

Prelude to the 2025 Annual Report

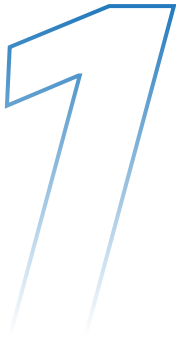
Amid the surging waves of the digital economy, innovation is not merely a strategic move for us to navigate the changes of our times, but more importantly, an inevitable choice to reshape the core value proposition of the insurance industry. Based on the needs of industry growth and people's well-being, CPIC harnesses innovation as a driving force to unleash new momentum for high-quality development.

Innovation means transcending traditional models. From extending coverage to people with pre-existing conditions to customising annuity schemes for state-level new areas, CPIC dares to think differently to redefine boundaries of insurance.

Innovation means redefining the business logic. We have rebuilt our service processes with digital and AI technologies to enable the shift of claims management from mere post-event compensation to early-stage intervention and risk prevention.

Innovation means unlocking service value. Putting people first, CPIC leverages technology to help agents become more professional, and claims specialists more focused. With innovation, everyone feels understood and protected.

CPIC breaks new ground through innovation, empowers its services with technology, and delivers caring support in every customer interaction. By advancing digital transformation and pioneering new business models, CPIC continuously strengthens its risk protection capabilities – upholding the core mission and responsibility of an insurer in the new era.



From Gobi Soloist to Fully-Empowered Agent: A Renewed Journey with AI

“Smart Applications Reshaping Insurance Services”

On the vast Gobi Desert in Karamay, Xinjiang, Zhang Min, an insurance planner (agent) with CPIC Life, has been working in the insurance industry for many years, and has become a model of excellence on the local market. In 2025, she embraced digital and AI tools and ushered in a “second curve” in her career, breathing new life into her service.

Many of her customers are oilfield workers or their family members, leading fast-paced lives and preferring simple, practical protection plans over lengthy product explanations. In the past, to match a customer’s needs, she had to sift through product manuals and dozens of pages of materials – a process that was often time-consuming and ineffective. Fortunately, that changed with the full roll-out of the smart customer resource management system. Now, she starts by using the AI Assistant, entering information like customers’ occupational profiles, family structures, and prior insurance history. The system then automatically builds a detailed customer profile with demand tags, and recommends sales strategies, talking points, and personalised product solutions.

Digital tools have not only enhanced service efficiency but also helped her earn customer trust through professionalism. She once had a customer who was concerned about being rejected due to health issues. She used the system’s analytical capabilities to assess the case, then delivered tailored health recommendations and a customised protection plan that secured coverage for

him. After this story got around, people sought her out to buy insurance, and her sales doubled. “Back then, success meant knocking on doors and making calls,” Zhang Min often says. “Today, it’s all about technology empowerment. CPIC Life’s digital and AI tools are very handy, allowing me to identify customer needs and match them with effective solutions.”

Zhang’s story is not an isolated case. At CPIC Life, many agents like her have benefited from this digital transformation, which is powered by the newly developed “Six Modules” AI system. In 2025, CPIC Life’s technology R&D team interviewed and observed nearly a thousand agents across China to identify pain points in agent management. They decided on an approach of “systematic thinking, full-scenario coverage and yet starting small”, and focused on agents’ core workflows – business acquisition, customer service, and career growth – to design targeted solutions.

Launched in early 2025, the “Six Modules” AI system breaks down agent management into six granular modules, i.e., recruiting, training, coaching, deploying, leading and supporting, each equipped with digital tools. The Recruiting Module enhances smart recruitment through 160+ recruitment tags and 240+ feature analysis indicators, shifting agent selection from intuitive decisions to data-driven assessment and significantly improving new agent quality; The Training Module introduces an AI-powered

“Top Coach” app, offering flexible scenario-based exercises and digital morning sessions, enabling agents to achieve 15.7% higher productivity under comparable conditions; Coaching provides one-click access to vast marketing resources and customer behaviour insights, helping agents engage the right customers at the right time; Deploying features the smart Customer Engagement Assistant, an AI-powered engine that delivers precise, personalised customer engagement strategies. The Assistant has already been adopted by over 160,000 agents, and among them, high-frequency users achieved a 1.23x increase in 30-day conversion rate after customer outreach; The Leading Module enables analysis of sales data within minutes and captures over 600 high-performing cases monthly, providing strong support for agent management; Supporting builds smart capabilities in risk control, compliance and operations. In 2025 alone, this function achieved RMB160 million in loss reduction, and the rate of automated claims processing rose to 22%.

CPIC Life is undergoing a profound digital transformation. Monthly average invocations of its large language model have exceeded 30 million, creating a digital engine that continuously powers every aspect of its business operation. Core digital capabilities, embodied by the “Six Modules” system, have been fully integrated into the daily workflows of hundreds of thousands of front-line agents and nearly thirty thousand back-office staff. The “Six Modules” system is fundamentally transforming how agents work, enabling a shift from an experience-driven paradigm to a digital and AI-driven one, which is more precise, professional and efficient. It brings the “responsible, intelligent and caring” service of CPIC to millions of households nationwide, including those in the Gobi Desert.





A Claims Handler and Her AI Partner “Lingxi”

“Smart Processing Re-engineers Auto Claims Workflow”

“I handle about 10 to 15 cases each day, with roughly 50 data fields to enter per case. The information is scattered across photos and documents provided by customers. I have to first locate them visually, memorize the details, and then type them manually. During peak hours, the phone never stops ringing – customers are anxious, and so am I – and mistakes sometimes occur. Sometimes, verifying a single case requires searching through vast amounts of information, leading to long customer wait times.” This used to be the daily reality for online claims handler Xiao Wang. In the past, after a customer’s vehicle got involved in an accident, this was how she provided claims support: calling the customer after the accident, guiding him/her on how to take photos and provide paperwork, while assessing damage and inputting data – juggling tasks that left her saying, “I’m running nonstop online every day, trying to get everything right, but I never feel efficient or have enough time.”

This wasn't just a struggle for Xiao Wang – but a challenge for the entire claims team. In 2024, CPIC P/C processed over 3.5 million online claims, accounting for half of all auto claims. Freeing the team from routine data entry so that they can serve more customers and serve faster became a top priority.

In 2025, CPIC P/C launched an AI task force to develop a transformative online claims tool using cutting-edge large AI models. After months of intensive work, the team independently developed Lingxi, an online AI claims assistant – the industry's first end-to-end AI employee that integrates the entire workflow including “task assistance, risk alert, and quality management”, an all-round partner for claims handlers.

Xiao Wang, an early pilot user, remembers clearly her first experience with Lingxi: that afternoon, she handled a rear-end collision claim, trying to calm down the customer while preparing to enter data. “Soon after I gave the command, Lingxi's panel lit up,” she recalled with delight. “It had already completed the inspection data collection, with vehicle model, collision area, and claims history all clearly displayed.” She was even more amazed that, about a minute later, a full assessment report with risk alerts, action recommendations, and a service quality score was generated. By identifying and auto-filling key fields, Lingxi cut manual input workload to under 10%, dramatically boosting efficiency.

Lingxi excels in more than just speed. For claims handlers, it also serves as a “service quality monitor”, evaluating compliance with service scripts and execution of critical procedures, while offering real-time recommendations to drive consistent, standardized, and high-quality customer interactions. Furthermore, leveraging Retrieval-Augmented Generation (RAG) technology, it establishes a “dynamic firewall” capable of

instantly retrieving and analysing risk rules and historical cases most pertinent to the current claim, thereby proactively identifying and mitigating potential risks at the earliest stage.

“It's not just a tool – it feels like a seasoned, meticulous, and tireless partner,” Xiao Wang said of Lingxi. It freed online claims handlers from manual tasks, enabling them to focus on higher-value work. Xiao Wang now has more time for in-depth communication with customers to better guide them through accident handling and claims processes, and more mental bandwidth to review her case management. Her sense of professional value and job fulfilment has significantly increased. Today, her team's operational efficiency has improved by over 30%, service quality scores have risen 25% year on year, and customer satisfaction continues to grow, driven by faster response and enhanced professional capabilities.

Lingxi marks a milestone leap in claims technology, shifting the paradigm from “people adapting to the system” to “the system empowering people”. By integrating cutting-edge large AI models into core workflows, it has redefined traditional human-machine interaction. Building on its industry-first launch of the “Claims Factory” in 2021, CPIC P/C has achieved another major breakthrough with Lingxi, ushering small-claim processing into a new era. This advancement is not just a technological leap forward – it enables every claims handler to serve customers with even greater focus, professionalism, and a stronger sense of achievement.

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Corporate Annuity Plans Customised for China's National New Areas

“Innovative Models Empower Regional Talent Services”

“To be honest, we nearly gave up on launching a corporate annuity plan back then,” recalled an executive of a foreign-invested high-tech company located in Shanghai’s Lingang Special Area, still visibly emotional when reflecting on the situation two years ago.

The company, based in Lingang, employs a young R&D team with high academic qualifications and strong technical skills. Talent retention was a top priority for management. Corporate annuity is expected to be the “golden key” to this, but due to complex procedures and high thresholds, it turned into a “hard-to-start, hard-to-implement” challenge for enterprises.

Just as they were hesitating, a phone call changed everything. “Hello, this is Changjiang Pension. The Lingang Administration is leading the effort to launch a new talent annuity programme – would you like to find out more?”

Later named the Lingang Special Area Talent Corporate Annuity Programme, this innovative mechanism broke through traditional barriers in the corporate annuity system. With Changjiang Pension as the trustee, it adopts a new model: “Led by Lingang, companies participate voluntarily, with tiered plans available and joint contributions from multiple parties.” Interested enterprises no longer need to develop their own systems or complete separate registration. Instead, they can simply join the programme and access standardised “off-the-shelf” solutions.

“It is flexible, convenient, and cost-effective, so we joined at the earliest opportunity,” said the executive. “For us, this is not merely an employee benefit. It reflects our shared values – we are committed to sharing the fruits of our growth with employees and helping them put down roots in Lingang.”

The plan was officially launched in August 2024, marking a major breakthrough in the talent incentive mechanism at the Lin Gang Special Area of the Shanghai Pilot Free Trade Zone. Traditional enterprise annuity plans are sponsored by individual employers, who may be reluctant to participate due to the high threshold and rising costs associated with establishing a plan of “universal coverage”. The new plan precisely aligned with needs of tech companies for incentivizing talent and reducing operational costs. It also effectively eased the burden of annuity administration on small- and medium-sized enterprises, creating more incentives for them to set up annuity plans and significantly improving the management efficiency. This has led to a “four-win” outcome, i.e., enhanced retirement provision for employees, better core talent retention for companies, faster development of a talent hub in the area and broader coverage of enterprise annuity schemes. With professional guidance from the Shanghai Municipal Human Resources and Social Security Bureau and the strong support of the Lin Gang Special Area Administration, our innovative enterprise annuity plan also won the Shanghai Financial Innovation Awards for 2023-2024.

Over a thousand kilometres away in Xiong’an, Hebei, another pioneering corporate annuity initiative was quietly taking shape.



临港人才年金特色

传统企业年金

通常要求全员参与，企业成本较高

由企业和个人承担缴费，无激励资金

企业制定年金方案，向人社局（局）报备，与受托机构签约，过程繁琐

对企业无区域性

全国首创 人才导向

新片区人才企业年金

聚焦人才，突破参与人员覆盖率要求，企业成本较低

在企业和个人缴费的基础上，临港管委会匹配提供额外的激励金

企业委托受托统一管理，由受托机构报备年金方案，选择受托机构，过程简洁

符合临港新片区重点产业发展方向，商注册地、实际经营地、税收户管地其中之一在临港新片区的企业

The head of the Xiong'an New Area Public Services Bureau had long sought to provide a more flexible, employee-centred corporate annuity solution for enterprises settling in Xiong'an. With this goal in mind, Changjiang Pension launched a new round of exploratory efforts. Following nearly a year of research, consultation and optimisation, Xiong'an New Area officially rolled out an automatic enrolment mechanism for corporate annuities in February 2025. This model encourages employers and employees to establish annuity plans alongside basic pension insurance, supporting partial participation, lower contribution rates, simplified procedures, more flexible democratic processes and streamlined filing services.

"This is truly a people-centered mechanism," said an executive from a high-tech company who was among the first to join. "Employees can boost their retirement income, companies can benefit from tax incentives, and more importantly, this system sends a clear message – Xiong'an is not only a place to build careers, but also a place where talent can retire with security and peace of mind."

From Lingang in Shanghai to Xiong'an in Hebei, from the "area-sponsored initiation model" to "automatic enrolment mechanism", Changjiang Pension has expanded corporate annuity coverage in China's two state-level new areas, creating replicable and scalable pilot programmes that set industry benchmarks. These practices were later duplicated in the Caohejing Hi-Tech Development Zone in Shanghai and a provincial-level talent annuity platform in Anhui, further supporting the integrated development of the Yangtze River Delta and the coordinated development of the Beijing-Tianjin-Hebei region, as part of the broader effort to serve China's national initiatives for regional development.



You're Covered, No Matter Your Health Status

"Pioneering in Coverage for 'Substandard Risks'"

For decades, private health insurance has predominantly focused on young, healthy individuals – termed “standard risks” - while populations with higher risks are often unable to secure coverage despite their urgent needs. In response, CPIC Health has adopted a pioneering approach to bridge this critical gap in the market.

Building trust and a family safety net

“My wife has been hospitalized many times. Her health has never been stable. Our application for the medical insurance we need most was always rejected,” said Mr. Huang, 60, voicing a pain shared by countless families. His wife had a complex medical history, with liver nodules detected in a recent physical examination. Multiple past surgeries made the standard health declaration process an insurmountable barrier.

A turning point came when Mr. Huang saw a post on social media: “Jia An Xin – Health insurance for hypertension, diabetes, hyperlipidemia, and nodules”. With a mix of doubt and hope, he applied. The streamlined health questionnaire and tailored, clear underwriting policies enabled him to fulfill a long-held wish: securing coverage easily.

Shortly afterwards, Mrs. Huang was diagnosed with malignant liver tumour and underwent surgery, leaving the family with nearly RMB500,000 in out-of-pocket medical expenses. As financial pressure mounted, Mr. Huang remembered the newly activated policy. He submitted a

claim, expecting delays and red tape, but all he needed was to upload photos of invoices and medical records. “We filed 17 claims in total and the fastest payout came through the same day. Altogether, we received over RMB370,000 in payout,” Mr. Huang recalled, his voice filled with emotion. “We no longer have to worry about the costs of follow-up radiation and chemotherapy. This protection held our family together when we needed it most.”

Being understood: tailored protection for those in need

Ms. Zhao’s story began in the outpatient clinic of a top-tier hospital in Shanghai, where she was receiving follow-up care after breast cancer surgery. As a survivor, her worries went far beyond the disease itself – the fear of recurrence, high cost of targeted therapies, and long road to recovery all weighed heavily on her mind.

While waiting for her appointment, a brochure for Shen Ai Bao (a private health insurance plan) placed near the clinic door caught her eye. It clearly stated that it was designed specifically for breast cancer patients. Curious and hopeful, she visited the hospital’s service centre, where on-site staff member Xiao Liu gave her a detailed explanation. After careful thought, she said, “What moved me most about Shen Ai Bao is the follow-up allowance. It’s not just about the money. It’s about being understood. The people who designed this plan truly understand what patients like us go through – they know regular check-ups are crucial, and this benefit encourages us to stick with standardized treatment.” A few days later, Ms. Zhao shared the good news with Xiao Liu: “Thank you for your patience. I’ve decided to go with Shen Ai Bao.”

The experiences of Mrs. Huang and Ms. Zhao embody CPIC's exploratory effort in the "uncharted waters", i.e., covering people with pre-existing conditions and middle-aged and elderly populations.

Jia An Xin: a safety net for everyone. In May 2022, the Jia An Xin series of medical insurance was officially launched, marking the beginning of CPIC's efforts to provide insurance for individuals with pre-existing conditions. From day one, the product targeted common chronic conditions such as hypertension, diabetes, hyperlipidemia, and nodules, breaking new ground by expanding coverage from single conditions to multi-condition cases. After three product iterations, its service model evolved from passive claims processing to proactive health management. By the end of 2025, Jia An Xin had provided protection to tens of thousands of customers like Mr. Huang's family, with cumulative payouts exceeding RMB33.8 million, ensuring access to suitable coverage for people of all health statuses and ages.

Shen Ai Bao: deep integration of healthcare and insurance. If Jia An Xin represents the breadth of inclusive coverage, Shen Ai Bao embodies the depth – a solution deeply rooted in real medical scenarios and patient journeys. Through collaboration with government bodies

and medical institutions, and based on insights from nearly 200,000 real-world clinical records, Shen Ai Bao achieved sophisticated pricing. It offers RMB1 million in sum assured with continuously-updated coverage for dozens of innovative specialty drugs, which seeks to address the key pain point of patients – affordability. More importantly, it allows pre-surgery enrolment and supports payment via customer's social medical insurance personal account. By combining technology and innovative models, it integrates standardized follow-up care with a follow-up allowance, embedding insurance services deeply into patients' recovery journey.

Our concern for those with pre-existing conditions goes far beyond issuing a policy or paying a claim. From Jia An Xin, which weaves a broad safety net, to Shen Ai Bao, which pioneers a specialised protection model for breast cancer patients, we have made substantial progress and plan to go further. We understand that behind each medical bill lies a family's struggle, and behind each policy lies a profound trust. As a trailblazer, we will continue to focus on under-served communities and deliver more personalised products and more caring services.





Three “Importunate” but Life-Saving Reminders

“From ‘Passive Claims’ to Full-Cycle ‘Proactive Management’”

In a rehabilitation ward at Shanghai Ruijin Hospital, 35-year-old Ms. Zhao, a marketing director at a major internet company, scrolled through her chat history with Xiao Li, her Yi Pei Tong health manager. Reflecting on Xiao Li’s three thoughtful follow-ups over the past six months, she said with deep emotion, “If it weren’t for Xiao Li’s careful attention and consistent follow-up, I would have let a small nodule develop into a serious condition. Yi Pei Tong didn’t just insure me — they truly looked after me.”

The story began in February 2025, during an online consultation for a common cold. “Xiao Li, I’ve had this lingering cold — my throat keeps feeling itchy.” Ms. Zhao typed into her dedicated Yi Pei Tong chat window. Xiao Li immediately connected her with an online doctor. During the consultation, Ms. Zhao mentioned, “I was diagnosed with a thyroid nodule in a checkup half a year ago, but many of my colleagues have them too.” At the time, Ms. Zhao was busy with a high-pressure project and rarely slept more than six hours a day, so she ignored the doctor’s advice for a follow-up.

First reminder: Brushed off with “I don’t have time”

After the consultation, Yi Pei Tong’s AI system flagged her case as “thyroid nodule + irregular follow-up + chronic sleep deprivation” and added Ms. Zhao to a high-risk monitoring list. Xiao Li, a health manager with five years of clinical nursing experience and three years in claims, knew that nodules with unclear borders must not be delayed. That evening, Xiao Li sent Ms. Zhao a message: “Ms. Zhao, according to clinical guidelines, your nodule requires a follow-up check within six months. I can help you book a specialist appointment at Ruijin Hospital. When would be convenient for you?” Just coming out of a three-hour project meeting, Ms. Zhao replied: “I don’t have time right now.” Xiao Li recognized this as typical “health procrastination” among busy professionals — but risk does not wait. She noted in her record: “Follow up again in one

month.”

Second reminder: Misinterpreted as a sales pitch

In March, seeing that Ms. Zhao still had not scheduled her follow-up, Xiao Li sent a second reminder, along with an educational article on thyroid nodules, noting: “Many patients with similar conditions successfully controlled their risks through timely follow-up. Let me know if you would like help booking an appointment.” Pulling an all-nighter to finalize a project proposal, Ms. Zhao responded irritably: “Stop trying to sell me something!” Rather than arguing, Xiao Li changed her approach to that of a quiet health partner. From then on, she sent Ms. Zhao a short health tip each week, such as: “After late nights, try White Fungus and Snow Pear Soup — it soothes the throat and supports thyroid health.”

Third reminder: Heeded when discomfort struck

In May, with only one week left in the recommended follow-up window, Xiao Li reached out a third time — calmly but firmly: “Ms. Zhao, do you often feel a lump in your throat? With your nodule and long-term sleep deprivation, the risk is considerable. It is essential to have a checkup this week.” Just after a gruelling four-hour business negotiation, Ms. Zhao felt a sharp pain when swallowing. Her heart sank. This time, she hesitated: “Alright ... let’s do it Friday afternoon.”

A Small Scar for Peace of Mind

The ultrasound report showed her nodule had progressed to TI-RADS 4a, and the doctor recommended an immediate fine-needle aspiration. Standing in the hospital corridor, Ms. Zhao’s fingers trembled as she sent a voice message: “Xiao Li, it’s 4a ... does that mean cancer?” Xiao Li replied instantly: “No need to panic — 4a indicates moderate risk, not a confirmed diagnosis! I will book the earliest possible biopsy for you.” Within 10 minutes, through Yi Pei Tong’s green channel, Xiao Li secured an appointment for the very next day — cutting the usual



one-week waiting time drastically. Ms. Zhao also received relevant treatment cases and clinical guidelines: “The 10-year survival rate for early-stage cases is 98%. Stay calm — I’m with you every step of the way.” The biopsy result returned “suspicious for malignancy,” and the doctor advised minimally invasive ablation surgery. Xiao Li coordinated the entire procedure. Postoperative pathology confirmed early-stage papillary thyroid cancer, detected early with no capsular invasion, so no chemotherapy or radiotherapy was required.

On the day of discharge, Xiao Li helped Ms. Zhao book a follow-up appointment for one month later. With tears in her eyes, she said: “There was a time I found you persistent — now I can’t imagine what would have happened without your three reminders.” Xiao Li smiled and replied: “Yi Pei Tong is not just about claims — we are your on-demand health partner. We are here to protect your health.” The post-surgery claims process further impressed Ms. Zhao: within hours of submitting her documents, more than RMB10,000 in medical expenses was reimbursed. After her full recovery, she returned to work and shared her

experience. By the end of the day, more than 20 colleagues signed up for Yi Pei Tong care managers.

Ms. Zhao’s journey exemplifies the transformative value of Yi Pei Tong, a pioneering one-stop “medical care + claims” solution launched by CPIC Health. As an industry-first model, Yi Pei Tong integrates private health insurance with health management, underscoring the insurer’s commitment to inclusive, people-centred protection. Since its launch in 2024, Yi Pei Tong has leveraged CPIC Group’s “health and elderly care” ecosystem to seamlessly unite insurance, healthcare, and technology. By combining AI-powered risk alerts, early intervention, green-channel access to top-tier care providers, and rapid claims settlement, it has built a full-cycle health protection network covering prevention, diagnosis, treatment, claims, and rehabilitation. With lower average costs for online consultations compared with in-person visits, Yi Pei Tong delivers benefits in several ways: reduced hospital visits and lower claim payouts — creating a win-for-all for employers (cost savings), employees (better experience and well-being), and insurers (effective risk control). By December 2025, Yi Pei Tong had served more than 289,000 individuals, with a customer satisfaction rate of 96%. Through its high-frequency, proactive intervention model centred on prevention and full-journey care, Yi Pei Tong has become a trusted guardian of people’s health.

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2025

Annual Report

CHINA PACIFIC INSURANCE (GROUP) CO., LTD.

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Cautionary Statements:

Forward-looking statements included in this report, including future plans and development strategies, do not constitute a guarantee of the Company to investors. Investors and other related parties are advised to be mindful of the risk, and be aware of the difference between the Company's plans or projections and its commitments. You are advised to exercise caution.

Important information

- I. The Annual Report 2025 of the Company was considered and approved at the 21st session of the 10th board of directors on 26 March 2026, which 14 directors were required to attend and 14 of them attended in person.
- II. Ernst & Young Hua Ming LLP audited the 2025 consolidated financial statements of the Company and issued the standard unqualified auditor's report.

BOARD OF DIRECTORS

CHINA PACIFIC INSURANCE (GROUP) CO., LTD.

Corporate information

Legal Name in Chinese:

中國太平洋保險 (集團) 股份有限公司 (“中國太保”)

Legal Name in English:

CHINA PACIFIC INSURANCE (GROUP) CO., LTD. (“CPIC”)

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Selected Newspapers for Disclosure (A Share):

China Securities, Shanghai Securities and Securities Times

Announcements for A Share Published at:

<http://www.sse.com.cn>

Announcements for H Share Published at:

<http://www.hkexnews.hk>

Announcements for GDR Published at:

<http://www.londonstockexchange.com>

Report Available at: Investor Relations Dept. of the Company

Stock Exchange for A Share Listing:

The Shanghai Stock Exchange

Stock Name for A Share: 中國太保

Stock Code for A Share: 601601

Stock Exchange for H Share Listing:

The Stock Exchange of Hong Kong Limited

Stock Name for H Share: 中國太保

Stock Code for H Share: 02601

H Share Registrar:

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

Stock Exchange for GDR Listing: London Stock Exchange

Stock Name for GDR: China Pacific Insurance (Group) Co., Ltd.

Trading symbol for GDR: CPIC

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Signing Certified Public Accountants:

GUO Hangxiang, MO Aiqi

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Ernst & Young Hua Ming LLP (Recognised PIE Auditor)

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Definitions

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

“The Company”, “the Group”, “CPIC” or “CPIC Group”	China Pacific Insurance (Group) Co., Ltd.
“CPIC Life”	China Pacific Life Insurance Co., Ltd., a subsidiary of China Pacific Insurance (Group) Co., Ltd.
“CPIC P/C”	China Pacific Property Insurance Co., Ltd., a subsidiary of China Pacific Insurance (Group) Co., Ltd.
“CPIC AMC”	Pacific Asset Management Co., Ltd., a subsidiary of China Pacific Insurance (Group) Co., Ltd.
“CPIC HK”	China Pacific Insurance Co., (H.K.) Limited, a subsidiary of China Pacific Insurance (Group) Co., Ltd.
“Changjiang Pension”	Changjiang Pension Insurance Co., Ltd., a subsidiary of China Pacific Insurance (Group) Co., Ltd.
“CPIC Fund”	CPIC Fund Management Co., Ltd., a subsidiary of China Pacific Insurance (Group) Co., Ltd.
“CPIC Anxin Agricultural”	Pacific Anxin Agricultural Insurance Co., Ltd., a subsidiary of China Pacific Insurance (Group) Co., Ltd.
“CPIC Health”	Pacific Health Insurance Co., Ltd., a subsidiary of China Pacific Insurance (Group) Co., Ltd.
“CPIC Capital”	CPIC Capital Company Limited, a subsidiary of China Pacific Insurance (Group) Co., Ltd.
“CPIC Technology”	Pacific Insurance Technology Co., Ltd., a wholly-owned subsidiary of China Pacific Insurance (Group) Co., Ltd.
“CPIC Life (HK)”	China Pacific Life Insurance (H.K.) Company Limited, a subsidiary of China Pacific Insurance (Group) Co., Ltd.
“CPIC Investment (HK)”	CPIC Investment Management (H.K.) Company Limited, a subsidiary of China Pacific Insurance (Group) Co., Ltd.
“CBIRC”	Former China Banking and Insurance Regulatory Commission
“NFRA”	National Financial Regulatory Administration
“CSDC”	China Securities Depository and Clearing Corporation Limited
“CSRC”	China Securities Regulatory Commission
“SSE”	Shanghai Stock Exchange
“SEHK”	The Stock Exchange of Hong Kong Limited
“LSE”	London Stock Exchange
“PRC GAAP”	China Accounting Standards for Business Enterprises issued by Ministry of Finance of the People’s Republic of China, and the application guide, interpretation and other related regulations issued afterwards
“New Accounting Standards”	The Accounting Standard for Business Enterprises Nos. 22, 23, 24, 37 and 25 promulgated and revised by the Ministry of Finance of the People’s Republic of China in 2017 and 2020 sequentially
“Company Law”	Company Law of the People’s Republic of China
“Articles of Association”	The articles of association of China Pacific Insurance (Group) Co., Ltd.
“Hong Kong Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Model Code for Securities Transactions”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“Corporate Governance Code”	Corporate Governance Code as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Substantial Shareholder”	Has the meaning given to it under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being a person who has an interest in the relevant share capital of the Company, the nominal value of which is equal to or more than 5% of the nominal value of the relevant share capital of the Company
“GDR”	Global depository receipts
“ESG”	Environmental, Social and Governance
“RMB”	Renminbi
“pt”	Percentage point

Business overview

Key indicators

Unit: RMB million

Group operating income 435,156 +7.7%	Group OPAT attributable to shareholders of the parent 36,523 +6.1%	Group embedded value ^{note 1} 613,365 +9.1%
NBV of life business ^{note 1} 18,609 +40.1%	Group net profit attributable to shareholders of the parent 53,505 +19.0%	Group core solvency margin ratio 206% +24pt
NBV margin of life business ^{note 1} 19.8% +3.2pt	Group comprehensive investment yield 6.1% +0.1pt	Group comprehensive solvency margin ratio 273% +17pt
Underwriting combined ratio of P/C business ^{note 2} 97.6% -1.0pt	Total investment yield 5.7% +0.1pt	Group number of customers ('000) 189,546 +6,370
	Net investment yield 3.4% -0.4pt	Insurance policies per customer 2.35
		Annual cash dividend ^{note 3} RMB 1.15 per share (tax included)

Notes:

1. Consolidated data of CPIC Life and CPIC Life (HK), the comparative period figures were restated on a consistent basis for accurate comparison.
2. Consolidated data of CPIC P/C, CPIC Anxin Agricultural and CPIC HK.
3. Subject to approval of the Shareholders' Meeting.

