Company as their parent company is PICC Group. In the above note, PICC Life, PICC Health, PICC Re and PICC Financial Services are included in “associates” and excluded from “fellow subsidiaries”.

The balances with PICC Group, fellow subsidiaries, associates and an associate of PICC Group are settled according to respective arrangements between the Company and the related parties.

(3) Transactions with state-owned entities in the PRC

The Company is a state-owned company indirectly controlled by the Ministry of Finance (“MOF”). The MOF is the component of the State Council of 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 related and therefore the business transactions with other government-related entities are primarily mainly include sales of insurance policies, purchase of reinsurance, deposits placed with banks, investments in debts or bonds and commissions paid to banks and postal offices for insurance policies distributed.

Notes to the Interim Condensed Consolidated Financial Information

29. RELATED PARTY TRANSACTIONS (CONTINUED)

(3) Transactions with state-owned entities in the PRC (continued)

The Group considers that transactions with government-related entities are activities conducted in the ordinary course of business, and that the dealings of the Group have not been significantly or unduly affected by the fact that the Group and those government-related entities are ultimately controlled or owned by the PRC government. The Group has also established pricing policies for products and services and such pricing policies do not depend on whether or not the customers are government-related entities.

Due to the complex ownership structure, the PRC government may hold indirect interests in many companies. Some of these interests may, in themselves or when combined with other indirect interests, be controlling interests which may not be known to the Group.

(4) Key management personnel

Key management personnel are those persons having authorities and responsibilities for planning, directing and controlling the activities of the Group directly or indirectly, including directors, supervisors and other members of senior management.

No transactions have been entered with the key management personnel for the six months ended 30 June 2024 other than the emoluments paid to them (being the key management personnel compensation).

30. EVENTS AFTER THE REPORTING PERIOD

According to the interim profit distribution plan for 2024 approved by the Board of Directors on 28 August 2024, the Group intends to distribute a cash dividend of RMB2.08 (including tax) per 10 shares to all shareholders based on the total share capital of 22,242,765,303 shares as of 30 June 2024, totaling RMB4,626 million. The above profit distribution plan has yet to be approved by the general meeting of shareholders.

Definitions

In this interim report, the following expressions shall have the following meanings unless the context otherwise requires:

“Board” or “Board of Directors”	the board of directors of the Company
“CBIRC”	China Banking and Insurance Regulatory Commission (currently known as the National Financial Regulatory Administration)
“Company” or “we”	PICC Property and Casualty Company Limited
“Corporate Governance Code”	the Corporate Governance Code as set out in Appendix C1 of the Listing Rules
“Director(s)”	director(s) of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules
“NFRA”	National Financial Regulatory Administration
“PICC Group”	The People’s Insurance Company (Group) of China Limited
“pp”	percentage point(s)
“PRC” or “China”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Supervisor(s)”	supervisor(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company
“%”	per cent

Corporate Information

REGISTERED NAME

Chinese name: 中國人民財產保險股份有限公司
(Abbreviation of Chinese name: 人保財險)

English name: PICC Property and Casualty
Company Limited
(Abbreviation of English name: PICC P&C)

REGISTERED OFFICE

Tower 2, No. 2 Jianguomenwai Avenue, Chaoyang
District, Beijing 100022, the PRC

WEBSITE

property.picc.com

STOCK NAME

PICC P&C

STOCK CODE

2328

TYPE OF STOCK

H Share

PLACE OF LISTING OF H SHARES

The Stock Exchange of Hong Kong Limited

H SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited

LEGAL REPRESENTATIVE

Yu Ze

SECRETARY OF THE BOARD OF DIRECTORS

Bi Xin

COMPANY SECRETARY

Zhang Xiao

INVESTOR RELATIONS CONTACT

Tel: (8610) 85176084
E-mail: ir@picc.com.cn

AUDITORS

International Auditor
Ernst & Young
Registered Public Interest Entity Auditor

Domestic Auditor
Ernst & Young Hua Ming LLP



人民保險 服務人民