Core Competitiveness

As a leading integrated insurance group in China, we stay focused on the core business of insurance, put value and profitability first, with steady growth of overall business results, consolidation of market standings and significant improvement in value-creating capabilities; we continue to cement the foundation of sustainable development and make increased contribution to China's social and economic development and people's well-being, achieving new milestones in high-quality development.

Focus

We stay focused on insurance, with relatively balanced development of various business segments. We are in a position to leverage the synergy across business segments to meet customers' diverse needs, with continued enhancement of insurance professional expertise. Our life/health insurance business is committed to boosting people's welfare via diversified products/service offerings centring on "health protection, retirement provision and wealth management"; build competitive advantage in channel diversification, with efforts to foster a career-based, professional, digitally-empowered and younger sales force, while boosting other channels such as bancassurance and work-site marketing, with improvement in CRM capabilities. The property and casualty insurance business, committed to serving the New Development Pattern, promotes product innovation in green insurance, steps up support for the Rural Invigoration and Belt & Road Initiatives, further strengthens climate-related risk management capability and strives to improve the risk pricing & risk reduction system. As for investment, we adhere to value, long-term, prudent and responsible investing, continuously strengthen the long-term mechanism for coordination of assets and liabilities, with improved capabilities for cross-cycle asset allocation based on profiles of liabilities; we strive to capture market structural opportunities, with long-term investment yields consistently higher than cost of liabilities, which facilitates steady value growth and stable operation of the Company.

Prudence

We persist in sustainable development, with sound systems of corporate governance, performance evaluation and risk management. We continuously improve the corporate governance structure with legal entities shouldering the primary responsibility; optimise relevant rules and policies governing the Shareholders' Meeting, the Board of Directors and the senior management to ensure a clear division of responsibilities, with coordinated operation of relevant governance bodies as well as checks and balances. We establish and refine the performance evaluation system and incentive & restraint mechanisms balancing short term and long term, development and risk management, deepen contract-based term management of senior executives, which cements the foundation of high-quality development and stimulates organisational vitality. We continuously improve the risk management system, adopt a tiered, differentiated and "look-through" approach towards risk management, strengthen early warning and monitoring of key risks, so as to ensure healthy, sustainable development of the Company.

Innovation

We are customer-oriented and forge ahead with transformation & innovation in a bid to foster new drivers for high-quality development. A series of industry-first products and major demonstration projects have been launched, testifying to an increased role of patient capital in serving the real economy. We diversify the health insurance product matrix, with an upgrade of capabilities from insuring only those under social medical insurance to out-of-pocket expenses, and from insuring only those with pre-existing conditions to those with existing illnesses; build an ecosystem of "preventive care, diagnosis, treatment, rehabilitation and elderly nursing" and boost the integration of insurance products and healthcare services to meet customers' needs across their entire life cycles. We advance digitalisation in an all-around way, proceeding with the building of insurance foundation model and AI computing platforms; vigorously develop and roll out digital and AI-powered applications under a range of scenarios, including CRM and agency force empowerment of life insurance business, risk reduction of P/C insurance, and claims settlement of health insurance, effectively improving operational efficiency.

Responsibility

We uphold the philosophy of "insurance for people", align ourselves with China's social and economic development, and strive to create value for customers, employees, shareholders and the society. We strengthen the system of consumer rights protection to enhance consumer experience, with progress in consumer rights protection demonstration zones and AI application. We optimise the HR management system, formulate medium – and long-term development plans for talent which upholds professionalism and strives for a younger age structure; proceed with management succession at Group level and subsidiaries, and step up talent pool development for succession planning, facilitate employees' career advancement to enhance their sense of fulfilment, belonging and satisfaction. We are committed to protecting shareholder interests, continue to improve transparency in information disclosure, formulate medium – to long-term shareholder dividend policy and strive to generate stable, sustainable and predictable returns to shareholders. We push for integration of ESG philosophies into the full process of business management, support green, low-carbon economic and social transition, cement our win-win cooperation with partners both upstream and downstream, so as to fulfil our corporate social responsibilities.

Honours and awards

- CPIC Group was granted the Best Case of the Year at the 2025 Best Practices of the Board of Directors of Listed Companies, the Best Case of the Year at the 2025 Best Cases in Sustainable Development of Listed Companies, and the Best Case of the Year at the 2025 Best Cases in Internal Control of Listed Companies organised by the Chinese Association of Publicly-Listed Companies.
- CPIC obtained MSCI ESG “AAA” (the highest) rating.
- CPIC P/C won the “Property and Casualty Insurance Company of the Year Award” at the 2025 China Financial Value Rankings held by YICAI.
- In the 2025 (10th) China Insurance Ark Awards sponsored by the Securities Times, CPIC Life’s “Youhu” Long-term Care Service Brand won the Insurance Industry Ark Award for Inclusive Finance; CPIC AMC won the Insurance Asset Management Company Ark Award for High-Quality Development, and its Fixed Income Department won the Ark Award for Gold-Medal Insurance Investment Team; and the CPIC Strategic and Emerging M&A Private Equity Fund (Shanghai) LLP sponsored by CPIC Capital won the Ark Award for Innovation in Support for Real Economy by Insurance Fund.
- At the “2025 Shangzhengying – Jinlicai” Annual Awards sponsored by the Shanghai Securities News, CPIC Life won the Insurance Asset Management Brand Award, and CPIC AMC’s “Pacific Excellence New Trend Product” won the Equity-type Insurance Asset Management Product Award.
- CPIC Life’s brand collaboration with the TV drama A Pretty Good Life was included among the Financial Branding and Cultural Development Cases at the 2025 Golden Dragon•Financial Power Case Awards hosted by the Financial News.
- CPIC Health’s “Lan Yi Bao – Long-term Medical Insurance (Good Doctor and Medicine Edition)” won the Health Insurance Product of the Year Award at the 2024-2025 “Jin Kou Bei” Annual Insurance Product Competitions sponsored by the China Banking and Insurance News.
- Changjiang Pension won the “China, Best Pension Manager”, “China, Best ESG Manager”, and “China, Best Enterprise Annuity Scheme – Golden Sunshine Collective Enterprise Annuity Scheme” of the 2025 Best of the Best Awards sponsored by the Asia Asset Management magazine.
- CPIC was granted the “2024 Fintech Development Award” by the People’s Bank of China, with its AI+ Digital Empowerment Project Based on Large Models and Data Asset Management System Construction Project winning a Second Prize, and its Innovation Project for Database Applications in Insurance Scenarios winning a Third Prize.
- CPIC won the 2024 Asian Excellence Brand Award by Asiaweek.com as well as the second Shanghai Charity Award by the Shanghai Municipal Government.

Chairman's statement

Dear shareholders,

The past year was marked by profound changes of the world unseen in a century. The international political and economic landscape remained complex and challenging. On the domestic front, China's economic development stayed on track and demonstrated enhanced resilience. Steady progress has been made in technological advancements and industrial upgrade. Improvements are made on green development and low-carbon transition, people's well-being and health & elderly care services, rural revitalisation and agricultural production security, risk prevention and social governance. All these have provided a strong boost to the long-term and healthy development of the insurance industry. Against such a backdrop, CPIC maintained its strategic focus and consistency, proactively responded to changing dynamics of the environment, adhered to a value-oriented business philosophy, deepened reforms in an all-around way, stepped up long-term capacity-building and delivered a solid business performance.

In 2025, the Group reported an operating income of RMB435.156 billion, representing a year-on-year increase of 7.7%, of which insurance revenue reached RMB288.910 billion, up 3.4%. Group net profit^{note 1} amounted to RMB53.505 billion, an increase of 19.0% year on year, while Group OPAT^{note 1} was RMB36.523 billion, up 6.1% year on year, maintaining positive momentum in both top-line and bottom-line growth. As of the end of 2025, Group embedded value^{note 2} (EV) amounted to RMB613.365 billion, up 9.1% from the end of 2024. Net assets^{note 1} reached RMB302.143 billion, up 3.7%, and Group assets under management (AuM) stood at RMB3.89 trillion, up 9.8% from the end of 2024, pointing to steady growth of our overall strength.

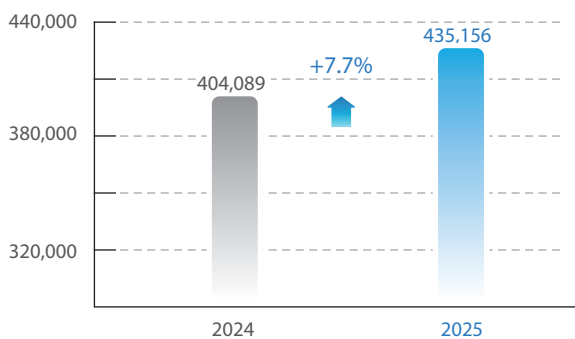
This year, we deepened transformation, with sustained improvements across core business segments. Our life insurance business focused on value growth and proceeded with channel diversification. In 2025, NBV^{note 2} amounted to RMB18.609 billion, a year-on-year growth of 40.1%, with an NBV margin^{note 2} of 19.8%, up 3.2 percentage points. The agency channel pressed ahead with its restructuring to build a career-based, professional, and digitally-empowered sales force, with further gains in core manpower productivity; value contribution from bancassurance and the group channel also saw steady growth. Besides, we deepened customer segmentation and continuously optimised product mix, and as a result, participating insurance accounted for over half of regular premiums from new policies, with business quality staying at healthy levels. The property and casualty insurance business put profitability first and continuously refined its business mix, with significant improvement in underwriting profitability, considerable growth of underwriting profit and stable premium income. Of this, auto insurance business adopted more granular management and strengthened professional development of distribution channels, with enhanced operational resilience; non-auto insurance proactively reduced exposure to high-risk

and low-profitability businesses and advanced the integrated risk reduction management system encompassing prevention, reduction, relief and compensation. On the investment front, we focused on building cross-market and cross-cycle asset allocation capabilities while seizing opportunities in the capital markets, which enabled us to maintain a solid performance in the Group's comprehensive investment yield, providing a strong support for the Group's profit growth.

This year, we forged ahead with a pioneering spirit, upholding our commitment to national strategies. We advanced the "Five Financial Priorities", with insurance playing an increasingly prominent role in enabling high-quality economic and social development. In technology finance, we supported the development of new quality productive forces by establishing a dedicated product system including the "Kechuang Wuyou" comprehensive insurance programme. Total sum assured (SA) for technology insurance exceeded RMB67 trillion, and our investments in the sector surpassed RMB130 billion. In green finance, we contributed to the green transformation of the economy and society, with SA on green

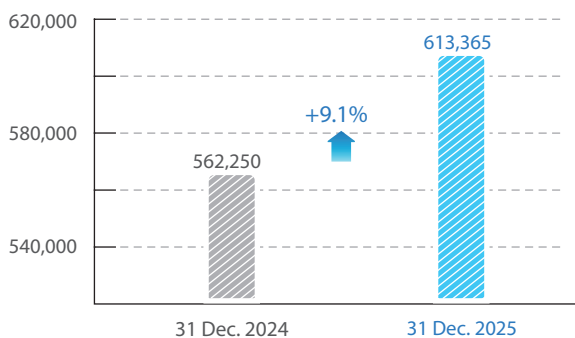
Group operating income

Unit: RMB million



Group EV^{note 2}

Unit: RMB million





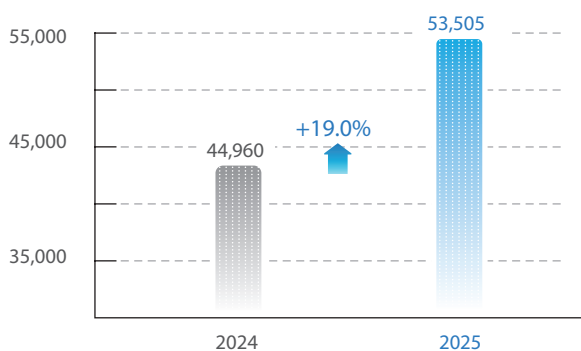
insurance exceeding RMB310 trillion. We actively pursued the issuance of green insurance debt plans, asset-backed securities (ABS), and real estate investment trusts (REITs), with total green investments exceeding RMB300 billion. In inclusive finance, we issued over 500 million policies under critical illness, long-term care and inclusive health insurance programmes, covering people across 262 cities nationwide. We also provided agricultural risk protection with total SA of about RMB1.3 trillion to over 17 million farmers, with claims paid out to nearly 6 million rural households. In pension finance, we enriched our health & elderly care service offerings. CPIC Home has expanded to 13 cities, with 15 retirement communities up and running, housing more than 3,000 elderly residents. Rehab care hospitals under the “Yuanshen Rehab” brand opened in Xiamen and Jinan. Collectively, our health and elderly care services have cumulatively covered over 12 million customers. We also promoted innovation in enterprise annuity business, successfully launching a talent enterprise annuity plan in Shanghai’s Lingang New Area and an automatic enrolment mechanism for enterprise annuities in Xiong’an New Area. In digital finance, we continued to advance our insurance large model foundation and computing platforms. We deepened digital and intelligent operations across various business scenarios, including customer resource management and sales force empowerment for life insurance, risk mitigation services for property and casualty insurance, and

claims settlement for health insurance. These efforts effectively enhanced our operational efficiency and effectiveness.

This year, we embraced new trends and drove innovation, with breakthroughs on multiple fronts. To facilitate global expansion of Chinese automakers, we provided risk cover for over 20,000 new energy vehicles exported to Thailand, marking the first time a domestic insurer has provided international NEV insurance services. We launched the “CPIC Long-Term Care 2.0”, a digital empowerment solution which embedded AI into fund calculation and disability assessment processes, significantly improving efficiency, accuracy and risk control capabilities. We launched a RMB30 billion strategic emerging industries M&A fund and a RMB20 billion private equity fund, boosting financial support for the real economy. We successfully completed the dissolution of the Board of Supervisors and strengthened the mechanism for supporting the Board of Directors in its performance of duties, with continuous improvement in corporate governance functions. We also made use of new capital market financing instruments, issuing a zero-coupon H-share convertible bond at a premium. The issuance set multiple historical records and attracted international long-term investors, providing strong support for the Company’s future business development and strategic implementation. We refined our ESG governance system, unveiled the Group’s five-year

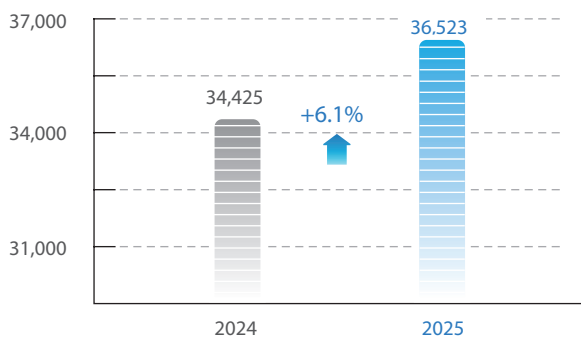
Group net profit^{note 1}

Unit: RMB million



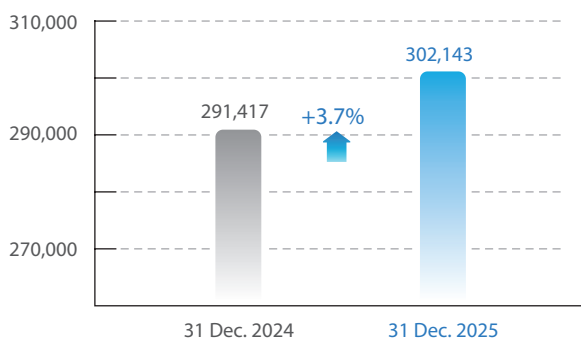
Group OPAT^{note 1}

Unit: RMB million



Group net assets^{note 1}

Unit: RMB million



carbon reduction targets, and strengthened our capabilities in quantitative climate risk management. Our MSCI ESG rating was upgraded to the highest level of AAA, placing us among global leaders.

The year 2025 marks the conclusion of the 14th Five-Year Plan period. Over the past five years, amid multiple internal and external challenges, we have maintained our confidence and strategic focus, with unwavering efforts to deepen transformation. Despite heightened uncertainty in the market environment, we took all necessary actions to foster certainty in

our pursuit of high-quality development. As of the end of 2025, Group AuM amounted to nearly RMB3.9 trillion, and EV grew by over 33% cumulatively over the past five years. Over the same period, Group accumulated profit before tax surpassed RMB220 billion, while the total number of customers grew steadily to nearly 190 million; both the number of customers holding two or more insurance policies and the average number of policies per customer achieved double-digit growth in the 5-year period, further strengthening customer value creation and loyalty.

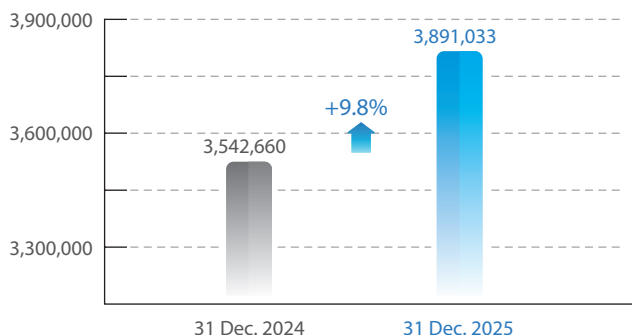
During the 15th Five-Year Plan period, the market environment is expected to undergo profound and complex changes amid rising uncertainty and unpredictable factors, which will present both strategic opportunities as well as risks and challenges. It is therefore imperative for the insurance industry to grasp long-term trends, proactively adapt to changes, and explore new opportunities. Currently, against the backdrop of a new wave of technological and industrial revolution, there is growing demand for risk coverage and financing in emerging sectors, creating opportunities for both the liability and asset sides of insurance companies. China's aging population, declining birth rates, and the challenge of "getting old before getting rich" are driving demand for multi-tiered retirement financial products and health & elderly care services. AI will profoundly reshape consumer cognitive patterns and behaviours, giving rise to new industries and business models while also raising expectations for more innovation in insurance products and services. At the same time, we are keenly aware that the industry's transformation remains an uphill battle. On the one hand, as the "cushion of economic shocks" and "social stabiliser", the insurance industry is expected to play an even more important role in economic and social development, which calls for capability upgrades. On the other hand, in the face of a confluence of factors including the reform of the life insurance tied-agent system, pressure on the underwriting profitability of property and casualty (P/C) insurance, a low-interest-rate environment, and volatility in equity markets, it is vital for the industry to foster new growth drivers and explore new development paths.

As we embark on a new journey, we stand ready to seize opportunities and reach new milestones. Guided by our vision of "a top-notch insurance and financial services group with market leadership and international competitiveness", we look ahead to the 15th Five-Year Plan period with confidence and resolve. We will deepen reforms, press ahead with enterprise and pursue operational excellence, so as to achieve new milestones of high-quality development and deliver sustained and stable returns to our shareholders.

We will strengthen the foundation of our core business segments and sharpen our competitive edge through specialised operations. In life insurance business, we will stay committed to value growth and deepen business transformation. For the agency channel, while maintaining stability in its fundamentals, we will accelerate the development of high-performing agents to further enhance agent productivity. As for bancassurance, we will seize market opportunities, step up

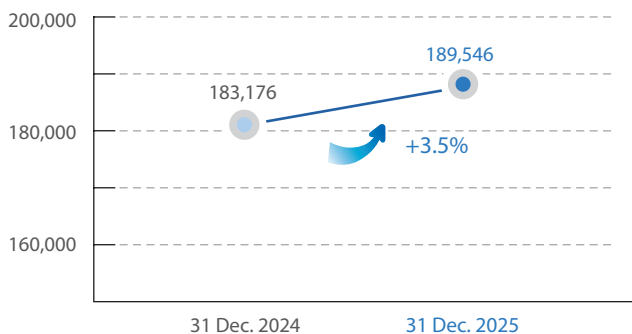
Group AuM

Unit: RMB million



Group Number of Customers

Unit: '000



development of mid-tier and high-net-worth (HNW) customers to consolidate the foundation for value growth; we will also diversify our product portfolios to improve alignment between products/services and customer needs, and optimise the mix of profit sources. Our property and casualty insurance business will focus on enhancing underwriting profitability, optimising business mix and fostering new growth drivers; it will also explore innovation in operational models for NEV insurance and intelligent driving, strengthen capabilities in pricing, u/w and claims handling for new customer segments, new products and new businesses, and improve risk reduction management and risk transfer mechanisms. We will proactively adapt to the low-interest-rate environment, improve the coordination of assets and liabilities, strengthen the matching of asset and liability in costs and returns as well as in duration, and enhance our capabilities in SAA and its implementation, so as to lay a solid foundation for long-term and stable investment returns.

We will seize the opportunities of our times to drive breakthroughs in the 3 key strategic initiatives. In terms of the health & elderly care strategy, we will capitalise on new policy opportunities in health insurance, drive innovation in commercial health insurance products, consolidate our strength as a specialised health insurer by promoting product innovation and risk reduction management via services; we will enhance professional management of pension funds, step up efforts in retirement finance, expand the coverage of the enterprise annuity market to drive growth of the “second pillar” business; we will capture opportunities in individual

pension business, create integrated product/service solutions and build our competitive edge in the “third pillar” business. On the internationalisation front, we will strengthen forward-looking strategic research, enhance our capacity to provide cross-border services and manage global asset allocation. With Hong Kong positioned as the “stepping stone” for cross-border connectivity and the “launchpad” for business innovation, we will advance business development in key markets and gradually integrate into the international market. As for the “AI+” strategy, we will strengthen digital and intelligent transformation, build an enterprise-grade AI capability system, and accelerate the scenario-based and large-scale development and deployment of AI applications. This will improve our operational efficiency, enhance customer experience, while driving business process re-engineering and service model innovation.

We will forge ahead with reforms to build long-term competitiveness for the future.

We will continue to improve modern corporate governance mechanisms, further solidifying the foundation of governance under the new framework comprising the Shareholders’ Meeting, the Board of Directors and senior management. This includes clearly defined division of powers and responsibilities to ensure efficient operation, as well as a market-oriented incentive and constraint system. We believe such arrangements will further unleash organisational vitality – particularly at the primary level. We will make vigorous efforts to select outstanding young talent and build a market-competitive talent development mechanism, strengthen the professional talent pool for succession planning to support CPIC’s long-term growth. We will improve our risk and compliance management systems, strengthen capabilities in market research and early warning, and enhance our ability in precise risk control and on-the-ground risk response. We will further refine the market value management mechanism, consolidate the foundation for value creation, strengthen value communication and value management, so as to steadily enhance returns for investors.

The year 2026 marks the 35th anniversary of CPIC and the first year of its 15th Five-Year Plan period. As we open a new chapter in our journey, we will continue to pursue progress while ensuring stable fundamentals, and strive to improve quality and efficiency. We will remain focused on the core business of insurance while making strenuous efforts to strengthen our core functions and core competitiveness. We will rise to the occasion, take proactive steps to capture opportunities, overcome difficulties via reform, and break new ground through innovation. Building on the success of the past 35 years, we are confident that we can continue to contribute to China’s modernisation drive, and live up to the expectations of our times and our people.

Notes:

1. Attributable to shareholders of the parent.
2. Consolidation data of CPIC Life and CPIC Life (HK), the comparative period figures were restated on a consistent basis for accurate comparison.

Chairman of the Board of Directors CPIC Group



Operating results

Operating results

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Highlights of accounting and operation data

1

Key accounting data and financial indicators of the Company as at the year ends

Unit: RMB million

Key accounting data	2025	2024	Changes (%)	2023	2022		2021
					Unadjusted	Adjusted ^{note 2}	
Operating income	435,156	404,089	7.7	323,945	455,372	332,140	440,643
Profit before tax	66,068	55,563	18.9	32,001	25,176	42,483	30,796
Net profit ^{note 1}	53,505	44,960	19.0	27,257	24,609	37,381	26,834
Net profit net of non-recurring profit or loss ^{note 1}	52,330	44,926	16.5	27,135	24,505	37,277	26,699
Net cash flows from operating activities	195,523	154,404	26.6	137,863	147,911	148,664	108,407
	31 December 2025	31 December 2024	Changes (%)	31 December 2023	31 December 2022		31 December 2021
					Unadjusted	Adjusted ^{note 2}	
Total assets	3,144,767	2,834,907	10.9	2,343,962	2,176,299	2,071,336	1,946,164
Equity ^{note 1}	302,143	291,417	3.7	249,586	228,446	196,477	226,741

Notes:

1. Attributable to shareholders of the parent.

2. The Company adopted the new insurance standard and the new financial instruments standards from 1 January 2023. Figures of the year 2022 are restated according to the requirements of the new standards. According to requirements of the new insurance standard, the Company adjusted figures of the year 2022 which related to insurance business. According to requirements of new financial instruments standards, the Company did not adjust figures of the year 2022 which related to investment business.

Unit: RMB

Key accounting indicators	2025	2024	Changes (%)	2023	2022		2021
					Unadjusted	Adjusted ^{note 3}	
Basic earnings per share ^{note 1}	5.56	4.67	19.0	2.83	2.56	3.89	2.79
Basic earnings per share net of non-recurring profit or loss ^{note 1}	5.44	4.67	16.5	2.82	2.55	3.87	2.78
Diluted earnings per share ^{note 1}	5.54	4.67	18.6	2.83	2.56	3.89	2.79
Weighted average return on equity (%) ^{note 1}	18.0	16.6	1.4pt	11.4	10.8	19.2	12.2
Weighted average return on equity net of non-recurring profit or loss (%) ^{note 1}	17.6	16.6	1.0pt	11.4	10.8	19.1	12.1
Net cash flows per share from operating activities ^{note 2}	20.32	16.05	26.6	14.33	15.38	15.45	11.27
	31 December 2025	31 December 2024	Changes (%)	31 December 2023	31 December 2022		31 December 2021
					Unadjusted	Adjusted ^{note 3}	
Net assets per share ^{note 1}	31.41	30.29	3.7	25.94	23.75	20.42	23.57

Notes:

1. Attributable to shareholders of the parent.

2. Calculated by the weighted average number of ordinary shares in issue.

3. The Company adopted the new insurance standard and the new financial instruments standards from 1 January 2023. Figures of the year 2022 are restated according to the requirements of the new standards. According to requirements of the new insurance standard, the Company adjusted figures of the year 2022 which related to insurance business. According to requirements of new financial instruments standards, the Company did not adjust figures of the year 2022 which related to investment business.

Unit: RMB million

Key accounting data by quarter	For the three months from 1 January to 31 March 2025	For the three months from 1 April to 30 June 2025	For the three months from 1 July to 30 September 2025	For the three months from 1 October to 31 December 2025
Operating income	93,717	106,779	144,408	90,252
Net profit ^{note}	9,627	18,258	17,815	7,805
Net profit net of non-recurring profit or loss ^{note}	9,624	16,600	17,868	8,238
Net cash flows from operating activities	64,558	55,945	48,894	26,126

Note: Attributable to shareholders of the parent.

2

Non-recurring items

Unit: RMB million

Non-recurring items	2025
Gains on disposal of non-current assets	90
Government grants recognised in current profit or loss	156
Other net non-operating income and expenses other than aforesaid items	(111)
Other items conforming to the definition of non-recurring profit or loss ^{note}	1,003
Effect of income tax relating to non-recurring profit or loss	65
Net non-recurring profit or loss attributable to non-controlling interests	(28)
Total	1,175

Note: Shanghai Ruiyongjing Real Estate Development Co., Ltd. has become a subsidiary of the Group since 30 June 2025. Shanghai Ruiyongjing Real Estate Development Co., Ltd. was included in the scope of the Group's consolidated financial statements, resulting in a one-time profit impact of approximately RMB1,603 million. The revaluation gains or losses on the conversion value of convertible bonds issued by the Company and other impacts related to convertible bonds resulted in approximately RMB-600 million in total.

3

Other key financial and regulatory indicators

Unit: RMB million

Indicators	31 December 2025/2025	31 December 2024/2024
The Group		
Investment assets ^{note 1}	3,039,987	2,734,457
Three-year average investment yield (%) ^{note 2}	4.6	4.1
Insurance revenue	288,910	279,473
Insurance service expenses	252,043	243,147
Insurance contract assets	–	22
Insurance contract liabilities	2,466,607	2,229,514
Liabilities for incurred claims	110,044	105,497
Liabilities for remaining coverage	2,356,563	2,124,017
Reinsurance contract assets	47,746	46,081
Allocation of reinsurance premiums	15,425	15,891
Recoveries of insurance service expenses from reinsurers	14,192	14,466
Insurance finance expenses for insurance contracts issued	101,835	92,520
Reinsurance finance income for reinsurance contracts held	881	2,103
CPIC Life^{note 3}		
Contractual service margin of insurance contracts issued	352,981	342,149
Contractual service margin of the issued insurance contracts initially recognised in the period	19,885	18,456
CPIC P/C		
Three-year average underwriting combined ratio (%) ^{note 4}	97.9	97.7
Three-year average underwriting loss ratio (%) ^{note 5}	70.1	69.3

Notes:

- Investment assets include cash at bank and on hand, etc.
- The Company adopted the new insurance standard and the new financial instruments standards from 1 January 2023. Three-year average investment yield was calculated according to the data based on the new insurance standard and the new financial instruments standards.
- Consolidated data of CPIC Life and CPIC Life (HK), the comparative period figures were restated on a consistent basis for accurate comparison.
- Underwriting combined ratio = (insurance service expenses + insurance finance income or expenses + changes in insurance premium reserves + (allocation of reinsurance premiums paid – recoveries of insurance service expenses from reinsurers – reinsurance finance income or expenses))/insurance revenue.
- Underwriting loss ratio = (incurred claims + changes in liability for incurred claims unsettled + gains or losses on the onerous contracts + insurance finance income or expenses + changes in insurance premium reserves + (allocation of reinsurance premiums paid – recoveries of insurance service expenses from reinsurers – reinsurance finance income or expenses))/insurance revenue.

Review and analysis of operating results

1

Business overview

I. Key businesses

We provide, through our subsidiaries, a broad range of risk protection solutions, wealth management and asset management services. In particular, we provide life/health insurance products & services through CPIC Life, property and casualty insurance products & services through CPIC P/C and CPIC Anxin Agricultural, and health insurance products & health management services through CPIC Health. We manage insurance funds, including third-party assets, through our investment arm, CPIC AMC. We provide retirement financial solutions and other related asset management services via Changjiang Pension, carry out private equity fund management and related consulting services through CPIC Capital, and also engage in mutual fund management business through CPIC Fund. We provide market-oriented technological empowerment service via CPIC Technology.

In 2025, China's insurance market^{note} realised a primary premium income of RMB6.12 trillion, up by 7.4% from 2024. Of this, premiums from life/health insurance companies amounted to RMB4.36 trillion, a growth of 8.9%, and that from property and casualty insurance companies RMB1.76 trillion, up by 3.9%. Measured by primary premium income, CPIC Life and CPIC P/C are both China's 3rd largest insurers for life and property and casualty insurance, respectively.

Note: Industry data are sourced from the official website of NFRA.

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

Unit: RMB million

Balance sheet items	31 December 2025	31 December 2024	Changes (%)	Main reason for the changes
Cash at bank and on hand	62,789	29,357	113.9	Timing difference and issuing convertible bonds
Securities purchased under agreements to resell	24,512	10,905	124.8	Timing difference
Long-term equity investments	14,616	22,520	(35.1)	Change from joint ventures to subsidiaries
Investment properties	28,147	8,951	214.5	Impact of change from joint ventures to subsidiaries
Construction in progress	1,086	2,489	(56.4)	Transfer to fixed assets
Right-of-use assets	1,776	2,921	(39.2)	Impact of change from joint ventures to subsidiaries
Derivative financial liabilities	2,372	96	2,370.8	Issuing convertible bonds
Taxes payable	3,722	2,480	50.1	Timing difference
Bonds payable	22,678	10,286	120.5	Issuing convertible bonds
Lease liabilities	1,571	2,722	(42.3)	Impact of change from joint ventures to subsidiaries
Deferred income tax liabilities	4,517	7,362	(38.6)	Decrease in taxable temporary differences
Other comprehensive income/(loss)	(17,390)	14,917	(216.6)	Change in fair value of financial investments at fair value through other comprehensive income due to capital market fluctuation

Unit: RMB million

Income statement items	2025	2024	Changes (%)	Main reason for the changes
Investment income	52,657	26,907	95.7	Increase in gains from securities trading, etc.
Share of profits/(losses) of associates and joint ventures	94	(540)	(117.4)	Increase in the investment income
Reinsurance finance income for reinsurance contracts held	881	2,103	(58.1)	Change in financial assumption
Interest expenses	(4,164)	(2,728)	52.6	Increase in interest expenses of securities sold under agreements to repurchase, etc.
Impairment losses on financial assets	(1,155)	(531)	117.5	Increase in impairment losses of financial assets
Impairment losses on other assets	(28)	(406)	(93.1)	Decrease in impairment losses of investment properties
Other operating expenses	(1,720)	(1,106)	55.5	Impact of change from joint ventures to subsidiaries
Other comprehensive income/(loss)	(32,910)	6,800	(584.0)	Change in fair value of financial investments at fair value through other comprehensive income due to capital market fluctuation

2

Performance overview

We stayed focused on the core business of insurance, pursued value growth and long-termism, deepened the customer-oriented strategic transformation, and delivered positive overall business results, with sustained growth of comprehensive strength. CPIC Life pressed ahead with business transformation, proceeded with channel diversification, optimised product mix, and achieved solid value growth; CPIC P/C continued to improve business mix and pursued high-quality development in an all-around way, with marked improvement in underwriting profitability and steady growth of premium income; in asset management, we persisted in asset liability management (ALM) across market cycles, enhanced professional investment expertise and reported sound investment results.

I. Performance highlights

During the reporting period, Group operating income amounted to RMB435.156 billion, up by 7.7% year on year, of which, insurance revenue reached RMB288.910 billion, a growth of 3.4%. Group net profit^{note 1} reached RMB53.505 billion, up by 19.0% year on year, with Group OPAT^{notes 1,2} of RMB36.523 billion, a growth of 6.1%. Group EV^{note 3} amounted to RMB613.365 billion, an increase of 9.1% from the end of 2024. Of this, Group value of in-force business^{notes 3,4} amounted to RMB240.698 billion, up by 13.0%. Life insurance business^{note 3} delivered RMB18.609 billion in new business value (NBV), up by 40.1% year on year, with an NBV margin of 19.8%, up by 3.2pt from 2024. Property and casualty insurance business^{note 5} recorded an underwriting combined ratio of 97.6%, down by 1.0pt from 2024. Comprehensive investment yield on Group investment assets went up by 0.1pt year on year to 6.1%.

Life insurance business^{note 3} reported rapid NBV growth, with steady improvement in NBV margin

- > NBV reached RMB18.609 billion, up by 40.1% year on year, with an NBV margin of 19.8%, up by 3.2pt.
- > Written premiums amounted to RMB295.855 billion, up by 12.7% year on year.
- > OPAT of life insurance business reached RMB28.916 billion, a year-on-year growth of 4.8%; contractual service margin amounted to RMB352.981 billion, up by 3.2% from the end of 2024.
- > Deepened product mix restructuring and optimisation, with notable increase in the share of variable products; enhanced business quality management, with policy persistency ratio staying at high levels.

Underwriting profitability of property and casualty business^{note 5} improved significantly, with stable premium income

- > Underwriting combined ratio was 97.6%, down by 1.0pt year on year. Of this, underwriting loss ratio was 70.6%, down by 0.4pt; underwriting expense ratio 27.0%, down by 0.6pt.
- > Primary premium income amounted to RMB203.867 billion, a year-on-year increase of 0.2%.
- > Auto insurance deepened presence in NEV business and stepped up granular management to improve its operational resilience; non-auto business focused on business mix optimisation and enhanced the integrated risk reduction system.

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

- > The share of debt category financial assets stood at 72.4%, down by 3.5pt from the end of 2024; that of equity category financial assets 16.7%, up by 2.2pt from the end of 2024, and of this, core equity^{note 6} accounted for 13.4% of total investment assets, an increase of 2.2pt from the end of the preceding year.
- > Comprehensive investment yield of Group investment assets reached 6.1%, up by 0.1pt year on year. Total investment yield was 5.7%, up by 0.1pt, with net investment yield of 3.4%, down by 0.4pt.
- > Group AuM amounted to RMB3,891.033 billion, an increase of 9.8% from the end of 2024. Of this, third-party AuM amounted to RMB851.046 billion, a growth of 5.3%.

Notes:

1. Attributable to shareholders of the parent.
2. OPAT is based on net profit on the financial statements, while excluding certain P/L items with short-term volatility and material one-off items which management does not consider to be part of the Company's day-to-day business operation. Short-term investment volatility applies to business of CPIC P/C, CPIC Life and CPIC Health, etc., while excluding business based on VFA; it refers to the difference between actual investment income and long-term investment assumptions, while considering the impact of income tax. Material one-off items include the difference between deductible amounts for pre-tax profit of the current period and the average deductible amounts for pre-tax profit from the preceding years.
3. Consolidated data of CPIC Life and CPIC Life (HK), the comparative period figures were restated on a consistent basis for accurate comparison.
4. Based on the Group's share of CPIC Life's value of in-force business after solvency.
5. Consolidated data of CPIC P/C, CPIC Anxin Agricultural and CPIC HK.
6. Stocks and equity funds included.

II. Key performance indicators

Unit: RMB million

Indicators	As at 31 December 2025 /for the period between January and December in 2025	As at 31 December 2024 /for the period between January and December in 2024	Changes (%)
Key value indicators			
Group embedded value ^{note 1}	613,365	562,250	9.1
Value of in-force business ^{notes 1, 2}	240,698	212,957	13.0
Group net assets ^{note 3}	302,143	291,417	3.7
NBV of CPIC Life ^{note 1}	18,609	13,279	40.1
NBV margin of CPIC Life (%) ^{note 1}	19.8	16.6	3.2pt
Underwriting combined ratio of CPIC P/C (%)	97.5	98.6	(1.1pt)
Group comprehensive investment yield (%)	6.1	6.0	0.1pt
Key operating indicators			
Insurance revenue	288,910	279,473	3.4
CPIC Life ^{note 1}	85,980	83,577	2.9
CPIC P/C	197,191	191,397	3.0
Group number of customers ('000) ^{note 4}	189,546	183,176	3.5
Average number of insurance policies per customer	2.35	2.34	0.4
Monthly average agent number ('000)	181	184	(1.6)
Surrender rate of CPIC Life (%) ^{note 1}	1.4	1.7	(0.3pt)
Total investment yield (%)	5.7	5.6	0.1pt
Net investment yield (%)	3.4	3.8	(0.4pt)
Third-party AuM	851,046	808,203	5.3
Key financial indicators			
Net profit attributable to shareholders of the parent	53,505	44,960	19.0
CPIC Life ^{note 1}	42,165	35,825	17.7
CPIC P/C	9,864	7,376	33.7
Basic earnings per share (RMB) ^{note 3}	5.56	4.67	19.0
Net assets per share (RMB) ^{note 3}	31.41	30.29	3.7
Comprehensive solvency margin ratio (%)			
CPIC Group	273	256	17pt
CPIC Life	228	210	18pt
CPIC P/C	244	222	22pt

Notes:

1. Consolidated data of CPIC Life and CPIC Life (HK), the comparative period figures were restated on a consistent basis for accurate comparison.
2. Based on the Group's share of CPIC Life's value of in-force business after solvency.
3. Attributable to shareholders of the parent.
4. The Group number of customers refers to the number of applicants and insureds who hold at least one insurance policy within the insurance period issued by one or any of CPIC subsidiaries as at the end of the reporting period. In the event that the applicants and insureds are the same person, they shall be deemed as one customer.

3

Life/health insurance business

CPIC Life stayed committed to value growth, forged ahead with business transformation, and strived to cement the foundation of high-quality development; it deepened customer segmentation, upgraded the channel diversification model, and delivered rapid NBV growth, with steady improvement in NBV margin. CPIC Health continued to enhance its specialised operational capabilities, with healthy growth of insurance revenue and net profit, pointing to improved operational resilience.

I. CPIC Life^{note 1}

(I) Business analysis

CPIC Life achieved improvement in its key performance indicators, with steady growth of both value and volume, while maintaining healthy business quality. In 2025, it reported RMB295.855 billion in written premiums, an increase of 12.7% year on year; EV amounted to RMB465.479 billion, up by 10.2% from the end of 2024; NBV reached RMB18.609 billion, a growth of 40.1% year on year, with an NBV margin of 19.8%, up by 3.2pt; net profit reached RMB42.165 billion, a growth of 17.7% year on year, with OPAT of RMB28.916 billion, up by 4.8%.

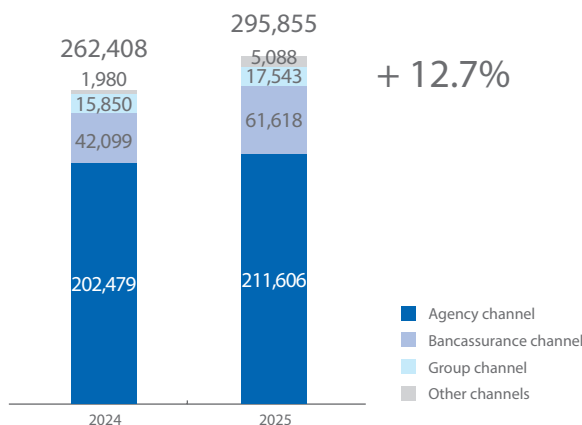
Overall, under the guidance of the philosophy of “creating value for customers with suitable products/services delivered by professional sales teams”, the subsidiary delivered tangible results in its transformation efforts. First, it stepped up customer segmentation to increase the share of mid-tier and high-net-worth (HNW) customers, which further optimised the customer mix; as a result, in 2025, the proportion of mid-tier customers^{note 2} and above reached 28.1%, up by 5.4pt year on year. Of this, the proportion in the agency channel stood at 26.6%, up by 5.1pt; that^{note 2} in bancassurance 41.0%, up by 1.8pt, with rapid growth of HNW customers^{note 2} and ultra HNW customers^{note 2}. Second, upgraded the “2+N” channel diversification strategy so as to build a professional sales force with distinctive strengths and to improve operational quality; agency force headcount stabilised, with improvement in core manpower productivity, considerable value growth of and increased value contribution from bancassurance and work-site marketing. Third, continued to improve its product/service system with multiple measures to optimise business mix, including pushing for an increased share of variable products through the KPI system. As a result, first-year regular premiums from participating products grew considerably in 2025; participating insurance as a percentage of first-year regular premiums rose to 50.0%, and of this, it accounted for 61.4% of first-year regular premiums from the agency channel.

Notes:

- Figures for CPIC Life include CPIC Life (HK), the comparative period figures were restated on a consistent basis for accurate comparison.
- Mid-tier customers are defined as those with total payable premiums between RMB300,000 (inclusive) and RMB2.4 million on in-force new insurance policies during the current reporting period; HNW customers are defined as those with total payable premiums between RMB2.4 million (inclusive) and RMB10 million on in-force new insurance policies; and ultra-HNW customers are defined as those with total payable premiums of RMB10 million and above on in-force new insurance policies.

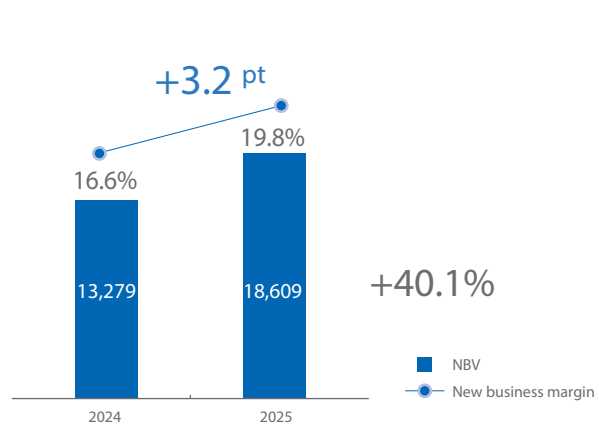
Written premiums of CPIC Life

(Unit: RMB million)



NBV and new business margin of CPIC Life

(Unit: RMB million)



1. Analysis by channels

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

Unit: RMB million

For 12 months ended 31 December	2025	2024	Changes (%)
Written premiums	295,855	262,408	12.7
Agency channel	211,606	202,479	4.5
New policies	36,910	36,896	0.0
Renewed policies	174,696	165,583	5.5
Bancassurance channel	61,618	42,099	46.4
New policies	39,391	29,073	35.5
Renewed policies	22,227	13,026	70.6
Group channel	17,543	15,850	10.7
New policies	14,989	13,934	7.6
Renewed policies	2,554	1,916	33.3
Other channels^{note}	5,088	1,980	157.0

Note: Other channels include telemarketing and brokerage business.

(1) Agency channel

CPIC Life stepped up systematic capacity-building and digital & AI empowerment to drive high-quality development of the agency channel. In customer resources management (CRM), it put in place a system that measures customer satisfaction and value contribution based on customer journeys and business processes, pushed for an increased share of high-value customers via customer segmentation; continued to diversify products/service offerings and strengthen the ability to provide tailor-made, differentiated solutions to meet diverse customer needs; as for agency force restructuring, it focused on key regional markets, stepped up development of high-performing agents and teams, so as to build an agency force of professional, career-based, digitally-savvy and younger agents. In the reporting period, the channel realised RMB211.606 billion in written premiums, a year-on-year growth of 4.5%.

In 2025, monthly average number of agents reached 181,000, with a headcount of 185,000 as at the end of the year, staying stable. Of this, core agent headcount stood at 46,000 on a monthly average basis, with monthly average FYP per core agent of RMB63,605, up by 17.1% year on year. The subsidiary faithfully implemented the regulatory requirement for “consistency between filed and actual commissions”, with continued effort to optimise expense mix and input-and-output ratios. In the second half of the year, monthly average FYC per core agent grew by 22.0% year on year, a significant pick-up from the first half of the year.

For 12 months ended 31 December	2025	2024	Changes (%)
Monthly average FYP per core agent (RMB)	63,605	54,330	17.1
Monthly average FYC per core agent (RMB)	6,696	6,868	(2.5)

(2) Bancassurance channel

Committed to value-oriented strategy, CPIC Life vigorously explored ways to shore up growth drivers for the bancassurance channel. It cemented strategic partnerships with joint-stock banks, especially with SOE banks; improved manpower distribution and deepened presence across bank outlets to enhance channel productivity; continued to diversify product/service offerings to meet customer needs for wealth management; focused on building professionalism of sales teams, persisted in high-quality team building, team management and training, with improvement in productivity; enhanced digital & AI empowerment to improve operational efficiency. During the reporting period, the channel realised RMB61.618 billion in written premiums, up by 46.4% year on year, and of this, regular written premium from new policies amounted to RMB16.956 billion, a growth of 43.2%.

(3) Group channel

CPIC Life adhered to the business strategy of “fully leveraging strengths and balancing long-term and short-term business” for the group channel. In work-site marketing, we focused on “demonstration projects” for key industries, particularly with regard to generating value from individual employees under corporate insurance programmes. We deepened matrix-based granular management to enhance independent operational capabilities. As for inclusive finance, we aligned ourselves with government policies, seized opportunities in long-term care programmes to improve the visibility of our long-term care service brand. During the reporting period, the channel recorded RMB17.543 billion in written premiums, a growth of 10.7% from 2024. Of this, regular premiums of new policies from work-site marketing reached RMB1.12 billion, a growth of 22.9%; in total, we issued 230 million policies under various inclusive insurance programmes.

2. Analysis by product types

In response to China’s key national initiatives such as the pension finance reform and the Healthy China Strategy, and as part of the industry’s broader effort to improve the “supply-side reform”, CPIC Life seeks to build a comprehensive product/service system covering the entire life cycle of customers. Focusing on the “3rd pillar” private pension insurance, the company launched multiple participating annuity products with distinctive features, which strengthened its product line-up in pension insurance for multiple distribution channels; in 2025, written premiums from new policies of its annuity products amounted to RMB43.042 billion, a year-on-year growth of 93.4%. In health insurance, it launched new critical illness and medical insurance products, deepened the model of “insurance + services”, with new written premiums from health insurance reaching RMB13.845 billion in 2025, up by 2.8%. It stepped up the development of variable products and launched a suite of whole-life participating products, which helped to upgrade the customer mix and optimise the business structure. For the reporting period, the CPIC Life recorded RMB22.156 billion in regular written premiums from new policies of participating businesses, a strong growth year on year, accounting for 50.0% of total new regular written premiums. It also capitalised on its health & elderly care service system integrating “preventive care, diagnosis, treatment, rehabilitation and old-age nursing” to enhance experience of target customers, improve their loyalty and better empower the insurance business.

Operating results

Review and analysis of operating results

Unit: RMB million

For 12 months ended 31 December	2025	2024	Changes (%)
Written premiums	295,855	262,408	12.7
Traditional	187,524	172,822	8.5
New regular-pay business	22,128	39,487	(44.0)
Participating	61,187	56,066	9.1
New regular-pay business	22,156	2,443	806.9
Universal	34,344	21,383	60.6
Short-term insurance	12,800	12,137	5.5

Information of the top five products in 2025

For 12 months ended 31 December

Unit: RMB million

Ranking	Name	Type	Written Premium	Main channel
1	Chang Xiang Ban (chuanshiban) whole life 長相伴 (傳世版) 終身壽險	Traditional	17,183	Agency channel
2	Bao Li Ying (diancangban) endowment 保利盈 (典藏版) 兩全保險	Traditional	14,152	Bancassurance
3	Chang Xiang Ban (shengshiban) whole life 長相伴 (盛世版) 終身壽險	Traditional	13,582	Agency channel
4	Jin You Ren Sheng whole life A (2014) 金佑人生終身壽險 (分紅型)A 款 (2014 版)	Participating	10,479	Agency channel
5	Xin Xiang Ban (A) whole life 鑫相伴 (A 款) 終身壽險	Traditional	8,245	Bancassurance

3. Policy persistency ratio

We intensified business quality control, and as a result, the 13-month policy persistency ratio of individual customers stood at 97.3%, maintaining high levels; while the 25-month policy persistency ratio rose by 3.0pt year on year to 95.5%.

For 12 months ended 31 December	2025	2024	Changes
Individual customers 13-month persistency ratio (%) ^{note 1}	97.3	97.4	(0.1pt)
Individual customers 25-month persistency ratio (%) ^{note 2}	95.5	92.5	3.0pt

Notes:

- 13-month persistency ratio: premiums from in-force policies 13 months after their issuance as a percentage of premiums from policies which entered into force during the same period.
- 25-month persistency ratio: premiums from in-force policies 25 months after their issuance as a percentage of premiums from policies which entered into force during the same period.

4. Top 10 regions for written premiums

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

Unit: RMB million

For 12 months ended 31 December	2025	2024	Changes (%)
Written premiums	295,855	262,408	12.7
Jiangsu	34,011	30,099	13.0
Zhejiang	30,459	25,353	20.1
Henan	21,935	21,325	2.9
Shandong	20,998	19,903	5.5
Guangdong	20,344	16,041	26.8
Shanghai	19,285	14,907	29.4
Hebei	14,126	13,559	4.2
Beijing	11,761	9,598	22.5
Shanxi	10,690	10,200	4.8
Hubei	10,630	10,015	6.1
Subtotal	194,239	171,000	13.6
Others	101,616	91,408	11.2

(II) Profit analysis

Unit: RMB million

For 12 months ended 31 December	2025	2024	Changes (%)
Insurance service performance and others	28,438	27,931	1.8
Insurance revenue	85,980	83,577	2.9
Insurance service expenses	(55,749)	(53,583)	4.0
Total investment income ^{note 1}	119,497	100,675	18.7
Finance underwriting gains/(losses) ^{note 2}	(98,635)	(86,522)	14.0
Investment performance	20,862	14,153	47.4
Pre-tax profit	49,300	42,084	17.1
Income tax	(7,135)	(6,259)	14.0
Net profit	42,165	35,825	17.7

Notes:

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

Insurance revenue for the reporting period was RMB85.98 billion, up by 2.9% from 2024. Insurance revenue is recognised based on the insurance contract service provided during the current reporting period and strips out investment components^{note}.

Note: Investment components refer to the amounts paid to policyholders irrespective of the occurrence of insurance events.

Unit: RMB million

For 12 months ended 31 December	2025	2024	Changes (%)
Insurance revenue	85,980	83,577	2.9
Long-term insurance	74,406	72,889	2.1
Short-term insurance	11,574	10,688	8.3

Insurance service expenses amounted to RMB55.749 billion, up by 4.0% year on year. Insurance service expenses include claims payment and other related expenses incurred during the period, excluding investment components.

Unit: RMB million

For 12 months ended 31 December	2025	2024	Changes (%)
Insurance service expenses	55,749	53,583	4.0
Long-term insurance	44,301	42,714	3.7
Short-term insurance	11,448	10,869	5.3

Investment performance for the reporting period amounted to RMB20.862 billion, up by 47.4% year on year. The metric is defined as the part of investment income in excess of the return required by reserves. It grew as a result of an increase in scale of investment assets, capital market fluctuation and optimisation of equity investment strategies.

As a result, in 2025, CPIC Life achieved a net profit of RMB42.165 billion, up by 17.7% year on year.

II. CPIC Health

In line with the strategy of “new products, new channels and new technology”, CPIC Health continuously strengthened its specialised operational capabilities, with a pick-up in top-line growth and improvement in profitability. In 2025, it delivered RMB8.933 billion in gross written premiums, up by 14.4% year on year, driven by both proprietary business from the internet and healthcare ecosystem and business sourced from CPIC Life and CPIC P/C. Under the New Accounting Standards, it reported RMB3.683 billion in insurance revenue, a growth of 39.7%, with net profit of RMB260 million, up by 185.7% year on year. As of the end of 2025, the company achieved cumulative profitability, with further enhancement in operational resilience.

The subsidiary upheld the value proposition of “products are service” and strived to provide customers with caring, professional health protection and related services via innovation. It further diversified the “Lan Yi Bao” product matrix, continued to deliver on the programme’s value proposition of “Quality Healthcare, Premium Medications and Superb Services” to enhance customer satisfaction; strengthened coordinated development of “medical + pharmaceutical + insurance”, expanded cooperation with top-notch care providers, launched “Shen Ai Bao” – a product for sub-standard risks, promoted the application of medical data, and achieved breakthroughs in commercial health insurance products for healthcare scenarios; upgraded “Qi An Xin” corporate health insurance solution; developed “Yi Pei Tong”, a one-stop service programme integrating “medical treatment” and “claims settlement”. It combines on-line medical consulting with referrals of off-line care providers, which helped to enhance user experience and achieved initial success in claims cost control. Driven by sustained product and service innovation, in 2025, the company saw rapid growth in young as well as household customers, with expanded coverage for customers with pre-existing conditions.

In partnership business, CPIC Health leveraged its professional expertise to support CPIC P/C and CPIC Life in health insurance product development, operation and customer services. It upgraded the “Jia An Xin” medical insurance product for 3 years on end, which has become the “last resort” product for elderly customers of CPIC Life; it teamed up with CPIC Life and upgraded the “Le Xiang Bai Wan 2025” and “An Xiang Bai Wan 2025”, launched the exclusive high-end medical insurance products for bancassurance to facilitate CRM activities; in cooperation with CPIC P/C, it launched the household version of “Tai Jian Kang – All-Around Insurance” and “Tai Jian Kang – Waiver of Health Disclosure”, helping to improve the penetration of health insurance among auto insurance customers.

4

Property and casualty insurance

CPIC P/C put profitability first and took targeted measures to drive improvement in business performance, with optimisation of business mix, marked improvement in underwriting profitability, stable premium income and steady progress of high-quality development. Auto insurance focused on CRM, strengthened cost control, stepped up digital empowerment, deepened presence in NEV business, and in particular, provided insurance cover for NEV manufacturers expanding globally, so as to substantially improve its operational resilience and profitability; non-auto insurance optimised resource allocation and business mix to drive business growth, and advanced the integrated risk reduction system of “prevention, reduction, relief and compensation”. CPIC Anxin Agricultural and CPIC HK realised steady development.

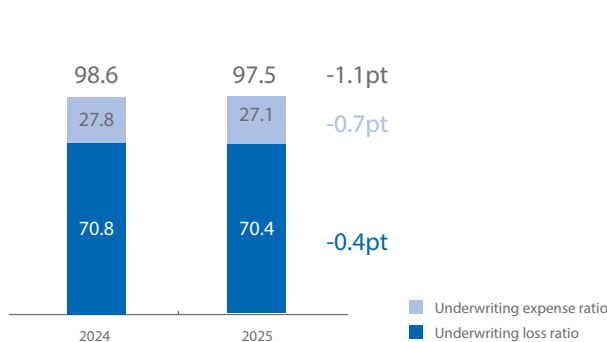
I. CPIC P/C

(I) Business analysis

During the reporting period, CPIC P/C recorded primary premium income of RMB201.499 billion, up by 0.1% from 2024, with insurance revenue of RMB197.191 billion, a growth of 3.0% year on year. It posted underwriting profits of RMB4.836 billion, a growth of 81.0% year on year, with an underwriting combined ratio of 97.5%, down by 1.1pt year on year. Of this, underwriting loss ratio stood at 70.4%, down by 0.4pt; underwriting expense ratio 27.1%, down by 0.7pt.

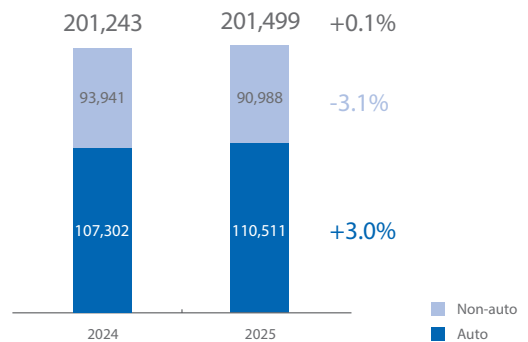
Underwriting combined ratio of CPIC P/C

(Unit: %)



Primary premium income of CPIC P/C

(Unit: RMB million)



1. Analysis by lines of business

Unit: RMB million

For 12 months ended 31 December	2025	2024	Changes (%)
Primary premium income	201,499	201,243	0.1
Automobile insurance	110,511	107,302	3.0
Compulsory automobile insurance	29,475	28,459	3.6
Commercial automobile insurance	81,036	78,843	2.8
Non-automobile insurance	90,988	93,941	(3.1)
Liability insurance	23,075	22,209	3.9
Health insurance	20,298	20,288	0.0
Agricultural insurance	19,939	19,278	3.4
Commercial property insurance	7,962	7,836	1.6
Others	19,714	24,330	(19.0)
Personal credit guarantee insurance	(1,691)	3,830	(144.2)
Others	21,405	20,500	4.4

(1) Automobile insurance

Automobile insurance business maintained steady growth. CPIC P/C strengthened professional development of distribution channels and granular management of business quality, which put business development on a more secure footing, optimised business mix and reduced costs. In 2025, it reported primary premium income of RMB110.511 billion from automobile business, a growth of 3.0% year on year, with the share of household vehicles increasing by 0.6pt. Premiums from NEV business amounted to RMB25.017 billion, accounting for 22.6% of total auto premiums. Underwriting combined ratio of the business stood at 95.6%, down by 2.6pt from 2024 and achieving the best level in recent years.

(2) Non-automobile insurance

In the context of industry transition and moderating growth, CPIC P/C took the initiative to optimise business mix of non-auto insurance, advanced the integrated risk reduction system of "prevention, reduction, relief and compensation" in an all-around way. During the reporting period, it posted RMB90.988 billion in primary premium income from non-auto insurance, down by 3.1% year on year. Due to proactive adjustment of business mix, primary premium income from personal credit guarantee insurance was RMB-1.691 billion, down by RMB5.521 billion from 2024, considerably reducing the risk exposure. Underwriting combined ratio of non-auto business stood at 99.9%, up by 0.8pt; excluding the impact of personal credit guarantee insurance, the ratio would be 97.0%, down by 2.1pt. Of the major business lines, health insurance and commercial property insurance achieved a turnaround in profitability.

Liability insurance stepped up support for modernisation of state governance and the real economy, accelerated development of products for new technologies and new business types, and enhanced professional service capabilities and operational efficiency. At the same time, it upheld prudence, exercised stringent control of high-risk business in key areas, including implementing targeted actions to eliminate or improve projects/business with high claims ratios, so as to improve the overall performance the business line. During the reporting period, liability insurance delivered RMB23.075 billion in primary premium income, up by 3.9% year on year, with an underwriting combined ratio of 102.3%, down by 1.4pt.

Health insurance focused on improving business quality and operational efficiency. We cemented cooperation with government, enhanced business quality control, upgraded risk control techniques and strengthened customer service capabilities, so as to consolidate the foundation of government-sponsored business. At the same time, we stepped up innovation in commercial insurance to match market needs, improved scenario-based marketing and optimised AI-enabled processes, which boosted multiple drivers of business development. During the reporting period, health insurance reported RMB20.298 billion in primary premium income, staying largely flat versus that of 2024, with an underwriting combined ratio of 95.0%, down by 9.3pt year on year.

Agricultural insurance, committed to serving *sannong* (i.e., agriculture, rural areas and farmers), continued to support China's food security and the Rural Revitalisation Initiative, while upgrading its mode of operation. It expanded coverage of full-cost indemnity insurance and crop income insurance of the 3 staple crops and other important agricultural products, diversified product offerings for speciality agricultural products, promoted the development of fishery insurance, so as to build a differentiated risk protection system. Additionally, it deepened innovation in the "Agricultural Insurance +" model, enhanced the application of new technologies, optimised the management of "precise u/w and precise claims handling," and improved service quality, efficiency, and compliance standards. During the reporting period, the business line delivered RMB19.939 billion in primary premium income, up by 3.4% year on year, with an underwriting combined ratio of 103.2%, up by 4.5pt.

Commercial property insurance continued to consolidate its position in traditional business, including maintaining competitive edge in sectors of power generation and petrochemicals. On the other hand, it vigorously explored business opportunities in strategic and emerging sectors such as green energy and semiconductors, helping tech firms manage risks via technology insurance; deepened presence in and accelerated business development from bancassurance, cross-sell and high-quality micro- and small-sized businesses. In risk management, it advanced the integrated system of risk survey, u/w and claims management, focusing particularly on risk control during the flood season, enhanced risk forecasting and response, in a bid to ensure stable business development. In 2025, the business line generated RMB7.962 billion in primary premium income, up by 1.6% year on year, with an underwriting combined ratio of 94.1%, down by 9.7pt.

(3) Key financials of major business lines

Unit: RMB million

For 12 months ended 31 December 2025				
Name of insurance	Primary premium income	Amounts Insured	Underwriting profit	Underwriting combined ratio (%)
Automobile insurance	110,511	119,992,250	4,817	95.6
Liability insurance	23,075	4,583,999,699	(529)	102.3
Health insurance	20,298	425,389,546	574	95.0
Agricultural insurance	19,939	636,606	(595)	103.2
Commercial property insurance	7,962	23,146,149	512	94.1

2. Top 10 regions for premium income

CPIC P/C derived RMB134.918 billion in primary premium income from the top 10 regional markets, accounting for 67.0% of total premiums. The share is up by 1.0pt year on year.

Unit: RMB million

For 12 months ended 31 December	2025	2024	Changes (%)
Primary premium income	201,499	201,243	0.1
Guangdong	26,705	26,073	2.4
Jiangsu	23,500	23,102	1.7
Zhejiang	20,932	20,018	4.6
Shanghai	16,125	15,397	4.7
Shandong	10,765	11,463	(6.1)
Sichuan	8,213	8,063	1.9
Beijing	7,760	7,054	10.0
Hunan	7,509	7,223	4.0
Hebei	6,779	7,077	(4.2)
Henan	6,630	7,331	(9.6)
Subtotal	134,918	132,801	1.6
Others	66,581	68,442	(2.7)

3. Premium income by channels

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

Unit: RMB million

For 12 months ended 31 December	2025	2024	Changes (%)
Primary premium income	201,499	201,243	0.1
Agency	120,027	117,701	2.0
Direct	49,978	54,629	(8.5)
Brokerage	31,494	28,913	8.9

(II) Profit analysis

Unit: RMB million

For 12 months ended 31 December	2025	2024	Changes (%)
Insurance revenue	197,191	191,397	3.0
Insurance service expenses	(189,681)	(184,658)	2.7
Net income/(losses) from reinsurance contracts held ^{note 1}	(652)	(843)	(22.7)
Underwriting finance losses and others ^{note 2}	(2,022)	(3,224)	(37.3)
Underwriting profit	4,836	2,672	81.0
Underwriting combined ratio(%)	97.5	98.6	(1.1pt)
Total investment income^{note 3}	8,765	7,554	16.0
Net of other income and expenses	(989)	(1,089)	(9.2)
Pre-tax profit	12,612	9,137	38.0
Income tax	(2,748)	(1,761)	56.0
Net profit	9,864	7,376	33.7

Notes:

1. Net income/(losses) from reinsurance contracts held include allocation of reinsurance premiums, recoveries of insurance service expenses from reinsurers, reinsurance finance income for reinsurance contracts held, etc.
2. Underwriting finance losses and others include insurance finance income or expenses and changes in insurance premium reserves, etc.
3. Total investment income includes investment income, interest income, gains/(losses) arising from change in fair value, rental income from investment properties, interest expenses on securities sold under agreements to repurchase, interest expense on capital replenishment bonds, taxes and surcharges applicable to investment business and impairment losses on financial assets, etc.

Insurance revenue for the reporting period amounted to RMB197.191 billion, up by 3.0% year on year, mainly due to overall business growth. Of this, insurance revenue of automobile insurance reached RMB109.659 billion, up by 3.1%, and that of non-auto insurance RMB87.532 billion, an increase of 2.9%.

Unit: RMB million

For 12 months ended 31 December	2025	2024	Changes (%)
Insurance revenue	197,191	191,397	3.0
Automobile insurance	109,659	106,329	3.1
Non-automobile insurance	87,532	85,068	2.9

Insurance service expenses for the reporting period amounted to RMB189.681 billion, up by 2.7% year on year, mainly driven by increase in claims and expenses as a result of overall business growth. Of this, insurance service expenses of automobile insurance reached RMB103.633 billion, up by 1.4%, and that of non-auto insurance RMB86.048 billion, an increase of 4.3% year on year.

Unit: RMB million

For 12 months ended 31 December	2025	2024	Changes (%)
Insurance service expenses	189,681	184,658	2.7
Automobile insurance	103,633	102,169	1.4
Non-automobile insurance	86,048	82,489	4.3

Net losses from reinsurance contracts held amounted to RMB652 million, a decrease by RMB191 million year on year, largely due to impact of scale and mix of business ceded, and loss ratios of related business.

Underwriting finance losses and others amounted to RMB2.022 billion, down by 37.3% year on year, mainly because of lower interest rates, which led to a decrease in the time value of liabilities.

Total investment income. CPIC P/C continued with capacity-building for investment outsourcing, optimised the dividend strategy of equity investments, and enhanced its ability to capture opportunities on the bond market. Total investment income for the reporting period reached RMB8.765 billion, up by 16.0% year on year, mainly as a result of increase in gains arising from changes in fair value and in realised gains.

As a result, in 2025, CPIC P/C reported a net profit of RMB9.864 billion, up by 33.7% from 2024.

II. CPIC Anxin Agricultural

CPIC Anxin Agricultural positions itself as an urban agricultural insurance brand. It stays committed to the core business of agricultural insurance while continuously enhancing specialised and differentiated operations. It expanded into new areas of *sannong* (i.e., agriculture, rural areas and farmers), such as rural development, rural governance, farmers' income growth, farmers' household property, accident and health, so as to support China's Rural Revitalisation and its ambition to become an agricultural powerhouse and at the same time boost its own high-quality development. In 2025, it recorded RMB2.062 billion in primary premium income, up by 2.8% year on year; and of this, agricultural insurance reported primary premium income of RMB1.492 billion, up by 11.3%. Insurance revenue amounted to RMB2.518 billion, down by 3.5%, with an underwriting combined ratio of 99.7%, down by 2.4pt. Net profit amounted to RMB180 million, an increase of 27.7% year on year.

III. CPIC HK

We conduct overseas P/C business via CPIC HK. As at 31 December 2025, its total assets stood at RMB1.586 billion, with net assets of RMB405 million. Primary premium income for the reporting period amounted to RMB306 million, with an underwriting combined ratio of 97.2%, and a net profit of RMB40 million.

5

Asset management

We persisted in value, long-term, prudent and responsible investing, made vigorous efforts to explore new approaches of asset liability management, further enhanced strategic asset allocation (SAA) across market cycles, and continued to build capabilities in professional investment research, risk control and compliance management via digital empowerment. Within the SAA framework, we conducted disciplined and yet flexible Tactical Asset Allocation (TAA), exercised stringent control of credit risk and extended duration of fixed income assets to mitigate the reinvestment risk; made vigorous effort to diversify investment channels and enhanced pro-active management of equity assets. As a result, we achieved solid investment performance, with Group AuM on steady increase.

I. Group AuM

As of the end of December 2025, Group AuM totalled RMB3,891.033 billion, rising 9.8% from the end of 2024. Of this, Group in-house investment assets amounted to RMB3,039.987 billion, a growth of 11.2%, and third-party AuM totalled RMB851.046 billion, an increase of 5.3%, with a management fee income of RMB3.057 billion, up by 41.1% from 2024.

Unit: RMB million

	31 December 2025	31 December 2024	Changes (%)
Group AuM	3,891,033	3,542,660	9.8
Group in-house investment assets	3,039,987	2,734,457	11.2
Third-party AuM	851,046	808,203	5.3
CPIC AMC	245,395	294,187	(16.6)
Changjiang Pension	476,867	406,401	17.3
CPIC Fund	116,123	99,806	16.3
CPIC Capital	1,205	936	28.7
CPIC Investment (HK)	11,456	6,873	66.7

II. Group in-house investment assets

In 2025, given increased support from China's macro-economic policies and continued efforts in industrial upgrade, China's economy maintained positive momentum of recovery, with sufficient liquidity on the financial markets. New quality productive forces, such as artificial intelligence, robotics and the green economy, added impetus to China's economic growth. In equity markets, both the A-share and H-share markets staged a strong rally, leading to a considerable improvement in market expectations and creating structural opportunities for investors. In fixed income markets, risk-free interest rates remained low with moderate upward fluctuations. The bonds market continued to operate steadily, underpinned by expansionary monetary conditions and institutional investor demand.

In recent years, we have been exploring a new approach towards ALM, i.e., multi-dimensional matching of assets and liabilities, and have initially developed a new ALM method known as "net investment yield plus". Considering a wide range of factors such as product management, investment management, financial and capital management, the approach seeks to establish a unified platform of systems with standardised terminology and unified management tools to optimise coordination of assets and liabilities.

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

Committed to value growth, we continued with capacity-building in professional investment management, optimised and maintained a rigorous, standardised investment management system and explored a wide range of strategies including overseas investment and innovative investment instruments; coordinated between improving asset allocation capabilities and strengthening capital constraints so as to cement the foundation of capital and investment management in an all-around way; further improved credit risk early-warning and mitigation to enhance overall risk management; continued to incorporate ESG philosophies into investment management processes, stepped up green investment, and advanced SAA for climate resilience.

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

(I) Group consolidated investment portfolios

Unit: RMB million

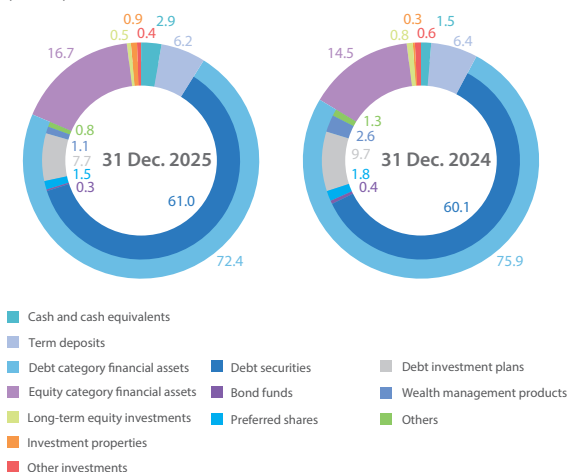
	31 December 2025	Share (%)	31 December 2024	Share (%)
Group investment assets (total)	3,039,987	100.0	2,734,457	100.0
By investment category				
Cash and cash equivalents	87,301	2.9	40,262	1.5
Term deposits	187,310	6.2	173,818	6.4
Debt category financial assets	2,203,807	72.4	2,074,168	75.9
- Debt securities	1,855,656	61.0	1,642,181	60.1
- Bond funds	10,029	0.3	9,663	0.4
- Preferred shares	44,658	1.5	49,227	1.8
- Debt investment plans ^{note 1}	235,481	7.7	265,403	9.7
- Wealth management products ^{note 2}	34,091	1.1	71,421	2.6
- Others	23,892	0.8	36,273	1.3
Equity category financial assets	507,319	16.7	398,210	14.5
- Stocks	337,654	11.1	255,065	9.3
- Equity funds	71,062	2.3	52,679	1.9
- Wealth management products ^{note 2}	23,110	0.8	20,795	0.8
- Others	75,493	2.5	69,671	2.5
Long-term equity investments	14,616	0.5	22,520	0.8
Investment properties	28,147	0.9	8,951	0.3
Other investments ^{note 3}	11,487	0.4	16,528	0.6
By accounting measurement				
Financial assets at amortised cost ^{note 4}	52,601	1.7	64,844	2.4
Financial assets at fair value through other comprehensive income ^{note 5}	1,948,239	64.1	1,749,986	64.0
Financial assets at fair value through profit or loss ^{note 6}	714,873	23.5	667,225	24.4
Long-term equity investments	14,616	0.5	22,520	0.8
Others ^{note 7}	309,658	10.2	229,882	8.4

Notes:

- Debt investment plans mainly include infrastructure and real estate projects.
- Wealth management products mainly include wealth management products issued by commercial banks, products by insurance asset management companies, collective trust plans by trust firms, special asset management plans by securities firms and credit assets backed securities by banking institutions, etc.
- Other investments mainly include restricted statutory deposits and derivative financial assets, etc.
- Financial assets at amortised cost include financial assets at amortised cost on consolidated financial statements.
- Financial assets at fair value through other comprehensive income include debt investments at fair value through other comprehensive income and equity investments at fair value through other comprehensive income on consolidated financial statements.
- Financial assets at fair value through profit or loss include financial assets at fair value through profit or loss and derivative financial assets on consolidated financial statements.
- Others mainly include cash at bank and on hand, securities purchased under agreements to resell, term deposits, restricted statutory deposits and investment properties, etc.

Group consolidated investment portfolios

(Unit: %)



1. By investment category

As of the end of the reporting period, the share of debt securities investments was 61.0%, an increase of 0.9pt from the end of 2024. Of this, treasury bonds, local government bonds and financial bonds issued by government-sponsored banks made up 46.1% of total investment assets. The duration on fixed income assets reached 11.7 years, extended by 0.3 years versus the end of 2024. Moreover, 98.3% of enterprise bonds and financial bonds issued by non-government-sponsored banks had an issuer/debt rating of AA or above. Of this, the share of AAA reached 96.6%. We boasted a professional internal credit-rating team and sound credit risk management systems covering the entire bond securities investment process, namely, before, during and after the investment. We continued to improve the Group-wise integrated credit-rating management system, evaluated the credit-ratings of both the debt and debt issuers and identified the credit risk based on our internal credit-rating systems, while considering other factors such as macroeconomic conditions and external credit-ratings in order to make well-informed investment decisions. At the same time, to pro-actively control the credit risk of the stock of bond holdings, we followed a uniform and standardised set of regulations and procedures, combining both regular and unscheduled follow-up tracking post the investment. Our corporate/enterprise bond holdings spread over a wide range of sectors with good diversification effect; we set great store by credit risk management, strictly control the exposure to the real estate sector, and carefully select investment targets to ensure that risks are manageable. Overall, the debt issuers of our investments all had sound financial strength, with credit risk under control.

The share of equity category financial assets stood at 16.7%. Of this, stocks and equity funds accounted for 13.4% of total investment assets, up by 2.2pt from the end of 2024. On the back of disciplined and yet flexible TAA processes, we continued to promote resource realignment for investment research and the building of investment research platforms, enhanced tracking and analysis of market conditions through the TAA system to support decision-making; conducted pro-active management of equity assets, strengthened the core share-dividend strategy while developing diverse satellite strategies as “top-up”. All these efforts helped us achieve solid investment returns.

As of the end of the reporting period, non-public financing instruments (NPFIs) totalled RMB274.037 billion, accounting for 9.0% of total investment assets. While ensuring full compliance with regulatory requirements and internal risk control policies, we persisted in prudent management as inherently required of insurance companies, staying highly selective of debt issuers and projects. The underlying projects spread across sectors such as infrastructure, communications & transport, non-bank financial institutions and real estate, which were geographically concentrated in China’s prosperous areas such as Beijing, Henan, Hubei, Shandong, Sichuan, Zhejiang, Fujian and Jiangsu, etc.

Overall, we maintained sound credit risk control of our NPFI holdings. 97.2% of NPFIs had external credit-ratings, and of these, the share of AAA reached 96.9%, and that of AA+ and above 97.2%. 70.1% of NPFIs were exempt from debt issuer external credit-ratings and the rest were secured with credit-enhancing measures such as guarantee or pledge of collateral, with the overall credit risk under control.

Mix and distribution of yields of non-public financing instruments

Sectors	Share of investments (%)	Nominal yield (%)	Average duration (year)	Average remaining duration (year)
Infrastructure	39.5	4.2	8.9	5.0
Communications & transport	25.2	4.1	9.4	5.1
Non-bank financial institutions	17.5	3.4	5.0	4.0
Real estate	8.0	4.0	11.2	7.9
Energy and manufacturing	2.8	4.3	10.1	6.0
Others	7.0	4.2	8.5	4.2
Total	100.0	4.0	8.5	5.0

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

2. By accounting methods

Under the New Accounting Standards, investment assets of the Company are mainly classified into 3 categories: financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss, and others. The share of financial assets at fair value through other comprehensive income increased by 0.1pt from the end of 2024, mainly because of increased share of bond and stock investments in the category; that of financial assets at fair value through profit or loss fell by 0.9pt from end of 2024, mainly due to decrease in the share of bond investment in the category; the proportion of financial assets at amortised cost fell by 0.7pt, largely because of reduced share of debt investment plans in the category; the share of long-term equity investments fell by 0.3pt from the end of 2024, mainly due to slightly decreased share of joint ventures of the Company; that of others rose by 1.8pt, mainly as a result of increase in the share of cash and cash equivalents in the category.

(II) Group consolidated investment income

For the reporting period, net investment income totalled RMB85.199 billion, up by 2.9% from 2024. This stemmed mainly from increased interest income. Total investment income amounted to RMB141.634 billion, up by 17.6% year on year, mainly attributable to a steep rise in gains from securities trading. As a result, total/comprehensive investment yields reached 5.7% and 6.1% respectively, both up by 0.1pt year on year.

Unit: RMB million

For 12 months ended 31 December	2025	2024	Changes (%)
Interest income	58,832	55,991	5.1
Dividend income ^{note 1}	25,627	26,109	(1.8)
Rental income from investment properties	740	699	5.9
Net investment income	85,199	82,799	2.9
Gains from securities trading ^{note 2}	25,344	1,338	1,794.2
Gains arising from changes in fair value ^{note 2}	30,521	37,713	(19.1)
Impairment losses of investment assets	(1,127)	(916)	23.0
Other income ^{note 3}	1,697	(540)	(414.3)
Total investment income	141,634	120,394	17.6
Net investment yield (%) ^{note 4}	3.4	3.8	(0.4pt)
Total investment yield (%) ^{note 4}	5.7	5.6	0.1pt
Comprehensive investment yield (%) ^{notes 4,5}	6.1	6.0	0.1pt

Notes:

- Dividend income included dividend income and gains from financial instruments held for trading and other financial instruments at fair value through profit or loss during the holding period, etc.
- Excluding the impact of H-share convertible bonds issued by the Company.
- Other income included share of profit/(loss) of associates and joint ventures, etc.
- The impact of securities sold under agreements to repurchase was considered in the calculation of net investment yield. Average investment assets as the denominator in the calculation of net/total investment yield and comprehensive investment yield were computed based on the Modified Dietz method and did not consider the impact of the fair value change of debt investments at fair value through other comprehensive income.
- The figure as the numerator in the calculation of comprehensive investment yield included total investment income, the change of equity investments at fair value through other comprehensive income at current period and amounts of transferring to retained profits at current period caused by the impact of equity investments at fair value through other comprehensive income, etc.

III. Third-party AuM

Group third-party AuM amounted to RMB851.046 billion, and of this, that of CPIC AMC totalled RMB245.395 billion, with a share of 28.8%; and that of Changjiang Pension RMB476.867 billion, accounting for 56.0%.

(I) CPIC AMC

In 2025, the low-interest-rate environment persisted. The capital market exhibited heightened volatility due to various unforeseen factors and unexpected events. CPIC AMC made vigorous efforts to build capabilities for cross-market and cross-cycle long-term fund management, focused on meeting client needs, promoted market-oriented adjustments of business mix, and strived to maintain stability in overall business scale. As of the end of the reporting period, its third-party AuM amounted to RMB245.395 billion.

In compliance with regulatory requirements, the company put risk prevention first, and took proactive measures to control the quality of projects in traditional alternative investment business such as debt investment plans. During the reporting period, the scale of newly-registered debt investment products by CPIC AMC amounted to around RMB23 billion. To promote business differentiation and management precision, it advanced asset securitisation business, and completed the registration of 5 and issuance of 5 exchange-based ABS products in the year. It diversified its green finance product line-up, launching the industry's first green held-for-investment real estate ABS product for data centres – the “CPIC AMC – 21ViaNet (China) Data Center Held-for-Investment Real Estate Green Asset-Backed Plan.” It also registered the first ABS product integrating carbon neutrality and rural revitalisation – the “CPIC AMC – Trina Solar New Energy Infrastructure Carbon Neutral Green Held-for-Investment Real Estate Asset-Backed Plan (Rural Revitalisation)”.

Based on its three key investment strategies, i.e., insurance fund OCI, “fixed income plus” and dividend value, CPIC AMC focused its efforts on expanding business in portfolio asset management products and third-party dedicated accounts. To meet needs of insurance institutions for asset liability matching, it customised investment solutions; steadily scaled up its “fixed income plus” strategy while leveraging the low-volatility feature of the dividend value strategy to balance returns and risks for institutional investors. As of the end of the reporting period, due to contraction of money-market products in a low-interest-rate environment, CPIC AMC reported RMB214.480 billion in AuM under third-party portfolio asset management products and dedicated accounts combined, a decline from the end of 2024.

(II) Changjiang Pension

During the reporting period, Changjiang Pension stayed committed to the core business of pension finance, continued to build investment management capabilities, strived to enhance customer experience and strengthened the risk control system. As at 31 December 2025, its third-party assets under trustee management amounted to RMB576.788 billion, up by 19.8% from the end of 2024; third-party assets under investment management reached RMB476.867 billion, up by 17.3% from the end of 2024.

The subsidiary made steadfast efforts to diversify its pension fund management strategies, and achieved balanced growth of both investment results and scale of AuM. The cumulative investment performance and management scale of the credit bond portfolio of the basic endowment insurance fund have maintained a leading position in the industry. According to statistics released by the Ministry of Human Resources and Social Security for Q3 2025, and measured by 3-year cumulative investment yields, the company ranked 2nd place and 3rd place in industry for single-plan and collective-plan fixed income portfolios respectively; ranked 6th place for both single-plan and collective-plan cum rights portfolios, which placed it among the top 1/3 of the industry for performance of all the 4 enterprise annuity investment portfolios. It made substantial progress in business development, successfully obtained and renewed contracts of either investment management or trusteeship for multiple corporate annuity plans of large SOEs, adding over RMB170 billion to pension assets under management. At the same time, it continued to lead the industry in innovation. Building on the success of the Talent Enterprise Annuity Plan in Lingang New Area, it helped Xiong'an New Area to establish an automatic enrolment mechanism for enterprise annuities; it was awarded trusteeship for the talent annuity plan in Shanghai's Caohejing Hi-Tech Park; it supported Anhui Province in building a provincial-level talent enterprise annuity platform and became a trustee; it continuously worked to enhance both the quality and coverage of enterprise annuities, contributing to Shanghai's “Five Centers” initiative and the coordinated regional development of the Yangtze River Delta and the Beijing-Tianjin-Hebei region.

Committed to responsible investing, Changjiang Pension leveraged the long-term advantages of pension funds and expanded its presence in green finance and technological innovation. The scale of investments in these areas reached RMB170 billion, effectively enhancing the role of financial services in supporting the real economy and sustainable development.

6

Customer resource management

With a customer-centric business philosophy and the vision of “offering integrated service to one customer via one interface”, we optimised the “product + service” ecosystem for the full life cycle of customers, fully leveraged our strengths as a composite insurer and pushed for steady growth of customer value contribution. With the launch of the “CPIC Service” customer experience enhancement initiative, we continued to enhance our service capabilities and consumer rights protection, further boosting “Responsible, Smart and Caring” CPIC Service.

I. Individual customers

We are customer-oriented, committed to providing convenient, efficient, and integrated product/service solutions to our customers, with improvement in the scope and penetration of customer service in recent years. As of the end of 2025, the number of individual customers of the Group amounted to 186 million, up by 3.4% from the end of 2024; the number of customers with 2 insurance policies and above stood at 44.33 million, up by 5.7% from the end of 2024. We diversified ecosystems for intra-Group collaboration to generate increased value per customer. As of the end of 2025, the number of individual customers holding insurance policies of multiple Group subsidiaries amounted to 11.56 million, up by 2.7% from the end of 2024; CPIC Life saw an 8.1% growth from the end of 2024 in the number of customers with total payable premiums of RMB300,000 and above on in-force long-term life insurance policies; as for CPIC P/C, the number of customers with SA of RMB3 million and above on TPL of automobile insurance of private vehicles stood at 21.13 million, up by 24.8% from the end of 2024. The renewal rate of individual customers of automobile insurance reached 78.1%, up by 1.3pt from 2024.

	2025	2024	Change (%)
Average number of insurance policies per individual customer	2.35	2.34	0.4
Number of individual customers holding 2 insurance policies and above ('0000)	4,433	4,193	5.7
Number of individual customers holding insurance policies of multiple Group subsidiaries ('0000)	1,156	1,126	2.7
Number of customers with total payable premiums of RMB300,000 and above on long-term life insurance policies of CPIC Life ('0000)	174	161	8.1
Number of customers with SA of 3 million yuan and above on TPL of automobile insurance of private vehicles of CPIC P/C ('0000)	2,113	1,693	24.8

Note: Number of customers was based on insurance applicants.

We continued to leverage our advantages as a comprehensive insurance group, driving innovation in products and services while advancing targeted customer resource management.

First, our comprehensive health & elderly care service system gained more ground in “specialisation”, integrating “preventive care, diagnosis, treatment, rehab and elderly nursing” across the full life cycle of customers. As of the end of 2025, the system had cumulatively served over 12 million customers. In disease prevention, our health check-up services realised significant growth, boosting upselling among life customers and improving renewal rates for auto insurance customers. In internet-based medical consultation, daily online consultations saw a steady rise, exceeding 6,000 cases by the end of 2025, with annual service volume growing rapidly. In the development of direct-payment medical networks, we have partnered with 1,184 healthcare providers, covering more than 80% of hospitals included in the Fudan University Hospital Comprehensive Rankings. For institution-based elderly care, 15 CPIC Home retirement communities have been up and running in 13 Chinese cities, delivering over 11,000 beds and accommodating more than 3,000 long-term residents, with a growing share of nursing care beds. As for home-based care, we continued to enhance the service of Longevity Retreat, our home-based care brand, by strengthening its capabilities in safety, medical access, and care giving, while expanding its service coverage. In rehabilitation services, 3 hospitals have been set up under the programme of Yuanshen Rehab and 2 of them are already officially operational in Xiamen and Ji’nan. Our health promotion programme for adolescents and children focuses on strengthening musculoskeletal health service capabilities, with three clinics successfully established.

Second, we deepened product and service innovation to enhance capabilities to customise products and services based on customer segmentation. Given unique characteristics of intelligent driving and customers’ personalised needs, we developed specialised insurance solutions for intelligent driving to meet the diverse needs of emerging markets; launched “CPIC Long-Term Care”, a digital solution for elderly customers, enhancing the efficiency, accuracy, and risk control capabilities of long-term care insurance services; continued to diversify the matrix of our internet products for young family customers, including developing a CI insurance product for youth, to meet their health protection needs; and rolled out a new version of “Lan Yi Bao” medical insurance, which was tailor-made for substandard risks and elderly people, offering coverage without requiring medical disclosures and raising the maximum age for insurance application to 80 years.

Third, we strengthened comprehensive services to upgrade the collaborative operational mode for individual customers. The Company enhanced mechanisms for collaborative CRM, developing integrated online-offline operational modes across subsidiaries; built professional collaborative teams to provide customers with one-stop, all-around protection and services; and facilitated customer migration across Group subsidiaries so as to promote the sharing of resources such as products and services, and continuously increase customer value contribution. Over the past five years, the number of individual customers holding policies from multiple Group subsidiaries and the number of individual customers consistently holding multiple policies have been growing steadily, up by 13.0% and 40.0% on a cumulative basis, respectively.

The Company adheres to a customer-centric approach. The Net Promoter Score (NPS) of key customer journeys of CPIC P/C and CPIC Life maintained the trend of steady improvement. Both subsidiaries maintained leading positions at regulatory evaluation of consumer protection.

II. Group customer

Leveraging our strengths as an integrated insurance group, we expanded strategic cooperation with major customers, and promoted coordinated development in key areas for group customers.

We deepened partnerships with strategic accounts, which became a “role-model” for strategic cooperation of the kind. In 2025, premium income from strategic accounts grew by 17.4% year on year. Regarding government-sponsored insurance business, we strengthened engagement with government and continuously drove innovation in insurance products and services in areas such as the green economy, pension finance, healthcare, social governance, and support for the real economy. In terms of financial institution customers, we collaborated with strategic partners such as banks for innovation in ecosystem-building around the “5 Financial Priorities”, including jointly building a comprehensive financial alliance. For corporate customers, we enhanced risk reduction service capabilities to better serve strategic accounts such as central and local SOEs, expanding scope of cooperation.

During the China International Import Expo (CIIE), we launched the CPIC Customer Festival for diversified channels of customer engagement; the festival has become an integrated platform for customer exchanges and engagement programmes that fosters ecosystem connectivity. In collaboration with our strategic partners, we unveiled a cross-border financial service solution to support Chinese enterprises in global expansion, which marked an all-around upgrade of our global services and risk reduction capabilities; we also leveraged resources of our strategic partners for on-line ecosystem development, engaging 1.739 million participants through online channels.

We enhanced consensus on CRM, and upgraded the collaborative model for CRM of group customers. CPIC Life and CPIC P/C worked together to promote worksite marketing for group customers, standardising business promotion mechanisms and operational workflows. Through an alignment of assets and liabilities, we were able to explore a new approach to CRM, i.e., providing multi-dimensional financial services to unlock the value of our corporate/institutional clients.

7

ESG

I. ESG management

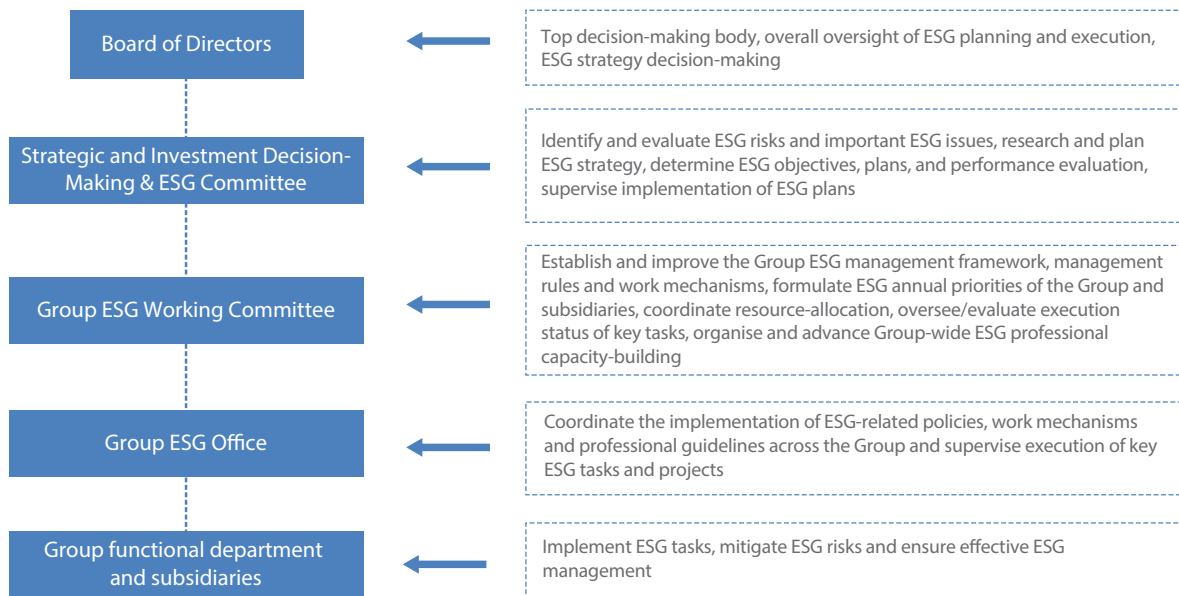
The Company has set forth principles such as “upholding sustainable development and enhancing ESG performance” in its 15th Five-Year Plan, fully integrating ESG philosophies into the Group’s value creation processes. In 2025, it formulated the Green and Low-Carbon Transition Programme (2026-2028), outlining core ESG objectives and implementation pathways to consolidate the foundation for sustainable development.

(I) Main objectives

Further refine the sustainable financial product and service system, initially establish an industry-leading model for high-quality development of green finance, and continuously enhance our capacity to empower the green and low-carbon transition of the economy and society; establish an industry-leading low-carbon, energy-efficient operating mode to systematically reduce carbon emissions on the operational side; improve ESG disclosure, and intensify external exchanges and cooperation on ESG to foster a distinctive CPIC ESG brand and culture.

(II) ESG governance

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



II. ESG practice

Aligned with national strategies and initiatives, we fully leveraged our professional expertise and rolled out ESG actions. We successively signed the UN PRI, UN PSI, UNGC and GIP for the “Belt and Road” Initiative, and adopted international standards, striving to enhance ESG performance. In 2025, our MSCI ESG rating was upgraded to “AAA”, the highest among insurance institutions in China’s mainland.

(I) Environmental

> Green insurance



The Company deepened innovation in green insurance products and enhanced risk coverage in key areas and industries including climate risks, green transportation, and carbon finance, with green insurance SA exceeding RMB310 trillion for 2025. We advanced innovation in catastrophe risk protection. In Shanghai, we introduced a solution integrating catastrophe insurance and meteorological early-warning services; built a multi-dimensional catastrophe insurance system in Ningbo. Nationwide, we pioneered in industry and launched “An Hui Bao”, a county-level catastrophe index insurance product, providing customised cover against typhoons, heavy rainfalls and low temperatures across various regions. We continuously optimised carbon neutrality services for large exhibitions, matching local carbon sinks with needs of national-level exhibitions to achieve carbon neutrality, and facilitated the conversion of forestry ecological value into financial gains. We supported the global expansion of China’s new energy vehicle industry, jointly launched a cross-border auto insurance solution encompassing “technology export and localised services”, the first of its kind in the insurance sector. We pioneered the development of green insurance products such as carbon revenue loss insurance and carbon information disclosure liability insurance. By the end of 2025, CPIC had developed a total of 40 first-of-its-kind green insurance products.

> Green investment



Leveraging the advantages of insurance funds as long-term capital, the Company deepened research on green and circular economy to enhance green investment management. As of the end of 2025, cumulative green investments exceeded RMB300 billion. We improved our responsible investment management system, revised the Regulations on ESG Investment Management and formulated the Voting Guidelines (Trial), which set out the voting principles and requirements based on stewardship to drive full integration of ESG factors into the investment process. We continued to improve the platform of ESG investment systems, developed new functions such as portfolio ESG scoring and drafting of ESG ratings analysis reports, so as to support decision-making for the Company’s ESG investments. We also strengthened our carbon management capabilities for asset portfolios and defined, defining requirements for high-carbon asset management, with over 80% of the Group’s AuM covered by carbon accounting; we continued to push for reduction in the carbon emissions intensity of asset portfolios.

> Green operation



The Company continued to enhance its carbon emissions management, setting out its first Group-wide operation-side carbon reduction targets in 2025. We upgraded and optimised the carbon footprint management platform for our operation, conducting regular carbon data validation and progress reviews for carbon reduction, thereby laying a solid foundation for achieving the carbon reduction targets. We guided employees toward green behaviours, issuing a carbon reduction proposal and integrating carbon emissions alerts into the “CPIC e-Travel” business travel platform to encourage green commuting. We continued to develop green buildings, with properties such as the Beijing Pacific Insurance Tower, Chengdu Pacific Insurance Financial Plaza, and Guangzhou Pacific Financial Tower achieving LEED Platinum certification. We also explored the development of Tan Pu Hui, a carbon inclusive model. The “CPIC Tan Pu Hui” platform has served 650,000+ users cumulatively across 300 cities nationwide.

> Conservation of biodiversity



The Company is committed to biodiversity conservation through green insurance and public welfare initiatives. We innovated ecosystem carbon sink insurance, which covers ecosystems such as forests, grasslands and wetlands, developed China’s first mangrove carbon sink clause and afforestation carbon sink CCER (China Certified Emissions Reduction) insurance to provide solid protection for the conversion and restoration of ecological value; pioneered urban biodiversity insurance in Shanghai, fostering harmonious coexistence between mankind and urban wildlife; underwrote public liability insurance against damage caused by wild Asian elephants in Yunnan Province for many consecutive years; in collaboration with local forestry departments, we rolled out the mechanism of “Forest Chiefs + Ancient & Rare Trees Insurance” to provide risk coverage for ancient trees; continued to promote the construction of the Sanjiangyuan Ecological Park Project, with over 130 hectares of land afforested and nearly 120,000 trees planted. This initiative helps to establish a “green shield” for the Water Tower of China.

(II) Social

> Supporting technological innovation



The Company intensified research into risks of technology enterprises across their life cycle, and continuously explored new models of technology insurance to foster a virtuous cycle of “technology, industry and finance.” In 2025, the cumulative SA for tech insurance exceeded RMB67 trillion. We innovatively launched Ji Zhi Bao, China’s first insurance product specifically designed for the commercial application of humanoid robots, facilitating their scaled deployment in smart manufacturing and commercial services. Leveraging the long-term nature of insurance funds, we supported strategic emerging industries with “patient capital”. Furthermore, we established the CPIC Strategic Emerging Industries M&A Fund, with an initial size of RMB10 billion and a target scale of RMB30 billion, to accelerate the growth of strategic emerging sectors and reinforce critical industrial supply chains.

> Inclusive insurance



The Company continued its innovation in inclusive insurance products to improve public access to insurance services. As of the end of 2025, its ongoing affordable critical illness insurance programmes covered 111 cities, providing coverage to about 227 million people, with total payouts exceeding RMB9.5 billion; its Huiminbao programmes covered 240 cities. Since its establishment in 2021, Huhuibao (the programme in Shanghai, an industry benchmark) has served over 33 million policyholders and paid out more than RMB2.7 billion in claims. We also developed products targeting low-income groups, new citizens, and those engaged in new forms of employment, including Income Loss Insurance, Occupational Injury Insurance, Employment Assistance Liability Insurance and Migrant Workers Wage Payment Guarantee Insurance.

> Health and elderly care



The Company continued to enrich its health-related product/service system. In terms of health business, we participated in expanding the coverage of government-sponsored long-term care insurance, serving over 120 million people across 57 cities; launched mid-tier and HNW medical insurance products for both individual and group customers, deepening the “Insurance + Services” model; Lan Yi Bao, our long-term medical insurance, was customised for youths and young families, and covered over 3 million people, with an average insured age of 28; premiums from “Jia An Xin”, a product we developed to address the medical protection needs of populations with pre-existing conditions, surpassed RMB100 million. Additionally, we were the first in industry to develop “Shen Ai Bao”, a plan for breast cancer recurrence protection, which allows enrolment prior to surgical intervention. In retirement provision, we were actively involved in the building of a multi-tiered national pension system. Funds under management for enterprise and occupational annuities reached RMB900 billion, an increase of over RMB160 billion, and we launched a diverse range of commercial participating annuity products with distinctive features as part of our effort to diversify retirement product offerings to drive rapid growth across multiple channels.

> Consumer rights protection



The Company established and continuously improved its consumer rights protection system. CPIC P/C and CPIC Life, maintained industry leadership in regulatory assessment of consumer rights protection. In 2025, the Company focused its efforts on “solidifying foundation, strengthening governance, empowering through technology, and guiding via culture,” embedding consumer protection into the entire process of its operation and management. It formulated the Administrative Measures for Financial Education and Publicity to further improve the normalised mechanism for financial education and publicity; conducted multi-level financial education and publicity programmes, with over 700 million consumer interactions on campaigns such as “March 15,” “May 15,” and the “Financial Education Publicity Week”. The Company also strived to expand the reach of financial education. Financial literacy in rural areas is low, and the elderly are particularly vulnerable to fraud. The Company used case studies and scenario simulations to raise public awareness of fraudulent schemes such as “pension investment scams.” These efforts spread knowledge about financial tools and insurance, improving financial literacy in rural communities.

> Employee rights and development



We are committed to harmonious and stable labour relations and continuously improve the remuneration, performance and promotion management system. We have formulated the Employee Code of Conduct, explicitly stipulating requirements related to anti-discrimination. We have established medium – and long-term benefit mechanisms such as the enterprise annuity, strictly enforced relevant regulations on leaves and holidays of employees, and strengthened work safety management. We conducted regular employee engagement and satisfaction surveys, inviting employees to share their thoughts and opinions, to evaluate and enhance internal management efficiency. We continued to improve our multi-tiered talent development system, partnered with prestigious universities like Fudan University and Shanghai University of Finance and Economics for tailor-made training programmes and courses for senior executives and young talent. Moreover, we fully leveraged the “CPIC Learning” online platform to establish an “AI + Training and Exploration Centre” as a learning and sharing hub for all employees, driving the enhancement of employee AI literacy.

> Rural invigoration



Company continued to improve the quality and profitability of its agricultural insurance business, and developed a cumulative total of nearly 5,000 agricultural insurance products, spanning agriculture, forestry, animal husbandry and fishery. In 2025, we provided agricultural risk protection with approximately total SA of about RMB1.3 trillion to over 17 million farmers, with claims paid out to nearly 6 million rural households. The Company actively participated in the China Farmers’ Harvest Festival and launched the “Five Guarantees for Rural Revitalisation” Comprehensive Risk Protection Service Initiative. In 2025, we stepped up assistance to rural areas, dispatching 283 employees in villages designated for priority assistance across 26 provinces, municipalities and autonomous region to support rural industries, improve local living conditions, and upgrade infrastructure.

> Charity



We encourage participation in charitable activities by employees, customers and other stakeholders. In 2025, the Company's charitable donations and support through purchasing totalled over RMB75.00 million. CPIC Blue, a charitable foundation, focused on "the elderly and children", particularly those with cognitive disorders and autism, offering early testing, diagnostic assessment and public education services to the elderly people. We also developed a care and support model for children with autism and their families, and launched the "Aiban Tongxing" charity project to assist children in need. The Company partnered with the Chinese Volleyball Association and the National Sports Development Foundation to organise volleyball summer camps regularly, helping teenagers realise their sporting dreams. In 2025, we were honoured with the "Shanghai Charity Award" in the Donor Enterprise category.

(III) Governance

> Corporate governance



We maintain a governance system consisting of a shareholders' meeting, the board of directors and senior management, with sound mechanisms of coordination and checks and balances. In 2025, the Company dissolved its board of supervisors, restructuring its corporate governance framework from the traditional "shareholders' general meeting + board of directors + board of supervisors + senior management" to a streamlined structure of "shareholders' meeting + board of directors + senior management", while strengthening the oversight role of the audit committee to enhance decision-making efficiency and supervision effectiveness. We continued to improve board diversity and professionalism, with the share of external directors reaching 85.7% and that of female directors 35.7%, which helped with board decision-making and the protection of minority shareholder interests. We have built an integrated risk management system. The Group's solvency ratios have consistently stayed above the regulatory minimum levels, and our insurance subsidiaries continued to lead the industry in integrated risk rating. We fully complied with information disclosure rules, and continued to improve the quality of information disclosure, achieving an A rating in information disclosure evaluation by the SSE for 12 consecutive years.

For details, please refer to the section "Corporate Governance" of this report.

> Anti-corruption and anti-money laundering



We enforced internal rules such as Interim Provisions on Anti-fraud Work and Measures for Accountability for Employee Misconduct, further enhanced the procedures for whistleblowing, investigation, handling, reporting and accountability for malpractice or violations of the law, and established a dedicated reporting hotline and email address to receive reports regarding various types of violations; formulated the Regulations on Whistle-blowing Management, explicitly stipulating measures for protection of whistle-blowers and defining liabilities for retaliation; and advanced its anti-money laundering (AML) initiatives by launching the "National Ownership of AML, Safeguarding New Life" publicity month, organising ad hoc training and policy briefings in a timely manner, continuously strengthening internal AML controls, and comprehensively enhancing the Company's risk prevention capabilities and compliance management standards.

> ESG risk management



The Company continued to improve its ESG risk management system, incorporating ESG-related requirements into the Risk Management Policy and its risk appetite framework; it completed climate scenario analysis and stress testing on the liability side, integrating international scenario models such as those from IPCC with local meteorological data to explore the development of medium – and long-term climate physical risk analysis models, thereby enhancing the capability to quantify and manage climate risks; it strengthened catastrophe risk prevention and control by establishing an integrated project team for underwriting, survey and claims management, thereby forming a closed-loop mechanism for catastrophe risk governance. In 2025, the Company's practice in ESG climate risk response won accolades including the ESG Excellent Case Award from the Publicity and Education Centre of the Ministry of Ecology and Environment, and the Best Sustainable Development Practice Award from the China Association for Public Companies.

> Data security



We take data security very seriously, established the Steering Committee for Cyber-security and IT to coordinate data security management efforts; revised the Regulations on Data Security to specify security requirements across data security management, data security technology, personal information protection, and data security risk monitoring; released the Protocols on Personal Information Protection, setting forth privacy protection requirements across the entire life cycle of consumer personal information processing; stepped up cybersecurity awareness campaigns by launching specialised training sessions on Privacy Protection and Data Loss Prevention, complemented by a Company-wide mandatory assessment, effectively enhancing the data security awareness of all employees. In 2025, the Company passed the annual certification audit for its Personal Information Protection Management System (ISO 29151).

> Supply chain management



The Company continued to improve its procurement and supplier management mechanisms and implemented regulations including the Provisions on Supplier Management, Provisional Guidelines for Supply Chain ESG Management, etc. It integrated ESG requirements into its annual supplier assessment framework and established a dynamic mechanism for rewards and exits based on assessment outcomes. In 2025, the Company conducted qualification reviews for all suppliers involved in centralised procurement transactions and performed third-party due diligence on 181 key suppliers, covering multiple dimensions including financial status, legal entity information, business operations, and business ethics. We strengthened supplier data security management, requiring strict adherence to the Company's information security strategies, policies, and other management requirements. Moreover, we conducted training for technology outsourcing vendors on cybersecurity and data privacy protection, effectively enhancing their security awareness and skills.

For further details, please refer to the 2025 Sustainability Report of China Pacific Insurance (Group) Co., Ltd. to be disclosed on the websites of the SSE (www.sse.com.cn), the SEHK (www.hkexnews.hk), the LSE (www.londonstockexchange.com) and the Company (www.cpic.com.cn).

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Analysis of specific items

I. Net profit on consolidated income statement

Unit: RMB million

For 12 months ended 31 December	2025	2024	Main reasons for the changes
CPIC Life	42,100	35,821	Increase in the capital market and growth of insurance service performance
CPIC P/C	9,864	7,376	Increase in the capital market and growth of insurance service performance
CPIC Group and eliminations, etc.	1,541	1,763	Decrease in the net profit of consolidated structured entities
Net profit attributable to shareholders of the parent	53,505	44,960	Increase in the capital market and growth of insurance service performance

II. Liquidity analysis

(I) Cash flow statement

Unit: RMB million

For 12 months ended 31 December	2025	2024	Changes (%)
Net cash flows from operating activities	195,523	154,404	26.6
Net cash flows used in investing activities	(184,387)	(209,900)	(12.2)
Net cash flows from financing activities	36,691	61,336	(40.2)
Effects of exchange rate changes on cash and cash equivalents	(494)	93	(631.2)
Net increase in cash and cash equivalents	47,333	5,933	697.8

Net cash flows from operating activities increased by 26.6% for the year ended 31 December 2025, amounted to RMB195.523 billion, mainly attributable to rise in cash received from premium of insurance contracts issued.

Net cash flows used in investing activities decreased by 12.2% for the year ended 31 December 2025, amounted to RMB184.387 billion, mainly attributable to decrease in cash paid to acquire investments.

Net cash flows from financing activities decreased by 40.2% for the year ended 31 December 2025, amounted to RMB36.691 billion, mainly attributable to reduction in net increase in securities sold under agreements to repurchase.

(II) Gearing ratio

	31 December 2025	31 December 2024	Changes
Gearing ratio (%) ^{note}	90.4	89.7	0.7pt

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

(III) Liquidity analysis

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

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

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

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

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

III. Items concerning fair value accounting

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

IV. Structured entities controlled by the Group

The structured entities controlled by the Group are detailed in note V-3 of the financial statements.

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

Unit: RMB million

	31 December 2025/ 2025	31 December 2024/ 2024	Changes (%)	Main reasons
Total assets	3,144,767	2,834,907	10.9	Business expansion
Total liabilities	2,810,543	2,516,426	11.7	Business expansion
Total equity	334,224	318,481	4.9	Profit for the period and change in fair value of financial investments at fair value through other comprehensive income
Operating profit	66,174	55,711	18.8	Increase in the capital market and growth of insurance service performance
Net profit attributable to shareholders of the parent	53,505	44,960	19.0	Increase in the capital market and growth of insurance service performance

VI. Solvency

As per regulatory requirements, we calculate and disclose our core capital, actual capital, minimum required capital and solvency margin ratios. As at 31 December 2025, the solvency margin ratios of the Group, CPIC Life, CPIC P/C, CPIC Health, and CPIC Anxin Agricultural were all above regulatory minimum levels.

Unit: RMB million

	31 December 2025	31 December 2024	Reasons for change
CPIC Group			
Core capital	450,600	358,078	Change in interest rate, capital market fluctuation and profit for the period, etc.
Actual capital	596,647	503,745	Change in interest rate, capital market fluctuation and profit for the period, etc.
Minimum required capital	218,444	197,079	Growth of insurance business and changes to asset allocation
Core solvency margin ratio (%)	206	182	
Comprehensive solvency margin ratio (%)	273	256	
CPIC Life			
Core capital	292,993	213,418	Change in interest rate, capital market fluctuation and profit for the period, etc.
Actual capital	425,176	345,510	Change in interest rate, capital market fluctuation and profit for the period, etc.
Minimum required capital	186,103	164,313	Growth of insurance business and changes to asset allocation
Core solvency margin ratio (%)	157	130	
Comprehensive solvency margin ratio (%)	228	210	

Unit: RMB million

	31 December 2025	31 December 2024	Reasons for change
CPIC P/C			
Core capital	63,335	58,153	Change in interest rate, capital market fluctuation and profit for the period, etc.
Actual capital	76,143	70,698	Change in interest rate, capital market fluctuation and profit for the period, etc.
Minimum required capital	31,203	31,852	Growth of insurance business and changes to asset allocation
Core solvency margin ratio (%)	203	183	
Comprehensive solvency margin ratio (%)	244	222	
CPIC Health			
Core capital	3,763	3,294	Change in interest rate, capital market fluctuation and profit for the period, etc.
Actual capital	4,566	4,040	Change in interest rate, capital market fluctuation and profit for the period, etc.
Minimum required capital	2,094	1,716	Growth of insurance business and changes to asset allocation
Core solvency margin ratio (%)	180	192	
Comprehensive solvency margin ratio (%)	218	235	
CPIC Anxin Agricultural			
Core capital	2,929	2,868	Change in interest rate, capital market fluctuation and profit for the period, etc.
Actual capital	3,182	3,153	Change in interest rate, capital market fluctuation and profit for the period, etc.
Minimum required capital	917	940	Growth of insurance business and changes to asset allocation
Core solvency margin ratio (%)	319	305	
Comprehensive solvency margin ratio (%)	347	335	

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

VII. Insurance contract liabilities

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

As at 31 December 2025, the remaining balance of LRC amounted to RMB2,356.563 billion, representing an increase of 10.9% from the end of 2024. The remaining balance of LIC amounted to RMB110.044 billion, up by 4.3% from the end of 2024. The rise in insurance contract liabilities was mainly caused by business growth and accumulation of insurance liabilities.

Unit: RMB million

	31 December 2024	Change during the period	31 December 2025
Total insurance contract liabilities	2,229,514	237,093	2,466,607
Liabilities for remaining coverage	2,124,017	232,546	2,356,563
Excluding loss component	2,109,847	231,221	2,341,068
Loss component	14,170	1,325	15,495
Liabilities for incurred claims	105,497	4,547	110,044
Total insurance contract liabilities	2,229,514	237,093	2,466,607
Component not measured by PAA	2,092,549	225,165	2,317,714
Component measured by PAA	136,965	11,928	148,893

VIII. Reinsurance business

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

IX. Main subsidiaries & associates and equity participation

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

Unit: RMB million

Company	Main business scope	Registered capital	Group shareholding ^{note 2}	Total assets	Net assets	Operating income	Operating profit	Net profit
China Pacific Property Insurance Co., Ltd.	Property indemnity insurance; liability insurance; credit and guarantee insurance; short-term health and accident insurance; reinsurance of the above said insurance; insurance funds investment as approved by relevant laws and regulations; other business as approved by CBIRC.	19,948	98.5%	251,073	68,849	207,076	12,596	9,864
China Pacific Life Insurance Co., Ltd.	Personal lines insurance including life insurance, health insurance, accident insurance, etc. denominated in RMB or foreign currencies; reinsurance of the above said insurance; statutory life/health insurance; agency and business relationships with domestic and overseas insurers and organisations, loss adjustment, claims and other business entrusted from overseas insurance organisations; insurance funds investment as prescribed by Insurance Law of the PRC and relevant laws and regulations; international insurance activities as approved; other business as approved by CBIRC.	8,628	98.3%	2,738,377	170,540	211,102	49,314	42,100

Operating results

Review and analysis of operating results

Unit: RMB million

Company	Main business scope	Registered capital	Group shareholding ^{note 2}	Total assets	Net assets	Operating income	Operating profit	Net profit
Changjiang Pension Insurance Co., Ltd.	Outsourced money management business denominated in RMB or foreign currencies for the purpose of pension provisions; asset management of own capital denominated in RMB or foreign currencies; advisory business pertaining to asset management; other business as approved by NFRA; other business as approved by other departments of the State Council.	3,000	61.1%	7,694	5,009	2,446	1,412	1,071
Pacific Asset Management Co., Ltd.	Asset management of own capital and insurance funds; outsourcing of fund management; advisory services relating to asset management; other asset management business as allowed by the PRC laws and regulations.	2,100	99.7%	5,866	5,097	1,716	1,031	810
Pacific Health Insurance Co., Ltd.	Health and accident insurance denominated in RMB or foreign currencies; health insurance sponsored by the government or supplementary to state medical insurance policies; reinsurance of the above said insurance; health insurance-related advisory and agency business; insurance funds investment as approved by PRC laws and regulations; other business as approved by CBIRC.	3,600	99.7%	11,428	3,632	4,399	317	260
Pacific Anxin Agricultural Insurance Co., Ltd.	Agricultural insurance; property indemnity insurance; liability insurance; statutory liability insurance; credit and guarantee insurance; short-term health insurance and accident insurance; property insurance relating to rural areas and farmers; reinsurance of the above said insurance; insurance agency business.	1,080	66.8%	5,952	3,147	2,805	173	180
CPIC Fund Management Co., Ltd.	Fund management business; the launch of mutual funds and other business as approved by competent authorities of the PRC.	150	50.8%	1,020	808	514	127	98

Notes:

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

X. Top five customers

During the reporting period, the top 5 customers accounted for approximately 0.60% of the Company's income, and none of them constituted Related Parties of the Company.

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

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

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

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Outlook

I. Market environment and trends

In 2026, the international political and economic environment remained complex and volatile amid profound changes unseen in a century. The implementation of China's Five-Year Plan for National Economic and Social Development has provided strong support for fostering new quality productive forces, advancing Chinese-style modernisation, and further boosting the vitality of the domestic economy. Against the backdrop of high-quality development, the insurance industry is poised to play an even greater role in driving innovation, improving public welfare, and strengthening public safety and emergency response. Meanwhile, advances in the technological revolution and industrial transformation, together with profound demographic shifts, have created new growth opportunities for the industry. Stricter financial regulation, a more robust regulatory framework, higher standards for compliance and suitability management of financial products, and a more refined, differentiated management system for insurance institutions will enable insurers – especially industry leaders – to continuously enhance their core competitiveness and achieve steady, sustainable progress toward high-quality development.

II. Business strategies and plans

We will adhere to the principle of “pursuing progress while ensuring stability and improving quality and efficiency”, stay focused on the core business of insurance, continue to improve corporate governance, while strengthening our sense of purpose to seize development opportunities. We will fully leverage the unique role of insurance in safeguarding economic development and social stability, proactively meet diverse financing needs of emerging industries and technological innovation, and contribute to a multi-tiered social security system. We will advance reforms in an all-around way to facilitate the transition between old and new growth drivers; respond to market competition through specialised and granular management, and optimise the coordination between assets and liabilities in an era of low interest rates; implement the 3 key strategies of “Health & Elderly Care,” “Internationalisation” and “AI+”; continue to strengthen the “5 Financial Priorities”; balance between significant bottom-line improvement and reasonable top-line growth, strengthen corporate governance functions, cement development foundation, continuously enhance service capabilities and operational efficiency, as part of our efforts to transform ourselves into a top-tier insurance and financial services conglomerate with market leadership and international competitiveness.

III. Major risks and mitigating measures

In 2026, the external environment will remain complex. Uncertainties are rising amid great power rivalries and weakened momentum in global economic recovery; on the domestic front, with profound shifts in China's economic mix and demographics, interest rates have entered a gradual downward cycle. The insurance industry is at a critical juncture, navigating a challenging period of transformation and facing an arduous task of preventing and mitigating major risks. While overseas monetary policies are relatively tight, China adopts a more expansionary stance, and its market interest rates are experiencing a gradual decline, though amid fluctuations, which will create formidable challenges to insurance asset liability management; with the implementation of policies to encourage the flow of medium – and long-term money into the capital market, the share of equities in insurers' strategic asset allocation has increased, which will amplify the magnitude of market volatility. Frequent extreme weather events and natural disasters have caused increasing disruption to economic and social development as well as posing growing threats to people's safety, health, as well as their property, with catastrophe losses on the rise. In a low-interest-rate environment, and as customer needs evolve, traditional product strategies and marketing models are no longer viable. AI's integration into the core operations of the insurance industry considerably amplifies the impact of new digital risks – such as data breaches and black-box models, while the threat of cybersecurity incidents to business continuity are also on the rise.

Committed to high-quality development, the Company will continue to balance development and security and ensure the prevention of major systemic risks. First, we will strengthen ALM. Asset perspectives will be involved throughout the entire process of product development, including process review and optimisation; while our liability side will strive to better understand capital markets, the investment logic and risk constraints, thereby promoting coordination between assets and liabilities. Second, we will enhance effectiveness of insurance risk control, strengthen capabilities in pricing, underwriting and claims handling, while reinforcing risk reduction management; we'll improve the catastrophe risk database and risk transfer mechanisms, sharpening our ability to respond to climate-related risks; we'll also deepen the closed-loop CRM, accelerate high-quality transformation of distribution channels and diversify product portfolios to effectively mitigate the negative spread risk. Third, we will fortify "defences" against emerging risks, including deepening the "look-through" risk management in key areas and building an AI-enabled risk management framework. Such efforts can improve our ability to identify and assess risks associated with new businesses, new models and new technologies, and enhance the forward-looking, targeted and effective risk management in an all-around way.

Embedded value

1

Independent Actuarial Review Opinion on Embedded Value

To: China Pacific Insurance (Group) Company Limited

Board of Directors

Towers Watson Management Consulting (Shenzhen) Co., Ltd. Beijing Branch (“WTW” or “we”) has been engaged by China Pacific Insurance (Group) Company Limited (“CPIC Group”) to review the embedded value information of CPIC Group as of 31 December 2025.

This review opinion is addressed solely to CPIC Group in accordance with the terms of our engagement letter, and sets out the scope of our work and our conclusions. To the fullest extent permitted by applicable law, we do not accept or assume any responsibility, duty of care or liability to anyone other than CPIC Group for or in connection with our review work, the opinions we have formed, or for any statement set forth in this report.

Scope of work

WTW’s scope of work comprised:

- > a review of the methodology used to develop the embedded value of CPIC Group and the value of one year’s sales of China Pacific Life Insurance Co., Ltd. (“CPIC Life”) and China Pacific Life Insurance (H.K.) Co., Ltd. (“CPIC Life (HK)”) as of 31 December 2025. For the business in Mainland China, the methodology is subject to the requirements of the “CAA Standards of Actuarial Practice: Appraisal of Embedded Value” issued by the China Association of Actuaries (“CAA”) in November 2016. For the business in Hong Kong, traditional deterministic discounted cash flow approach has been used for embedded value valuation. Capital requirement is determined based on the Hong Kong Risk-Based Capital regulatory regime, and being considered in the value of in force business and the adjusted net worth;
- > a review of the economic and operating assumptions used to develop CPIC Group’s embedded value and the value of one year’s sales of CPIC Life and CPIC Life (HK) as of 31 December 2025;
- > a review of the results of CPIC Group’s calculation of the value of in-force business, the value of one year’s sales of CPIC Life and CPIC Life (HK), the results of the analysis of movement of embedded value of CPIC Group, and the sensitivity results of the value of in-force business and value of one year’s sales of CPIC Life and CPIC Life (HK).

Opinion

As a result of our review of the embedded value of CPIC Group as of 31 December 2025 and the value of one year’s sales of CPIC Life and CPIC Life (HK) prepared by CPIC Group, WTW has concluded that:

- > The methodology used is consistent with industry practice in each respective market as regards to a traditional deterministic discounted cash flow approach. For the business in Mainland China, the methodology is also consistent with the requirements of the “Appraisal of Embedded Value” standard issued by the CAA;
- > The operating assumptions have been set with appropriate regard to past, current and expected future experience;
- > The economic assumptions have been set with regard to current market information.

WTW has performed reasonableness checks and analysis of CPIC Group’s embedded value and the value of one year’s sales of CPIC Life and CPIC Life (HK) as of 31 December 2025, and WTW has concluded that these results have been determined in a manner consistent with the methodology and assumptions described in the Embedded Value Section of CPIC Group’s 2025 annual report and that the aggregate results are reasonable in this context.

WTW confirms that the results shown in the Embedded Value Section of CPIC Group’s 2025 annual report are consistent with those reviewed by WTW.

In carrying out our review we have relied on the accuracy of audited and unaudited data and information provided by CPIC Group.

For and on behalf of WTW

Sean Deehan, FFA, FASHK

March 6th, 2026

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2025 Embedded Value Annual Report of CPIC Group

I. Background

In order to provide investors with an additional tool to understand our economic value and business results, we have prepared CPIC Group Embedded Value as at 31 December 2025 in accordance with the disclosure rules set by the CSRC for publicly listed insurer and, for the business in Mainland China only, the “CAA Standard of Actuarial Practice: Appraisal of Embedded Value” issued by the China Association of Actuaries (“CAA”) in 2016 (thereafter referred to as “Appraisal of Embedded Value” standard) and have disclosed information relating to our group embedded value in this section. We have engaged Willis Towers Watson, an independent firm of consultants, to review the reasonableness of the valuation methodology, the valuation assumptions as well as the valuation results, and to issue their independent embedded value review report, which is contained in our 2025 annual report.

The Group Embedded Value is defined as the sum of the Group Adjusted Net Worth and the value of in force business of CPIC Life and CPIC Life (HK) attributable to the shareholders of CPIC Group. The value of in force business and the value of one year’s sales of CPIC Life and CPIC Life (HK) are defined as the discounted value of the projected stream of future after-tax distributable shareholder profits for existing business in force at the valuation date and for one year’s sales in the 12 months immediately preceding the valuation date, where distributable shareholder profits are determined based on policy liability, required capital in excess of policy liability and minimum capital requirement quantification standards prescribed by the regulatory. Embedded value does not allow for any value attributable to future new business sales.

The value of in force business and the value of one year’s sales of CPIC Life and CPIC Life (HK) are determined by using a traditional deterministic discounted cash flow methodology. This methodology makes implicit allowance for the risk of investment guarantees and policyholder options, asset/liability mismatch risk, credit risk and the economic cost of capital through the use of a risk-adjusted discount rate.

The embedded value and the value of one year’s sales provide valuable information to investors in two aspects. First, the value of in force business of CPIC Life and CPIC Life (HK) represents the total amount of after-tax distributable shareholder profits in present value terms, which can be expected to emerge over time, in accordance with the assumptions used. Second, the value of one year’s sales of CPIC Life and CPIC Life (HK) provides an indication of the value created for investors by current new business activity and hence the potential value of the business. However, the information on embedded value and the value of one year’s sales should not be viewed as a substitute of other financial measures on the Company. Investors should not make investment decisions based solely on embedded value and the value of one year’s sales information.

The embedded value is an estimation of a component of an insurance company’s economic value using actuarial techniques, based on a series of assumptions. As there is uncertainty in selecting assumptions, estimates of embedded value could vary materially as key assumptions are changed, and future actual experience would differ from assumed valuation assumption. Therefore, special care is advised when interpreting embedded value results.

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

The table below shows the Group Embedded Value of CPIC Group as at 31 December 2025, and the value of one year's sales of CPIC Life and CPIC Life (HK) in the 12 months to 31 December 2025.

Unit: RMB million

Valuation Date	31 December 2025	31 December 2024 ^{note 2}
Group Adjusted Net Worth	372,667	349,292
Adjusted Net Worth of Life Business	220,599	205,863
Value of In Force Business Before Cost of Required Capital Held	257,228	228,037
Cost of Required Capital	(12,348)	(11,380)
Value of In Force Business After Cost of Required Capital Held	244,880	216,657
CPIC Group's Equity Interest in Life Business	98.29%	98.29%
Value of In Force Business After Cost of Required Capital Held attributable to the shareholders of CPIC Group	240,698	212,957
Group Embedded Value	613,365	562,250
Life Business Embedded Value	465,479	422,520

Valuation Date	31 December 2025	31 December 2024 ^{note 2}
Value of One Year's Sales Before Cost of Required Capital Held	19,773	14,871
Cost of Required Capital Held	(1,164)	(1,592)
Value of One Year's Sales After Cost of Required Capital Held	18,609	13,279

Notes:

1. Figures may not be additive due to rounding.
2. Results in column "31 December 2024" are those reported in the 2024 annual report, plus the results of CPIC Life (HK).

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

III. Key Valuation Assumptions

In determining the embedded value as at 31 December 2025, we have assumed the Company continues to operate on a going concern basis under the current economic and regulatory environment in Mainland China market and Hong Kong market. For the business in Mainland China, policy liability and required capital have been calculated according to relevant requirements described in "Appraisal of Embedded Value" standard published by the CAA. The various operational assumptions are mainly based on the results of experience analyses, together with reference to the overall experience of the insurance industry in Mainland China market and Hong Kong market, as well as with regard to expected future operating experience. As such, these assumptions represent our best estimate of the future based on information currently available at the valuation date.

The following describes the key assumptions used in determining the value of in force business and the value of one year's sales of CPIC Life as at 31 December 2025:

1. Risk Discount Rate

The risk discount rate used to determine the value of in force business and the value of one year's sales of CPIC Life is 8.5% for traditional insurance, and 7.5% for non-traditional insurance including participating and universal insurance.

2. Investment Returns

The investment returns for long term business of CPIC Life are assumed to be 4.0% in 2025 and 4.0% thereafter. The investment return for short term business is based on the recent one-year bank deposit benchmark interest rate as published by the People's Bank of China before the valuation date.

The assumptions of long term business have been derived based on the current capital market environment, our current and expected future asset mix and the assumed investment returns for each major class of assets.

3. Mortality

Mortality assumptions have been developed based on industrial experience table or pricing assumptions, considering mortality experience analysis and expectation of future mortality trends, and vary by product. For business of CPIC Life, the industrial experience table is China Life Insurance Mortality Table (2010-2013).

4. Morbidity

Morbidity assumptions have been developed based on industrial experience table or pricing assumptions, considering morbidity experience analysis and expectation of future morbidity trends, taking into considering deterioration of morbidity rates in the long term, and vary by product. For business of CPIC Life, the industrial experience table is China Life Insurance Morbidity Table.

5. Lapse and Surrender Rates

Assumptions have been developed based on lapse and surrender experience analysis, and expectation of future trends, and assumptions vary by pricing interest rates, product types, premium payment periods and distribution channels.

6. Expense

Unit cost assumptions have been developed based on the results of an analysis of CPIC Life's past non-commission related expenses and future expectations. Future inflation of 2.5% pa in respect of per policy expenses is also assumed.

7. Policyholder Dividend

Policyholder dividends have been developed by investment return and dividend policy, considering the reasonable expectations from policyholders etc. of the participating business, and vary by product.

8. Tax Rate

For CPIC Life, tax has been assumed to be payable at 25% of profits. The proportion of investment income assumed to be exempt from income tax is 20% for all future years. The tax exemption assumptions are based on our current and expected future asset mix and assumed investment returns for each major class of assets.

In addition, the tax of the accident business is based on related tax regulation.

IV. New Business Volumes and Value of One Year's Sales

The table below shows the volume of new business sold in terms of first year annual premium and value of one year's sales after cost of required capital held based on valuation assumptions by the end of 2025.

Unit: RMB million

	First Year Annual Premium (FYAP)		Value of One Year's Sales After Cost of Required Capital Held	
	2025	2024 ^{note}	2025	2024 ^{note}
Total	94,080	80,026	18,609	13,279
Of which: Agency channel	35,284	35,287	10,780	9,650
Bancassurance channel	39,360	29,064	6,743	3,327

Note: Results in column "2024" are those reported in the 2024 annual report, plus the results of CPIC Life (HK).

V. Analysis of change in embedded value

The following table shows the change in the Group Embedded Value from 31 December 2024 to 31 December 2025.

Unit: RMB million

No.	Item	Value	Comments
1	Embedded Value of the life business at 31 December 2024	422,520	Results reported in the 2024 annual report, plus the results of CPIC Life (HK)
2	Expected Return on Embedded Value	27,131	Expected returns on the 2024 embedded value and the value of one year's sales in 2025
3	Value of One Year's Sales	18,609	Value of one year's sales in respect of new business written in the 12 months prior to 31 December 2025
4	Investment Experience Variance	(2,597)	Reflects the difference between actual and assumed investment return in 2025
5	Operating Experience Variance	1,642	Reflects the difference between actual and assumed operating experience
6	Change in methodology, assumptions and models	7,228	Reflects assumption and methodology changes, together with model enhancements
7	Diversification effects	2,283	Changes in diversification benefits on cost of required capital from new business and different business mix
8	Change in market value adjustment	(4,479)	Reflects the change in value of certain assets not valued on a market value basis
9	Shareholder Dividends	(6,989)	Shareholder dividends distributed to shareholders of CPIC Life
10	Others	129	
11	Embedded Value of the life business at 31 December 2025	465,479	
12	Adjusted net worth of other businesses as at 31 December 2024	151,643	
13	Change in Adjusted Net Worth before payment of shareholder dividends to shareholders of CPIC Group	24,638	

Unit: RMB million

No.	Item	Value	Comments
14	Shareholder dividends	(10,390)	Dividend distributed to shareholders of CPIC Group
15	Change in market value adjustment	(397)	Reflects the change in value of assets not valued on a market value basis
16	Adjusted net worth of life businesses as at 31 December 2025	165,495	
17	Minority interests relating to equity and market value adjustments	(17,609)	Minority interests on Embedded Value as at 31 December 2025
18	Group Embedded Value as at 31 December 2025	613,365	
19	Embedded Value as at 31 December 2025 per share (RMB)	63.76	

Note: Figures may not be additive due to rounding.

VI. Sensitivity Analysis

In consideration of the uncertainties as to future experience, we have evaluated the sensitivity of the value of in force business and the value of one year's sales as at 31 December 2025 to changes in key assumptions. In determining the sensitivity results, only the relevant cashflow assumption and risk discount rate assumption has been changed, while all other assumptions have been left unchanged.

Alternative sensitivity scenarios are shown for the following:

- > Risk discount rate "+/- 50 basis points"
- > Investment return "+/- 50 basis points"
- > Mortality "+/- 10%"
- > Morbidity "+10%"
- > Lapse and surrender rates "+/- 10%"
- > Expenses "+10%"

The following table shows the sensitivity results of the value of in force business and the value of one year's sales after cost of required capital held.

Unit: RMB million

	Value of In Force Business After Cost of Required Capital Held	Value of One Year's Sales After Cost of Required Capital Held
Base	244,880	18,609
Risk discount rate "+50 basis points"	234,583	17,758
Risk discount rate "-50 basis points"	255,979	19,533
Investment return "+50 basis points"	312,488	22,601
Investment return "-50 basis points"	177,712	14,632
Mortality "+10%"	243,455	18,505
Mortality "-10%"	246,295	18,715
Morbidity "+10%"	236,267	18,428
Lapse and surrender rates "+10%"	248,813	18,551
Lapse and surrender rates "-10%"	240,795	18,681
Expenses "+10%"	241,049	18,071





Corporate
governance

Corporate governance

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Report of the Board of Directors
and significant events

1

Results and distributions

The net profit attributable to shareholders of the parent for the year 2025 included in the audited consolidated financial statements, prepared in accordance with the PRC GAAP, was RMB53.505 billion. The net profit for the year 2025 included in the audited financial statements of parent company, prepared in accordance with the PRC GAAP, was RMB11.537 billion. According to the Articles of Association and other applicable regulations, if the cumulative amount of statutory surplus reserve fund reaches 50% and above of the Company's registered capital, the Company shall not be required to make further allocations to the fund. The retained profits at the end of 2025 included in the financial statements of the parent company, prepared in accordance with the PRC GAAP, were RMB48.268 billion.

For profit distribution we consider factors such as business development of the Company and shareholders' expected returns. The amount of cash dividends is determined in accordance with the Company's profit distribution policy, which anchors dividend payouts to OPAT, permits incremental increases based on positive contribution from investments, and strictly adheres to solvency requirements. In 2025, OPAT attributable to shareholders of the parent amounted to RMB36.523 billion.

Therefore, the profit distribution for 2025 is made based on the audited financial statements of the parent company. The Company intends to declare annual cash dividend of RMB1.15 per share (tax included). Based on the total share capital of 9,620,341,455 shares, the amount of dividend in aggregate will be RMB11,063,392,673.25. The remaining retained profits will be carried forward to 2026. No capital reserve was transferred to the share capital during the year. The proposed final dividends are expected to be paid on or around 17 July 2026 upon approval at the 2025 AGM.

As for the information necessary to enable holders of listed securities of the Company to obtain any relief from taxation, please refer to the *Announcement of Audited Annual Results for the year ended 31 December 2025* published by the Company on the website of SEHK (www.hkexnews.hk).

After cash dividend distribution, there will be no significant impact on the Group's solvency ratio, and still meeting the requirements of regulators.

No capital reserve was transferred to the share capital during any of the last three years.

The above profit distribution proposal is subject to shareholders' approval at the shareholders' meeting.

Dividend distributions for the past three years are as follows:

Year of dividend distribution	Cash dividend per share (including tax) (1) (RMB)	Cash dividend (including tax) (2) (RMB million)	Net profit attributable to the dividend distribution year ^{note} (3) (RMB million)	Payout ratio (%) (4) = (2)/(3)
2025	1.15	11,063	53,505	20.7
2024	1.08	10,390	44,960	23.1
2023	1.02	9,813	27,257	36.0

Note: Attributable to shareholders of the parent.

Under the Articles of Association^{note}, the Company is committed to providing reasonable returns to its shareholders and take into account the sustainable development of the Company. Its profit distribution policy should be consistent and stable. The Company may make interim profit distribution, and gives first priority to cash dividend.

The Articles of Association also stipulate that the accumulated cash dividend pay-outs in the recent 3 years shall not be less than 30% of the average annual distributable profits of the Company during the same period except when 1) the Company's solvency adequacy ratio fails to meet NFRA minimum requirement, 2) wars or natural catastrophes have a major impact on its business performance and financial results, 3) there are major changes in its operating environment which have a major impact on its business performance and financial results, 4) there are significant adverse developments in the Company's operation, or 5) laws, regulations and ordinances stipulate otherwise.

The Company may adjust its profit distribution policy. Any such adjustment shall be proposed as a resolution of the board of directors on the basis of prudent studies and deliberations, before being submitted as a special resolution to the shareholders' meeting for approval. The board of directors and the shareholders' meeting should hear and give full consideration to the opinions of the Company's investors, ensuring diverse channels of communication with them and readily subject themselves to their oversight on this matter.

The Company's cash dividend policy complies with the Articles of Association, contains clear and specific standards and pay-out ratios, and was formulated on the basis of proper decision-making procedures and mechanisms, considering opinions of the Company's independent directors and offering protection of the legitimate rights and interests of its minority shareholders. The conditions for and the procedures of the amendments to the Company's profits distribution policy are also transparent and compliant.

Note: In accordance with applicable laws, regulations and regulatory requirements, such as the Company Law and the Guidelines for the Articles of Association of Listed Companies, and in view of its realities, the Company amended relevant documents including the Articles of Association. On 30 July 2025, the Resolution on the Amendment of the Articles of Association of China Pacific Insurance (Group) Co., Ltd. was considered and approved at the 15th session of the 10th Board of Directors. On 29 August 2025, the Company held the first extraordinary general meeting of 2025, at which the afore-mentioned amendments were considered and approved. On 18th December of 2025, the NFRA approved the amended Articles of Association.

2

Fulfilment of the undertakings

During the reporting period, there were no undertakings the Company was required to disclose.

3

Appointment of auditors

Pursuant to the resolution of the 2024 annual general meeting, Ernst & Young Hua Ming LLP was engaged by the Company as the auditor of the financial statements and the auditor for the internal control for 2025, whilst undertaking duties required of auditors in accordance with Hong Kong Listing Rules.

The year 2025 was the 4th consecutive year when Ernst & Young Hua Ming LLP served as the Company's auditor.

For the financial statements prepared in accordance with PRC GAAP (A share and H share), the engagement partner is Mr. GUO Hangxiang and the certified public accountants signing the report are Mr. GUO Hangxiang and Ms. MO Aiqi. The year 2025 was the 4th consecutive year when Mr. GUO Hangxiang served as the engagement partner and the certified public accountant signing the report. The year 2025 was the 1st year when Ms. MO Aiqi served as the certified public accountant signing the report.

The remuneration paid to the auditors for provision of annual financial statements auditing service and internal control auditing service for 2025 was RMB26.3890 million (tax included) and RMB2.7100 million (tax included), respectively.

4

Material litigations and arbitrations

During the reporting period, the Company did not engage in any material litigation or arbitration which was required to be disclosed.

6

Fulfilment of obligations

During the reporting period, the Company had no outstanding obligations such as unfulfilled obligations under rulings by courts of law or payment in arrears involving large amounts.

8

Guarantee contracts

During the reporting period, the Company did not enter into any guarantee contract that violated laws, administrative regulations or the external guarantee resolution procedures prescribed by the CSRC.

5

Penalties and subsequent rectification

During the reporting period, there were no penalties or subsequent rectification the Company was required to disclose.

7

Capital occupation

During the reporting period, there was no non-operating occupation of capital of the Company by controlling shareholders or other related parties.

9

Share option scheme

During the reporting period, the Company did not have any share option scheme, employee stock ownership plan, or other employee incentive measure which required disclosure.

10

Continuing connected transactions

For details of continuing connected transactions under Hong Kong Listing Rules, please refer to the announcements of the Company dated 29 July 2016, 12 April, 11 July 2022 and 29 April 2025.

To regulate the transactions conducted by the Company with Hwabao Trust Co., Ltd. (華寶信託有限責任公司) (the “**Hwabao Trust**”) and Hwabao WP Fund Management Co., Ltd. (華寶基金管理有限公司) (the “**Hwabao Fund**”, formerly known as Hwabao SG Fund Management Co., Ltd. (華寶興業基金管理有限公司)), on 29 July 2016, the Company entered into a framework agreement in respect of the continuing connected transactions with Hwabao Trust and Hwabao Fund (the “**Original Framework Agreement**”). Pursuant to the Original Framework Agreement, the Group, Hwabao Trust and Hwabao Fund have agreed to enter into transactions, including sale and purchase of bonds, pledge-style bond repurchase, subscription and redemption of funds, purchase of trust plans, sale of asset management products or collective pension products. The Original Framework Agreement shall become effective on the date of signing by all parties and shall continue to be valid until 31 December 2018. To renew transactions under the Original Framework Agreement and to regulate transactions conducted with Hwabao Trust, Hwabao Fund and Hwabao Securities Co., Ltd. (華寶證券股份有限公司) (the “**Hwabao Securities**”) (Hwabao Trust, Hwabao Fund and Hwabao Securities are collectively referred to as the “**Hwabao Parties**”), on 12 April 2019, the Company entered into a framework agreement on continuing connected transactions with the Hwabao Parties (the “**Framework Agreement in 2019**”). Pursuant to the Framework Agreement in 2019, the Group and the Hwabao Parties have agreed to enter into transactions, including sale and purchase of bonds, pledge-style repo, subscription and redemption of securities investment funds, purchase of trust plans, sale of asset management products or collective pension products. The Framework Agreement in 2019 shall be effective from 31 January 2019 to 31 December 2019. To renew transactions under the Framework Agreement in 2019 and to regulate transactions conducted with Hwabao Parties, on 11 July 2022, the Company entered into a framework agreement in respect of the continuing connected transactions with Hwabao Parties (the “**Framework Agreement in 2022**”), with an initial term from 1 January 2022 to 31 December 2022. Upon expiration of the initial term, the Framework Agreement in 2022 shall automatically be renewed for a term of one year, and there shall not be more than two automatic renewals. Pursuant to the Framework Agreement in 2022, the Group and the Hwabao Parties have agreed to enter into transactions, including sale and purchase of bonds, pledge-style repo, subscription and redemption of securities investment funds, purchase of trust plans, sales of asset management products and pension security products. To renew transactions under the Framework Agreement in 2022 and to regulate transactions conducted with Hwabao Parties, on 29 April 2025, the Company entered into a framework agreement in respect of the continuing connected transactions with Hwabao Parties (the “**Framework Agreement**”), with an initial term from 1 January 2025 to 31 December 2025. Upon expiration of the initial term, the Framework Agreement shall automatically be renewed for a term of one year, and there shall not be more than two automatic renewals. Pursuant to the Framework Agreement, the Group and the Hwabao Parties have agreed to enter into transactions, including sale and purchase of bonds, pledge-style repo, subscription and redemption of securities investment funds, purchase of other financial products approved by the NFRA, including trust plans, insurance asset management products, wealth management plans of commercial banks and special asset management plans of securities companies along with sales of financial products.

Hwabao Investment Co., Ltd. (“**Hwabao Investment**”) is a substantial shareholder of the Company, and Hwabao Securities is a subsidiary of Hwabao Investment. Hwabao Trust, Hwabao Fund and Hwabao Investment are under common control of China Baowu Steel Group Corporation Limited (“**Baowu Steel**”). The ultimate beneficial owner of Hwabao Investment and Baowu Steel is the State-owned Assets Supervision and Administration Commission of the State Council. During the reporting period, the transactions contemplated under the aforementioned Framework Agreement between the Company and the Hwabao Parties constitute continuing connected transactions under Chapter 14A of the Hong Kong Listing Rules.

As the highest applicable percentage ratio in respect of the continuing connected transactions under the Framework Agreement exceeds 0.1% but is less than 5%, such transactions under the Framework Agreement are only subject to the announcement, reporting and annual review requirements and are exempt from the independent shareholders' approval requirement under Chapter 14A of Hong Kong Listing Rules.

The proposed annual caps with Hwabao Parties were determined based on the following factors: (1) historical transaction amount of similar transactions and previous cooperation; (2) potential cooperation in the future; (3) the Company's increasing demand for fund utilisation and financial businesses; and (4) the fluctuation of PRC and overseas financial markets, and the uncertainties in implementing relevant businesses and other factors. In particular:

- (1) Regarding fund utilisation, (a) considering the subscription/redemption of off-exchange funds and the buy/sell transactions of on-exchange funds, Hwabao Fund is a major fund company in the PRC. In recent years, Hwabao Fund rapidly developed its ETF funds, launching several popular products such as the CSI A50 ETF, Hong Kong Internet ETF, and Fintech ETF, providing investors with diverse choices; (b) Hwabao Securities, a member of the local debt underwriting syndicates, holds a considerable source of local bonds, which is valuable for the allocation of insurance funds to local bonds. The transaction volume of fund subscription/redemption and fund utilization depends on the available funds at the time, the frequency of subscription/redemption and buy/sell transactions, and the potential issuance of new funds by Hwabao Fund. The estimated transaction amount and the actual transaction amount of bonds related to Hwabao Securities are subject to the overall status of funds and the changing market condition at the time.
- (2) Regarding the sale of financial products, Changjiang Pension Insurance Co., Ltd. ("**Changjiang Pension**"), a subsidiary of the Company, resumed its portfolio product business after completing of the investment capability filing. Given that Hwabao Trust is one of the principal investors of portfolio products (according to industry data from China Insurance Asset Registration and Trading System Co., Ltd., as of the end of 2024, Hwabao Trust's investment in portfolio products amounted to RMB33.255 billion), it collaborates extensively with insurance asset management companies. Changjiang Pension has established portfolio product cooperation with Hwabao Trust. As the funds attributes match the product style of Changjiang Pension, going forward, Changjiang Pension and Hwabao Trust would further collaborate within the scope of regulatory requirements. Additionally, Hwabao Securities' proprietary funds have specific requirements for the monetary portfolio asset management products issued by Pacific Asset Management Co., Ltd, a subsidiary of the Company.

Based on the above, the Company believes that the proposed annual caps were determined based on reasonable business consideration and market conditions.

The below table sets out the comparison between the annual cap and actual transaction amount of the continuing connected transactions with the Hwabao Parties for the year ended 31 December 2025:

Unit: RMB million

	Type of transaction	Annual cap for the year ended 31 December 2025	Transaction amount for the year ended 31 December 2025
The Hwabao Parties	All types (aggregate amount of payment and receipt)	11,900	960

Regarding the above non-exempt continuing connected transactions of the Group, independent non-executive Directors have reviewed the agreement and the transactions contemplated thereunder and confirmed that the transactions:

- > were entered into in the ordinary and usual course of business of the Group;
- > were conducted on normal commercial terms or such terms no less favourable to the Group obtained from or offered by independent third parties; and
- > were conducted according to the relevant agreement governing them on terms that were fair and reasonable and in the interest of the Company and its Shareholders as a whole.

The auditors of the Company have reviewed the above non-exempt continuing connected transactions and issued a letter to the Board on this regard, confirming that nothing has come to their attention that caused them to believe that the continuing connected transactions:

- > have not been approved by the Board;
- > were not, in all material respects, in accordance with the pricing policies of the Company if the transactions involve the provision of goods or services by the Group;
- > were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and
- > had an annual actual transaction amount that exceeds the relevant annual cap as disclosed in previous announcements published by the Company.

The Board is responsible for the management of connected transactions, including the review on the management system for connected transactions, the review and approval of material connected transactions and the review on the annual report review, consideration and approval of connected transactions. The Audit and Related Party Transaction Control Committee under the Board shall be responsible for the periodic review on the annual review report of connected transactions submitted by the Risk Management Department. Independent Directors conducted review on, among others, the fairness of material connected transactions and the execution of internal review and approval procedure in order to mitigate relevant risks on connected transactions and safeguard the interest of the Company and Shareholders. The Company regularly collates the report of total transaction amount to ensure that the annual cap is not exceeded.

Details of the related party transactions of the Company for the year ended 31 December 2025 are set out in Note IX-3.1 to the financial statements to this report. Several related party transactions disclosed in Note IX-3.1 to the financial statements also constitute continuing connected transactions of the Company as disclosed above. The Company confirms that such related party transactions have complied with the applicable disclosure requirements under Chapter 14A of Hong Kong Listing Rules.

11

Material contracts

Entrusted investment management. Investment is one of the main businesses of the Company, and the Company mainly adopts a model of entrusted investment management. At present, a diversified investment management structure has been developed which is based on the internal managers within CPIC and supplemented by external managers. The internal investment managers mainly include CPIC AMC and Changjiang Pension; external investment managers include professional investment management agencies such as fund companies and securities firms and asset management companies. The Company selects investment managers based on the investment objectives and risk characteristics of a specific account or asset class, as well as investment manager's capabilities, and appropriately mitigates risks through the diversification and decentralisation of asset types, investment strategies, and investment managers. The Company signs an entrusted investment management agreement with the investment managers, and guides their investment behaviour through investment guidelines, dynamic tracking communication, performance evaluation and other measures, and take targeted risk management measures based on the profile of investment assets.

Save as disclosed above, during the reporting period, the Company did not have any material contracts which were required to be disclosed.

12

Performance of duties by the Board of Directors

Details of the performance of duties by the board of directors and its special committees during the reporting period are set out in the Section "Corporate governance" of this report.

13

Principal business

We are a leading comprehensive insurance group in the PRC, providing, through our subsidiaries, a broad range of life insurance, property and casualty insurance, specialised health insurance and pension products and services to individual and institutional customers throughout the country. We also manage and deploy our insurance funds as well as third party assets through our subsidiaries.

14

Reserves

Details for reserves (including general reserves, other comprehensive income/(loss) and retained profits) are shown in notes VI-28, 29, 30, 31 and 48 to the financial statements.

15

Property and equipment and investment properties

Details for property and equipment and investment properties are shown in notes VI-12, 13 and 11 to the financial statements.

16

Financial summary

Summary of financial information is shown in the section “Highlights of accounting and operation data” of this report.

17

Bonds Convertible into the Company’s H Shares

In order to better support high-quality development of the business and further optimise the capital structure of the Company, on 18 September 2025, the Company issued an aggregate principal amount of HK\$15,556,000,000 zero coupon convertible bonds (the “Convertible Bonds” convertible into the Company’s H shares) due 2030, with an initial conversion price of HK\$39.04 per H share (the “Conversion Price”). The Convertible Bonds have been listed and traded on the SEHK since 19 September 2025. The net issue price was approximately HK\$38.85 per Conversion Share (as defined below) based on the Conversion Price. The Convertible Bonds were issued to no less than six independent subscribers who were professional, institutional and/or other investors. On the date of the signing of the subscription agreement in respect of the Convertible Bonds upon which the terms of the Convertible Bonds were fixed (i.e., 18 September 2025), the closing price per H Share was HK\$30.90.

The total outstanding principal amount of the Convertible Bonds was HK\$15,556,000,000 as of 31 December 2025. No conversion right of the Convertible Bonds was exercised, and neither any holder of the Convertible Bonds nor the Company exercised any redemption right during the Reporting Period. The Company had a total of 9,620,341,455 issued shares as of 31 December 2025. Based on the Conversion Price applicable to the date and assuming full conversion of the Convertible Bonds on 31 December 2025, the Convertible Bonds would be converted into 398,463,114 H shares (the “Conversion Share(s)”), representing approximately 14.36% of the number of existing issued H Shares and approximately 4.14% of the existing issued share capital of the Company as of 31 December 2025; and approximately 12.55% of the number of issued H Shares and approximately 3.98% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares upon the full conversion of the Convertible Bonds (also assuming that the Company’s share capital has not changed due to any reason).

Assuming the Convertible Bonds were fully converted on 31 December 2025, the dilutive effect on the Company's current issued shares and shareholding structure would be as follows:

	Shareholding structure before full conversion of Convertible Bonds		Shareholding structure after full conversion of Convertible Bonds at Conversion Price	
	Number of Shares	Approximate % of total issued Shares	Number of Shares	Approximate % of total issued Shares
Holders of A Shares	6,845,041,455	71.15%	6,845,041,455	68.32%
Holders of H Shares	2,775,300,000	28.85%	2,775,300,000	27.70%
Bondholders	–	–	398,463,114	3.98%
Total issued Shares	9,620,341,455	100.00%	10,018,804,569	100.00%

Please refer to Note VI-49 to the financial statements for the impact on earnings per share as if the Convertible Bonds had been fully converted.

In view of the Group's financial and liquidity position, the Company expects to have the ability to fulfill its redemption obligation under the Convertible Bonds.

18

Use of Proceeds

Use of Proceeds Received from Issuance of GDRs

The GDRs issued by the Company were listed on the LSE (the "Initial Offering") on 22 June 2020, and additional GDRs were issued due to the exercise of over-allotment option (the "Over-allotment") on 9 July 2020. A total of 111,668,291 GDRs were issued through the Initial Offering and Over-allotment at USD17.60 per GDR, raising total proceeds of USD1,965,361,921.60. The differences between the beginning and ending balances of proceeds unused are mainly the proceeds used during the reporting period and the interest income generated by the raised funds. As of the end of the reporting period, the use of proceeds was as stated in the prospectus.

As of the end of the reporting period, details of use of the above-said proceeds are as follows:

Total proceeds raised	Proceeds unused as at the beginning of the reporting period	The intended use of proceeds raised	Proceeds used during the reporting period	Proceeds unused at the end of the reporting period	Plan for use of the unused funds
		(1) 70% or more of the net proceeds will be used for gradually developing the Group's businesses overseas, in the form of equity investments, partnerships and alliances, and mergers and acquisitions in both developed and emerging markets, supporting core insurance business growth;	-		(i) Less than USD79.5 million will be used to subscribe to the fund interests of HTCP CAPITAL LPF (泰保新經濟有限合夥基金);
		(2) Up to 30%, or the remainder of the net proceeds, will be used for developing an overseas investment platform to invest in innovative businesses, such as healthcare, elderly care, and technology, leveraging CPIC's offshore investment capabilities;	Approximately USD48,000,000.00 (2.44% of the total proceeds) has been used to subscribe to the fund interests of HTCP CAPITAL LPF (泰保新經濟有限合夥基金)		(ii) Approximately RMB0.7 billion will be used to fulfill the subsequent capital contribution obligations arising from participation in the establishment of Shanghai Health and Elderly Care Development (Group) Co., Ltd (上海市健康養老發展(集團)有限公司);
USD 1,965,361,921.60	USD 622,053,190.19 and RMB 491,342,568.44 ^{note}	If the Company deems that the plan in any particular areas described above to be unachievable, the corresponding intended portion of the proceeds will be used to replenish its capital and for general corporate purposes.	(i) Approximately USD 33,942,994.27 (RMB242 million, or 1.73% of the total proceeds), has been used for general purposes. (ii) Approximately USD 18,717,166.04 (RMB135 million, or 0.95% of the total proceeds), has been used to subscribe for shares in Nanjing CPIC Phase II Health Care Industry Fund Management Partnership (Limited Partnership) (南京太保二期大健康產業基金管理合夥企業(有限合夥)) (iii) Approximately USD 33,607,711.47 (RMB242 million, or 1.71% of the total proceeds), has been used to subscribe for shares in CPIC Health Industry Private Investment Fund (Shanghai) Partnership (Limited Partnership) 太保大健康產業私募投資基金(上海)合夥企業(有限合夥))	USD 473,653,284.50, HKD76,992.20 and RMB 764,443,824.44 ^{note}	(iii) Less than RMB297 million will be used to subscribe for shares in Nanjing CPIC Phase II Health Care Industry Fund Management Partnership (Limited Partnership) (南京太保二期大健康產業基金管理合夥企業(有限合夥)) (iv) Less than RMB238 million will be used to subscribe for shares in CPIC Health Industry Private Investment Fund (Shanghai) Partnership (Limited Partnership) 太保大健康產業私募投資基金(上海)合夥企業(有限合夥)) (v) The remaining will be used in line with the Company's business development and market situation.

Note: The balance of the raised funds that have been settled and not yet used.

Use of Proceeds Received from Issuance of Convertible Bonds

The Company has completed the issue of HK\$15,556,000,000 zero coupon bonds due 2030 on 18 September 2025. The Company intends to apply the net proceeds of approximately HK\$15,479.6 million from the issue of the 2025 Convertible Bonds for (i) development of insurance business; (ii) implementation of strategic development initiatives in health service & elderly care, AI+, internationalisation; and (iii) general corporate purpose, including supplementing working capital.

As at 31 December 2025, the Company has not yet utilized the net proceeds from the issuance of the Convertible Bonds. There has been no change to the intended use of net proceeds as previously disclosed. The Company expects to fully utilize the net proceeds in accordance with such intended use within five years from the date of issuance of the Convertible Bonds. In 2026, the Company plans to utilize, in aggregate, no more than HK\$250 million of the net proceeds in accordance with the aforesaid intended use, of which no more than HK\$243 million will be used to support the implementation of the Company's three major strategies, namely, health service & elderly care, AI+, and internationalisation; and no more than HK\$7 million will be used for the construction of the Company's risk reduction framework to support the development of its core insurance business.

The Company will strictly use the proceeds in accordance with regulatory requirements, fulfill the necessary regulatory procedures, and ensure lawful and compliant use. For further details, please refer to the announcements of the Company dated 11 September 2025 and 18 September 2025.

19

Events after the balance sheet date

Events after the balance sheet date are shown in note XVI to the financial statements.

20

Bank borrowings

As of 31 December 2025, the Company's outstanding bank borrowings amounted to approximately RMB289 million other than the bonds issued and securities sold under agreements to repurchases of its investment business. For details of the bonds issued, please refer to note VI-23, 32 to the financial statements.

21

Charitable and other donations

During the reporting period, the Company made charitable and other donations totalling approximately RMB61.1119 million.

22

Share capital and sufficient public float

The changes in the Company's share capital are shown in the Section "Changes in the share capital and shareholders' profile" of this report. Based on the information that is publicly available and within the knowledge of the directors as at the latest practicable date prior to the printing of this report, since 12 January 2011, not less than 25% of the total issued share capital of the Company was held in public hands and not less than 15% of the H share capital of the Company was held in public hands, which is consistent with the requirements under Hong Kong Listing Rules to maintain a minimum public float. As of 1 January 2026, the public float of the Company's issued H shares represents over 5% of the total issued shares of the Company (excluding treasury shares), thereby satisfying the minimum public holding requirement stipulated in the Hong Kong Listing Rules.

23

Management contract

During the reporting period, the Company did not enter into any management contract by which a person or entity undertakes the management and administration of the whole or any substantial part of any business of the Company.

24

Directors and senior management

Biographies of the Company's current directors and senior management are shown in the Section "Directors, senior management and employees" of this report.

25

Directors' interests in competing business

As far as the Company is aware, none of the Company's directors has any interests in businesses which, directly or indirectly, compete with the Company's businesses.

26

Directors' service contracts and remunerations

None of the Company's directors has entered into any service contract with the Company or its subsidiaries which is not terminable within one year, or terminable only when receiving compensation other than the statutory compensation.

Details for the directors' remunerations are shown in the Section "Directors, senior management and employees" of this report.

27

Special committees of the board of directors

The board of directors of the Company established five special committees, namely the Strategic and Investment Decision-Making & ESG Committee, the Audit and Related Party Transactions Control Committee, the Nomination and Remuneration Committee, the Risk Compliance Committee, and the Technological Innovation and Consumer Rights Protection Committee. See the Section “Corporate governance” of this report for details of the special committees of the board of directors.

28

Directors’ interests in material transactions, arrangements or contracts

As far as the Company is aware, the directors (and/or their connected entities) of the Company did not have any material interest, whether directly or indirectly, in any transaction, arrangement or contract which was significant to the Company’s business and which was entered into by the Company or any of its subsidiaries. None of the directors of the Company has entered into any service contract which is not terminable by the Company within one year without payment of compensation (other than statutory compensation).

29

Directors' rights to subscribe for shares or bonds

The Company did not grant to any directors or their respective spouses or children under 18 years of age any rights to subscribe for or to acquire shares or bonds of the Company or its subsidiaries.

30

Interests and short positions of directors and senior management in shares, underlying shares or debentures

So far as the directors of the Company are aware, as at 31 December 2025, the following directors or senior management of the Company had an interest or short position in shares, underlying shares or debentures of the Company which was required, pursuant to Section 352 of the SFO, to be entered in the register maintained by the Company or which was required to be notified to the Company and SEHK pursuant to the Model Code for Securities Transactions.

Name	Position	Capacity	Type of shares	Number of shares	Percentage of shareholdings in the class of shares issued (%)	Percentage of the total shares issued (%)
FU Fan	Chairman and an executive director	Beneficial owner	H shares	220,400 (L)	0.01 (L)	0.00 (L)
ZHAO Yonggang	Executive director and president	Beneficial owner	A shares	12,900 (L)	0.00 (L)	0.00 (L)

(L) denotes a long position

The detailed shareholdings of directors and senior management are set out in the section "Directors and Senior Management" of this report. Save as disclosed in this report, as of the end of the reporting period, the directors of the Company were not aware that there was any directors or senior management of the Company who had any interest or short position in shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required, pursuant to Section 352 of the SFO, to be entered in the register maintained by the Company or which was required to be notified to the Company and SEHK pursuant to the Model Code for Securities Transactions.

31

Interests and short positions of substantial shareholders and other persons in the shares and underlying shares

So far as the directors of the Company are aware, as at 31 December 2025, the following persons (excluding the directors or senior management of the Company) had an interest or short position in the shares or underlying shares of the Company which shall be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which, pursuant to Section 336 of the SFO, shall be entered in the register maintained by the Company:

Name of substantial shareholders	Capacity	Type of shares	Number of shares	Percentage of shareholdings in the class of shares issued (%) ^{note 1}	Percentage of the total shares issued (%) ^{note 1}
中國平安保險(集團)股份有限公司 ^{note 2}	Interest of corporation controlled by 中國平安保險(集團)股份有限公司	H shares	313,108,600 (L)	11.28 (L)	3.25 (L)
中國平安人壽保險股份有限公司 ^{note 2}	Beneficial owner	H shares	282,419,000 (L)	10.17 (L)	2.94 (L)
Ping An Asset Management Co., Ltd.	Investment manager	H shares	251,186,800 (L)	9.05 (L)	2.61 (L)
JPMorgan Chase & Co. ^{note 3}	Beneficial owner	H shares	79,756,589 (L) 77,621,530 (S)	2.87 (L) 2.80 (S)	0.83 (L) 0.81 (S)
	Investment manager	H shares	76,401,129 (L) 5,023,400 (S)	2.75 (L) 0.18 (S)	0.79 (L) 0.05 (S)
	Person having a security interest in shares	H shares	537,909 (L)	0.02 (L)	0.01 (L)
	Approved lending agent	H shares	111,719,630 (L)	4.03 (L)	1.16 (L)
	Beneficial owner	H shares	192,068,400 (L)	6.92 (L)	2.00 (L)
上海國際集團有限公司 ^{note 4}	Interest of corporation controlled by 上海國際集團有限公司	H shares	6,428,400 (L)	0.23 (L)	0.07(L)
	Beneficial owner	A shares	97,128,700	1.42 (L)	1.01 (L)
	Interest of corporation controlled by 上海國際集團有限公司	A shares	642,954,107	9.39 (L)	6.67 (L)
BlackRock, Inc. ^{note 5}	Interest of corporation controlled by BlackRock, Inc.	H shares	161,816,230 (L) 15,824,000 (S)	5.83 (L) 0.57 (S)	1.68 (L) 0.16 (S)

(L) denotes a long position; (S) denotes a short position; (P) denotes a lending pool

Notes:

- As at 31 December 2025, the Company issued a total of 9,620,341,455 shares, including 6,845,041,455 A shares and 2,775,300,000 H shares.
- Pursuant to Part XV of the SFO, as at 31 December 2025, 中國平安保險(集團)股份有限公司 is deemed or taken to be interested in a total of 313,108,600 H shares (long position) of the Company. The details of the shareholding interests of the company directly or indirectly controlled by 中國平安保險(集團)股份有限公司 are set out below:

Name of controlled company	Number of shares
中國平安人壽保險股份有限公司	282,419,000 (L)
平安養老保險股份有限公司	2,002,800 (L)
中國平安財產保險股份有限公司	28,686,800 (L)

Corporate governance

Report of the Board of Directors and significant events

3. Pursuant to Part XV of the SFO, as at 31 December 2025, JPMorgan Chase & Co. is deemed or taken to be interested in a total of 268,415,257 H shares (long position) (representing approximately 2.79% of the total issued shares of the Company), 82,644,930 H shares (short position) (representing approximately 0.86% of the total issued shares of the Company) and 111,719,630 H shares (lending pool) of the Company. The details of the shareholding interests of the companies directly or indirectly controlled by JPMorgan Chase & Co. are set out below:

Name of controlled company	Number of shares
JPMorgan Asset Management (China) Company Limited	23,000 (L)
JPMorgan Asset Management (Taiwan) Limited	2,437,000 (L)
J.P. Morgan SE	1,640 (L)
J.P. MORGAN MARKETS LIMITED	2,400 (L)
J.P. Morgan Securities LLC	4,351,796 (L) 3,813,887 (S)
Highbridge Capital Management, LLC	9,477,458 (L) 5,023,400 (S)
JPMORGAN ASSET MANAGEMENT (UK) LIMITED	3,118,159 (L)
J.P. Morgan Investment Management Inc.	12,996,112 (L)
JPMorgan Chase Bank, National Association	115,237,430 (L)
J.P. Morgan Alternative Asset Management, Inc.	3,400 (L)
JPMorgan Asset Management (Asia Pacific) Limited	44,826,600 (L)
J.P. MORGAN SECURITIES PLC	75,940,262 (L) 73,807,643 (S)
JPMorgan Asset Management Holdings Inc.	72,881,729 (L) 5,023,400 (S)
JPMorgan Chase Holdings LLC	77,235,925 (L) 8,837,287 (S)
JPMorgan Asset Management (Asia) Inc.	47,263,600 (L)
J.P. Morgan International Finance Limited	75,941,902 (L) 73,807,643 (S)
JPMorgan Chase Bank, National Association	75,941,902 (L) 73,807,643 (S)
J.P. MORGAN FINANCIAL INVESTMENTS LIMITED	2,400 (L)
J.P. Morgan Broker-Dealer Holdings Inc.	4,351,796 (L) 3,813,887 (S)
JPMORGAN ASSET MANAGEMENT INTERNATIONAL LIMITED	3,118,159 (L)
J.P. MORGAN CAPITAL HOLDINGS LIMITED	75,940,262 (L) 73,807,643 (S)

(L) denotes a long position; (S) denotes a short position

4. Pursuant to Part XV of the SFO, as at 31 December 2025, 上海國際集團有限公司 is deemed or taken to be interested in a total of 198,496,800 H shares (long position) (representing approximately 2.06% of the total issued shares of the Company) and 740,082,807 A shares (long position) (representing approximately 7.68% of the total issued shares of the Company) of the Company. The details of the shareholding interests of the company directly or indirectly controlled by 上海國際集團有限公司 are set out below:

Name of controlled company	Number of shares
上海國際集團 (香港) 有限公司	6,428,400 (L)
上海國有資產經營有限公司	609,929,956 (L)
上海國鑫投資發展有限公司	33,024,151 (L)

(L) denotes a long position

5. Pursuant to Part XV of the SFO, as at 31 December 2025, BlackRock, Inc. is deemed or taken to be interested in a total of 161,816,230 H shares (long position) and 15,824,000 H shares (short position) of the Company. The details of the shareholding interests of the companies directly or indirectly controlled by BlackRock, Inc. are set out below:

Name of controlled company	Number of shares
BlackRock Finance, Inc.	161,816,230 (L) 15,824,000 (S)
Trident Merger, LLC	857,600 (L)
BlackRock Investment Management, LLC	639,800 (L)
BlackRock Investment Management, LLC	217,800 (L)
BlackRock Holdco 2, Inc.	160,958,630 (L) 15,824,000 (S)
BlackRock Financial Management, Inc.	160,107,830 (L) 7,433,200 (S)
BlackRock Financial Management, Inc.	850,800 (L) 8,390,800 (S)
BlackRock Holdco 4, LLC	88,576,864 (L) 2,597,600 (S)
BlackRock Holdco 6, LLC	88,576,864 (L) 2,597,600 (S)
BlackRock Delaware Holdings Inc.	88,576,864 (L) 2,597,600 (S)
BlackRock Institutional Trust Company, National Association	25,580,864 (L) 2,597,600 (S)
BlackRock Fund Advisors	62,996,000 (L)
BlackRock Capital Holdings, Inc.	7,226,761 (L) 3,972,800 (S)
BlackRock Advisors, LLC	7,226,761 (L) 3,972,800 (S)
BlackRock International Holdings, Inc.	64,304,205 (L) 862,800 (S)
BR Jersey International Holdings L.P.	61,999,731 (L) 792,400 (S)
BlackRock Lux Finco S.à r.l.	2,337,254 (L)
BlackRock Japan Holdings GK	2,337,254 (L)
BlackRock Japan Co., Ltd.	2,337,254 (L)
BlackRock Holdco 3, LLC	52,141,284 (L) 792,400 (S)
BlackRock Canada Holdings ULC	2,304,474 (L) 70,400 (S)
BlackRock Asset Management Canada Limited	2,304,474 (L) 70,400 (S)
BlackRock Australia Holdco Pty. Ltd.	1,427,400 (L)
BlackRock Investment Management (Australia) Limited	1,427,400 (L)
BlackRock (Singapore) Holdco Pte. Ltd.	8,431,047 (L)
BlackRock HK Holdco Limited	7,263,031 (L)
BlackRock Asset Management North Asia Limited	4,925,777 (L)

Name of controlled company	Number of shares
BlackRock Cayman 1 LP	52,141,284 (L) 792,400 (S)
BlackRock Cayman West Bay Finco Limited	52,141,284 (L) 792,400 (S)
BlackRock Cayman West Bay IV Limited	52,141,284 (L) 792,400 (S)
BlackRock Group Limited	52,141,284 (L) 792,400 (S)
BlackRock Finance Europe Limited	12,425,835 (L)
BlackRock (Netherlands) B.V.	102,400 (L)
BlackRock (Netherlands) B.V.	2,494,159 (L)
BlackRock Advisors (UK) Limited	16,600 (L)
BlackRock International Limited	186,800 (L)
BlackRock Group Limited-Luxembourg Branch	39,528,649 (L) 792,400 (S)
BlackRock Luxembourg Holdco S.à r.l.	39,528,649 (L) 792,400 (S)
BlackRock Investment Management Ireland Holdings Unlimited Company	37,356,113 (L)
BlackRock Asset Management Ireland Limited	37,356,113 (L)
BLACKROCK (Luxembourg) S.A.	2,134,736 (L) 792,400 (S)
BlackRock Investment Management (UK) Limited	3,914,076 (L)
BlackRock Investment Management (UK) Limited	5,898,600 (L)
BlackRock (Netherlands) B.V. – German Branch – Frankfurt BlackRock	102,400 (L)
BlackRock Asset Management Deutschland AG	102,400 (L)
BlackRock Fund Managers Limited	3,914,076 (L)
BlackRock Life Limited	186,800 (L)
BlackRock (Singapore) Limited	1,168,016 (L)
BlackRock UK Holdco Limited	37,800 (L)
BlackRock Asset Management Schweiz AG	37,800 (L)
EG Holdings Blocker, LLC	639,800 (L)
Amethyst Intermediate, LLC	639,800 (L)
Aperio Holdings, LLC	639,800 (L)
Aperio Holdings, LLC	639,800 (L)
Aperio Group, LLC	639,800 (L)

(L) denotes a long position; (S) denotes a short position

Save as disclosed above, as at 31 December 2025, the directors of the Company were not aware that there was any other person (other than the directors or senior management of the Company) who had interests or short positions in the shares or underlying shares of the Company which were required, pursuant to Section 336 of the SFO, to be entered in the register maintained by the Company.

Specifics on the shareholdings by the Company's top 10 shareholders are set out in the section "Changes in the Share Capital and Shareholders' Profile" of this report.

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

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

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Pre-emptive rights

According to the relevant PRC laws and under the Articles of Association, none of the Company's shareholders have any pre-emptive rights, and the Company does not have any arrangement in respect of share options.

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Permitted indemnity provisions

During the reporting period and up to the date of this annual report, the Company has undertaken and maintained a collective liability insurance policy covering, among others, all directors of the Company. This policy provides appropriate insurance coverage for compensation liabilities and other responsibilities incurred in the execution of their corporate duties, with the insured amount determined in accordance with the specific requirements of their professional responsibilities and the operational environment.

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Business Review

A fair review of the business of the Company, the principal risks and uncertainties facing the Company (if any), particulars of important events affecting the Company and the outlook of the Company's business are provided in Sections "Chairman's statement", "Operation overview", "Review and analysis of operating results" and the relevant notes to financial statements in the Section "Financial report" of this report. In addition, more details regarding the Company's performance by reference to financial key performance indicators, compliance with relevant laws and regulations which have a significant impact on the Company, as well as relationships with major stakeholders are provided in Sections "Chairman's statement", "Operation overview", "Review and analysis of operating results", "Directors, senior management and employees" and "Corporate governance" of this report.

Changes in the share capital and shareholders' profile

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Changes in share capital

The table below shows the Company's share capital as at the end of the reporting period:

Unit: share

	Before change		Increase or decrease (+ or -)					After change	
	Amount	Percentage (%)	New shares issued	Bonus shares	Transfer from reserves	Others	Sub-total	Amount	Percentage (%)
1. Shares with selling restrictions									
(1) State-owned shares	-	-	-	-	-	-	-	-	-
(2) State-owned enterprises shares	-	-	-	-	-	-	-	-	-
(3) Other domestic shares	-	-	-	-	-	-	-	-	-
held by									
legal entities	-	-	-	-	-	-	-	-	-
natural persons	-	-	-	-	-	-	-	-	-
(4) Foreign shares	-	-	-	-	-	-	-	-	-
held by									
legal entities	-	-	-	-	-	-	-	-	-
natural persons	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-
2. Shares without selling restrictions									
(1) Ordinary shares denominated in RMB	6,845,041,455	71.15	-	-	-	-	-	6,845,041,455	71.15
(2) Domestically listed foreign shares	-	-	-	-	-	-	-	-	-
(3) Overseas listed foreign shares (H share)	2,775,300,000	28.85	-	-	-	-	-	2,775,300,000	28.85
(4) Others	-	-	-	-	-	-	-	-	-
Total	9,620,341,455	100.00	-	-	-	-	-	9,620,341,455	100.00
3. Total number of shares	9,620,341,455	100.00	-	-	-	-	-	9,620,341,455	100.00

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Shareholders

(I) Number of shareholders and their shareholdings

As at the end of the reporting period, the Company had no shares with selling restrictions.

Unit: share

Total number of shareholders as at the end of the reporting period: 77,628 (including 73,972 A shareholders and 3,656 H shareholders)
Total number of shareholders as at the end of February 2026: 88,610 (including 84,999 A shareholders and 3,611 H shareholders)

Shares held by top 10 shareholders as at the end of the reporting period

Name of shareholders	Nature of shareholders	Percentage of the shareholding	Total number of shares held	Increase or decrease (+ or -) of shareholding during the reporting period	Number of shares held with selling restriction	Number of shares subject to pledge or lock-up period	Type of shares
HKSCC Nominees Limited	Overseas legal entity	28.82%	2,772,763,017	+146,660	-	-	H Share
Shenergy (Group) Co., Ltd.	State-owned legal person	14.05%	1,352,129,014	-	-	-	A Share
Hwabao Investment Co., Ltd.	State-owned legal person	13.35%	1,284,277,846	-	-	-	A Share
Shanghai State-Owned Assets Operation Co., Ltd.	State-owned legal person	6.34%	609,929,956	-	-	-	A Share
Shanghai Haiyan Investment Management Company Limited	State-owned legal person	4.87%	468,828,104	-	-	-	A Share
China Securities Finance Co., Ltd.	Others	2.82%	271,089,843	-	-	-	A Share
HKSCC	Others	1.77%	170,419,224	-101,601,136	-	-	A Share
Shanghai Jiushi (Group) Co., Ltd.	State-owned legal person	1.52%	146,539,460	+55,590,000	-	-	A Share
Shanghai International Group	State-owned legal person	1.01%	97,128,700	-62,871,300	-	-	A Share
Yunnan Hehe (Group) Co., Ltd.	State-owned legal person	0.95%	91,868,387	-	-	-	A Share

Name of shareholders	Nature of shareholders	Percentage of the shareholding	Total number of shares held	Increase or decrease (+ or -) of shareholding during the reporting period	Number of shares held with selling restriction	Number of shares subject to pledge or lock-up period	Type of shares
Description of the stock repurchase accounts of the top 10 shareholders	None.						
Description of the aforesaid shareholders' proxy voting rights, entrusted voting rights, and waiver of voting rights	Entrusted by its parent company, China Baowu Steel Group, Hwabao Investment Co., Ltd. exercises the voting rights corresponding to 68,818,407 ordinary shares (A share) of China Baowu Steel Group. Apart from this, the Company is not aware of any other proxy voting rights, entrusted voting rights, and waiver of voting rights of the aforesaid shareholders.						
Description of related relations or concerted actions among the aforesaid shareholders	HKSCC Nominees Limited and HKSCC are related, as the former is a wholly-owned subsidiary of the latter. Shanghai State-Owned Assets Operation Co., Ltd. is a wholly-owned subsidiary of Shanghai International Group, they act in concert. As was confirmed by relevant shareholders regarding the Company's inquiry, the Company is not aware of any other related relations or concerted actions among the above-mentioned shareholders.						
Description of securities margin trading and refinancing business by top 10 shareholders and top 10 shareholders without selling restrictions	None.						

Notes:

- As at the end of the reporting period, the Company did not issue any preferred shares.
- The shareholding of the top 10 shareholders is based on the lists of registered shareholders provided by China Securities Depository and Clearing Corporation Limited Shanghai Branch (A share) and Computershare Hong Kong Investor Services Limited (H share) respectively. The nature of A shareholders is the same as the nature of their accounts registered with China Securities Depository and Clearing Corporation Limited Shanghai Branch.
- The shares held by HKSCC Nominees Limited are held on behalf of its clients. As SEHK does not require such shareholders to disclose to HKSCC Nominees Limited whether the shares held by them are subject to pledge or lock-up period, HKSCC Nominees Limited is unable to calculate, or make available such data. Pursuant to Part XV of the SFO, a Substantial Shareholder is required to give notice to SEHK and the Company on the occurrence of certain events including a change in the nature of its interest in shares such as the pledging of its shares. As at the end of the reporting period, the Company is not aware of any such notices from Substantial Shareholders under Part XV of the SFO.
- HKSCC is the nominal holder of shares traded through Shanghai-Hong Kong Connect Programme.
- During the reporting period, with the approval of State-owned Assets Supervision and Administration Commission of Shanghai, Shanghai International Group transferred 55,590,000 A shares of the Company to Shanghai Jiushi (Group) Co., Ltd. and 10,000,000 A shares of the Company to Shanghai Electric Holding Group Co., Ltd., both on a gratuitous basis.

(II) Controlling shareholders or de facto controllers

The ownership structure of the Company is diversified. The ultimate controllers of the Company's major shareholders do not exercise control over the Company and the Company has no controlling shareholder, nor de facto controllers.

(III) Particulars of shareholders with a shareholding percentage higher than 5%

As at the end of the reporting period, the following are the shareholders with a shareholding percentage higher than 5%:

1. Shenergy (Group) Co., Ltd.

Shenergy Group Co., Ltd. was established on 18 November 1996 with a registered capital of RMB28 billion. Its legal representative is HUANG Dinan. Its main businesses include investment in development and management of electricity and energy industries, investment in natural gas resources, investment in urban gas pipeline networks, investment and management of high-tech industries, real industry investment, asset operation, and domestic trade (excluding special provisions).

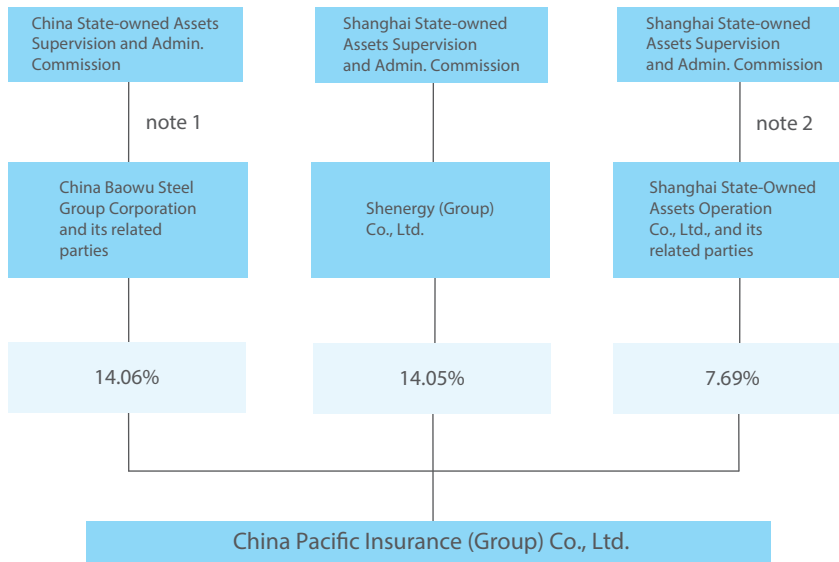
2. Hwabao Investment Co., Ltd.

Hwabao Investment Co., Ltd. was established on 21 November 1994 and has a registered capital of RMB9.369 billion, with HU Aimin as its legal representative. Its main businesses include investment and investment management in the metallurgy industry and relevant industries, investment consulting, business consulting service (excluding brokerage) and property title brokerage. Hwabao Investment Co., Ltd. is a wholly owned subsidiary of China Baowu Steel Group Corporation.

3. Shanghai State-Owned Assets Operation Co., Ltd.

Shanghai State-Owned Assets Operation Co., Ltd. was established on 24 September 1999 with a registered capital of RMB28 billion. Its legal representative is GUAN Wei. Its main businesses include entrepreneurial investments, capital operations, acquisition, enhancement and transfer of assets, enterprise and asset custody, debt restructuring, property title brokerage, real estate agency, financial consultancy, investment consultancy, and consulting services related to its scope of businesses, as well as the provision of guarantee related to its asset management and capital operation businesses.

The following chart sets forth the connection between the Company and the ultimate controllers of our shareholders holding more than 5% of the Company's shares as at the end of the reporting period:



Notes:

1. China Baowu Steel Group Corporation and its subsidiary, Hwabao Investment Co., Ltd., hold in aggregate 1,353,096,253 A Shares in the Company, representing 14.06% of the entire share capital of the Company.
2. Shanghai State-Owned Assets Operation Co., Ltd. and its subsidiary, Shanghai Guoxin Investment and Development Co., Ltd., both under control of Shanghai International Group Co., Ltd., hold in aggregate 740,082,807 A Shares in the Company, representing 7.69% of the entire share capital of the Company.

Directors, senior management
and employees

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Directors and senior management

(I) Summary

Unit: RMB10,000

Name	Position	Gender	Date of birth	Term of office	Total Remuneration payable from the Company (before tax) during the reporting period
Incumbent Directors and Senior Management					
FU Fan	Chairman	M	Oct.1964	Since Jan. 2024	123.5
	Executive director			Since Jun. 2020	
ZHAO Yonggang	Executive director	M	Nov.1972	Since Apr. 2024	137.5
	President			Since Jan. 2024	
HUANG Dinan	Non-executive director and vice chairman	M	Dec.1966	Since Jun. 2019	Note 7
LU Qiaoling	Non-executive director	F	Mar.1966	Since Mar. 2021	30
	Vice chairwoman			Since Dec. 2025	
WANG Tayu	Non-executive director	M	Oct.1970	Since Jun. 2017	30
WANG Yuhua	Non-executive director	F	May.1976	Since Dec. 2025	Note 7
CHEN Ran	Non-executive director	M	Jan.1984	Since Jan. 2021	30
ZHOU Donghui	Non-executive director	M	Apr.1969	Since Jan. 2021	Note 7
John Robert DACEY	Non-executive director	M	May.1960	Since Mar. 2021	20 (Note 7)
CHEN Xin	Independent non-executive director	F	Nov.1968	Since Apr. 2025	22.92
LAM Tyng Yih, Elizabeth	Independent non-executive director	F	Oct.1964	Since Jul. 2019	35
LO Yuen Man, Elaine	Independent non-executive director	F	Jan.1954	Since Jul. 2023	30
CHIN Hung I, David	Independent non-executive director	M	Jun.1968	Since Feb. 2024	30
Wong Hin Wing	Independent non-executive director	M	Dec.1962	Since Jan. 2026	-
YU Bin	Vice president	M	Aug.1969	Since Oct. 2018	126.4
MA Xin	Vice president	M	Apr.1973	Since Dec. 2018	127.4
SU Gang	Vice president	M	Sept.1973	Since Jan. 2025	133.2
	Finance responsible person			Since Jan. 2025	
ZHANG Weidong	General counsel	M	Oct.1970	Since Oct. 2018	198.0
	Chief internal auditor			Since Aug. 2024	
	Internal audit responsible person			Since Jan. 2025	
WANG Mingchao	Human resources director	M	Oct.1976	Since May. 2025	118.3
CHEN Wei	Chief compliance officer	M	Apr.1967	Since Feb. 2026	192.3
	Chief risk officer			Since Aug. 2024	
SU Shaojun	Board secretary	M	Feb.1968	Since Mar.2021	198.1
ZHANG Yuhua	Market development director	M	Nov.1967	Since Jul. 2023	191.9
WANG Lei	Chief information officer	M	Apr.1978	Since Jun. 2025	105.5
LIU Long	Chief investment officer	M	Mar. 1977	Since Apr. 2026	-

Unit: RMB10,000

Name	Position	Gender	Date of birth	Term of office	Total Remuneration payable from the Company (before tax) during the reporting period
Departed Directors, Supervisors and Senior Management					
XIE Weiqing	Non-executive director	M	Jul.1979	Sept.2024-Jun. 2025	Note 7
CAI Qiang, John	Non-executive director	M	Jul.1967	Sept.2024-Apr. 2025	10
LIU Xiaodan	Independent non-executive director	F	Jun.1972	Jan.2021-Apr. 2025	11.67
JIANG Xuping	Independent non-executive director	M	May.1955	Aug.2019-Jan. 2026	35
ZHU Yonghong	Chairman of board of supervisors and shareholder representative supervisor	M	Jan.1969	Jul.2018-Aug. 2025	Note 7
ZHOU Liyun	Employee representative supervisor	F	Sept.1974	Sept.2024-Dec. 2025	113.9
	Vice chairwoman of the board of supervisors			Oct.2024-Dec. 2025	
DONG Zhiqiang	Shareholder representative supervisor	M	Jun.1985	Sept.2024-Dec. 2025	Note 7
GU Qiang	Employee representative supervisor	M	Jan.1967	Jan.2021-Dec. 2025	188.0
SU Gang	Chief investment officer	M	Sept.1973	Jan.2022-Apr.2026	As abovementioned
ZHANG Yuanhan	Chief actuary	M	Nov.1967	Jan.2013-Oct. 2025	176.4
CHEN Wei	Compliance responsible person	M	Apr.1967	Nov.2024-Feb. 2026	As abovementioned
Total					2,414.99

Notes:

- Total remuneration payable (before tax) listed in this table includes basic salaries, bonuses, allowances, subsidies, employee welfare and various insurance premiums, provident funds, enterprise annuities, and other forms of remuneration received from the Company payable in 2025. According to Provisional Guidelines on Compensation Management of Insurance Companies (CIRC (2012) No. 63) and relevant policies and rules of the Company, performance-related remuneration of the Company's senior management takes the form of deferred payment over a three-year period, which is included in total remuneration payable (before tax) listed in this table.
- The Nomination and Remuneration Committee of the 10th Board of Directors of the Company held the second meeting of 2026 on 25 March 2026, deliberated and passed the Proposal on the Results of the 2025 Annual Performance Appraisal, and submitted it to the 21st meeting of the 10th Board of Directors of the Company for consideration on 26 March 2026.
- The directors of the Company recused themselves from the discussion of their remuneration at the board meeting.
- Each director of the Company is appointed for a term of 3 years and is eligible for re-election and re-appointment. Each independent non-executive director is not allowed to serve a consecutive term of more than 6 years.
- According to relevant policies, the final amounts of remunerations of the executive directors, former vice chairwoman of the board of supervisors, and some of the senior management are yet to be reviewed and approved. The final remuneration will be disclosed when confirmed. In accordance with the requirements of relevant policies, and after assessment and confirmation by competent authorities, additional information on the remuneration of directors, supervisors and senior management during their tenure in the Company in 2023 and 2024, excluding the pre-tax amounts disclosed in 2023 and 2024 annual reports, is disclosed as follows:
Mr. FU Fan RMB930,000 (2023), RMB823,000 (2024); Mr. YU Bin RMB798,000 (2023); Mr. MA Xin RMB771,000 (2023); Mr. SU Gang RMB2,397,000 (2024); Mr. ZHANG Weidong RMB1,659,000 (2024); Mr. CHEN Wei RMB1,577,000 (2024); Mr. SU Shaojun RMB1,678,000 (2024); Mr. ZHANG Yuhua RMB1,663,000 (2024); Mr. KONG Qingwei RMB27,000 (2023), RMB69,000 (2024); Mr. JI Zhengrong RMB678,000 (2023), RMB115,000 (2024); Ms. ZHOU Liyun RMB247,000 (2024); Mr. ZHANG Yuanhan RMB1,019,000 (2024); and Mr. ZHOU Xiaonan RMB1,068,000 (2024).
- The compensation for the Company's directors, former supervisors and senior management was calculated based on their actual term of office during the reporting period. During the reporting period, all directors, supervisors, and the senior management successfully met their respective performance objectives; consequently, no clawback of remuneration was triggered.
- Mr. HUANG Dinan, Ms. WANG Yuhua, Mr. ZHOU Donghui, Mr. XIE Weiqing, Mr. ZHU Yonghong and Mr. DONG Zhiqiang do not take any allowances from the Company. Mr. John Rebert DACEY did not take any allowances from the Company during the period from January to April in 2025.
- During the reporting period, Mr. HUANG Dinan received remuneration from Shenergy (Group) Co., Ltd.; Ms. LU Qiaoling received remuneration from China Baowu Steel Group Corporation Limited; Mr. WANG Tayu received remuneration from Shanghai International Group; Ms. WANG Yuhua received remuneration from Shenergy (Group) Co., Ltd.; Mr. CHEN Ran received remuneration from Baowu Intelligent Equipment Co., Ltd.; Mr. ZHOU Donghui received remuneration from Shanghai Tobacco Group Company Limited; Mr. John Robert DACEY received remuneration from FWD Group Holdings Ltd.; Ms. LO Yuen Man, Elaine received remuneration from Jingtian & Gongcheng LLP.
- In April 2025, due to work changes, Mr. CAI Qiang, John resigned from his position as Non-Executive Director of the Company. In June 2025, due to work-related reasons, Mr. XIE Weiqing resigned from his position as Non-Executive Director of the Company.

10. In August 2024, due to work-related reasons, Ms. LIU Xiaodan resigned from her position as Independent Non-Executive Director of the Company. In view of the fact that Ms. LIU's resignation would result in the number of independent directors of the Company falling below the minimum level required by relevant regulatory requirements and the Articles of Association of the Company, Ms. LIU continued to perform her duties until the qualification of the new independent non-executive director was approved by the NFRA. In October 2024, Ms. CHEN Xin was elected as Independent Non-executive Director of the Company at the 2nd extraordinary shareholders' general meeting of 2024. In April 2025, Ms. CHEN Xin's appointment qualification was approved by the NFRA and commenced her role as Independent Non-executive Director of the 10th Board of Directors, and Ms. LIU Xiaodan ceased to serve as Independent Non-Executive Director of the Company on the same day.
11. As of July 2025, Ms. LAM Tyng Yih, Elizabeth had served as Independent Non-Executive Director of the Company for six years. In view of the fact that Ms. LAM's resignation would result in the number of independent directors of the Company falling below the minimum level required by relevant regulatory requirements and the Articles of Association of the Company, Ms. LAM will continue to perform her duties until the qualification of the new independent non-executive director is approved by the NFRA.
12. In August 2025, the Company convened the 1st extraordinary shareholders' general meeting of 2025, at which Ms. WANG Yuhua was elected as Non-executive Director of the Company. In December 2025, the appointment qualification of Ms. WANG Yuhua was approved by the NFRA.
13. As of August 2025, Mr. JIANG Xuping had served as Independent Non-Executive Director of the Company for six years. The Company convened the 1st extraordinary shareholders' general meeting of 2025, at which Mr. WONG Hin Wing was elected as Independent Non-executive Director of the 10th Board of Directors of the Company. In view of the fact that Mr. JIANG's resignation would result in the number of independent directors of the Company falling below the minimum level required by relevant regulatory requirements and the Articles of Association of the Company, Mr. JIANG continued to perform his duties until the qualification of the new independent non-executive director was approved by the NFRA. In January 2026, Mr. WONG Hin Wing's appointment qualification was approved by the NFRA and officially became an Independent Non-executive Director of the 10th Board of Directors, and Mr. JIANG Xuping ceased to serve as Independent Non-Executive Director of the Company on the same day.
14. In October 2025, the Company held the 18th session of the 10th Board of Directors, at which Ms. LU Qiaoling was elected as Vice Chairperson of the 10th Board of Directors of the Company. Her term of office commenced on the date when the revised Articles of Association approved by the 1st extraordinary shareholders' general meeting of the Company of 2025 became effective upon approval by the NFRA. In December 2025, the revised Articles of Association was approved by the NFRA and Ms. LU Qiaoling officially began to serve as Vice Chairperson of the Company.
15. In November 2025, the Company held the 1st session of the 5th Employees' Representatives Congress, at which Ms. ZHOU Liyun was elected as employee director of the 10th Board of Directors. According to relevant regulatory provisions, her qualification as employee director will become effective upon approval by the NFRA.
16. In August 2025, due to work changes, Mr. ZHU Yonghong resigned from his positions as the Company's Chairman of the Board of Supervisors and shareholder representative supervisor.
17. In August 2025, the Company held the 1st extraordinary shareholders' meeting in 2025, at which, the Resolution of China Pacific Insurance (Group) Co., Ltd. on Dissolution of the Board of Supervisors and the Resolution on the Revision of the Articles of Association of China Pacific Insurance (Group) Co., Ltd. were considered and approved, and the Company's Board of Supervisors was officially dissolved upon the approval of the revised Articles of Association by the NFRA. The board Audit and Related-Party Transactions Control Committee now exercises the powers and duties of the Board of Supervisors as stipulated in the Company Law and applicable regulatory requirements.
18. In January 2025, Mr. SU Gang's appointment qualification as Vice President and Chief Financial Officer of the Company and Mr. ZHANG Weidong's appointment qualification as Internal Audit Responsible Person of the Company were approved by the NFRA. In May 2025, Mr. WANG Mingchao's appointment qualification as Human Resources Director of the Company was approved by the NFRA. In June 2025, Mr. WANG Lei's appointment qualification as Chief Information Officer of the Company was approved by the NFRA. In October 2025, due to work changes, Mr. ZHANG Yuanhan ceased to serve as the Company's Chief Actuary. In February 2026, Mr. CHEN Wei's appointment as Chief Compliance Officer of the Company was approved at the 20th session of the 10th Board of Directors, and he ceased to serve as the Company's Compliance Responsible Person. In April 2026, Mr. LIU Long's appointment qualification as Chief Investment Officer of the Company was approved by the NFRA and Mr. SU Gang ceased to served as the Company's Chief Investment Officer.
19. In December 2025, following the approval by the NFRA of the Company's revised Articles of Association, the Company's Board of Supervisors was officially dissolved. Ms. ZHOU Liyun ceased to serve as Vice Chairperson of the Board of Supervisors and Employee Representative Supervisor, Mr. DONG Zhiqiang ceased to serve as Shareholder Representative Supervisor, and Mr. GU Qiang ceased to serve as Employee Representative Supervisor.

(II) Shareholdings

Unit: share

Name	Position	Type of shares	Shareholding at the beginning of the reporting period	Increase in shareholding during the reporting period	Decrease in shareholding during the reporting period	Shareholding at the end of the reporting period	Reason for the change
FU Fan	Chairman, executive director	H share	210,400	10,000	–	220,400	Secondary market transaction
ZHAO Yonggang	Executive director, president	A share	12,900	–	–	12,900	–
YU Bin	Vice president	A share	5,900	–	–	5,900	–
		H share	169,800	–	–	169,800	–
MA Xin	Vice president	A share	15,000	–	–	15,000	–
		H share	142,000	–	–	142,000	–

(III) Professional background and biographies

1. Directors

The biographies of the incumbent directors of the Company are as follows:



Mr. FU Fan currently serves as chairman and executive director of the Company. Previously, Mr. FU served as deputy general manager of Shanghai Investment Corporation, deputy general manager of China International Fund Management Co., Ltd., general manager and vice chairman of Shanghai International Trust Co., Ltd., chairman of Shanghai State-owned Assets Operation Co., Ltd., director and general manager of Shanghai International Group Co., Ltd., president of the Company, and director of CPIC AMC. Mr. FU holds a master's degree.



Mr. ZHAO Yonggang currently serves as executive director and president of the Company, chairman of CPIC Life. Mr. ZHAO served as director of the Strategic Transformation Office of CPIC Life, general manager of Heilongjiang Branch and Henan Branch, and human resources director of CPIC Life, vice president of the Company, and vice chairman of the board of supervisors and director of Haitong Securities Co., Ltd. Mr. ZHAO holds a bachelor's degree.



Mr. HUANG Dinan currently serves as vice chairman and non-executive director of the Company, and chairman of Shenergy Group Co., Ltd. Previously, Mr. HUANG was consecutively research fellow, deputy head of the No.3 Research Team, assistant director and vice director of the Research Institute of Shanghai Turbine Plant; assistant general manager, deputy general manager and general manager of Shanghai Turbine Plant; assistant president, head of the President's Office, vice president and president of Shanghai Turbine Company Limited; vice president, president, and vice chairman of Shanghai Electric (Group) Corporation; president, vice chairman and chairman of Shanghai Electric Group Company Limited, a company listed on SSE and SEHK (SSE stock code: 601727, SEHK stock code: 02727), president of China Society of Power Engineering, and president of Shanghai Society for Electrical Engineering. Mr. HUANG holds a master's degree and a title of Senior Engineer (professor level).



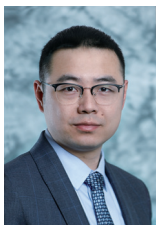
Ms. LU Qiaoling currently serves as vice chairwoman and non-executive director of the Company, and director of Hwabao (Shanghai) Equity Investment Fund Management Co., Ltd. Previously, Ms. LU was chief accountant of Hebei Petrochemical Supply and Marketing Corporation, deputy director of the Industry Guidance Department and deputy director of the Administration Office of the Audit Bureau of the Ministry of Chemical Industry, assistant inspector of the State Council's Audit Commissioner, and full-time supervisor for state-owned medium – and large-sized enterprises under the CPC Central Enterprise Working Committee, deputy director and director of the Internal Audit Department of Baosteel Group Co., Ltd., director of the Internal Audit Department of Baoshan Iron and Steel Co., Ltd., deputy general manager and CFO of Baosteel Engineering Technology Group Co., Ltd., director of Baosteel Group Finance Co., Ltd., director of Baowu Group Zhongnan Iron and Steel Co., Ltd., head of the Internal Audit Department and general manager of the Finance Department, the Industry and Finance Development Centre and the Capital Operation Department of China Baowu Steel Group Corporation Limited, and director of Hwabao Trust Co., Ltd., supervisor of Xinyu Iron & Steel Group Co., Ltd. Ms. LU holds a master's degree, and has the designations of senior accountant, certified public accountant, and auditor.



Mr. WANG Tayu currently serves as non-executive director of the Company, investment director of Shanghai International Group Co., Ltd., chairman of Shanghai International Group Investment Co., Ltd., and director of Shanghai Mechanical & Electrical Industry CO., LTD. Previously, Mr. WANG served as a chairman of Shanghai International Group Asset Management Co., Ltd., GP Capital, Shanghai Guohe Modern Service Industry Equity Investment Management Co., Ltd., and Shanghai Guofang Private Equity Fund Management Co., Ltd., and as a director of Shanghai Rural Commercial Bank Co., Ltd. and J-Yuan Trust Co., Ltd. Mr. WANG has a master's degree.



Ms. WANG Yuhua currently serves as non-executive director of the Company, general manager of the audit and legal department of Shenergy (Group) Co., Ltd., supervisor of Shanghai Gas Co., Ltd., and director of Shanghai Shenergy Chengyi Equity Investment Co., Ltd. Ms. WANG served as deputy director and director of the audit office, director and assistant to the director of the party committee office, discipline inspector (deputy manager level), deputy director of supervision office of Shenergy (Group) Co., Ltd., and deputy secretary of party committee, secretary of discipline inspection committee, and chairman of labour union of Shanghai LNG Co., Ltd. Ms. WANG holds a master's degree.



Mr. CHEN Ran currently serves as non-executive director of the Company, deputy general manager of Baowu Intelligent Equipment Co., Ltd. Mr. CHEN previously served as vice president of Hwabao Investment Co., Ltd., chairman and president of Shanghai Ouyeel Financial Information Service Co., Ltd., director of China United SME Guarantee Corporation, executive director of Easternpay Information & Technology Co., Ltd., and chairman of Shanghai Ouyeel Pawn Co., Ltd. Mr. CHEN holds a bachelor's degree.



Mr. ZHOU Donghui currently serves as non-executive director of the Company, director of the Division of Internal Monopoly Management and Supervision of Shanghai Tobacco Monopoly Administration, vice chairman and director of Shanghai Jieqiang Tobacco Sugar & Liquor (Group) Chain Co., Ltd., and vice chairman and director of Shanghai Deqiang Industrial Co., Ltd. Previously, Mr. ZHOU was deputy manager and manager of the Financial Department of Shanghai Import and Export of China Tobacco Co., Ltd., deputy director of the Investment Management Department of Shanghai Tobacco Group Co., Ltd., deputy director of the Financial Department, deputy head of the Fund Management Centre, deputy director and director of the Investment Management Department of Shanghai Tobacco Group Co., Ltd., deputy general manager, executive deputy general manager and general manager of Shanghai Haiyan Investment Management Co., Ltd., and non-executive director of Haitong Securities Co., Ltd., non-executive director of Orient Securities Company Limited listed on both SSE and SEHK (SSE stock code: 600958, SEHK stock code: 03958), and supervisor of China Aviation Development Commercial Aviation Engine Co., Ltd. Mr. ZHOU holds a bachelor's degree and the designation of Senior Accountant.



Mr. John Robert DACEY, an American citizen, currently serves as non-executive director of the Company, and senior advisor of the Executive Committee of Swiss Re, and as a director of FWD Group Holdings Ltd (SEHK stock code: 01828) and FWD Management Holdings Ltd. Mr. DACEY served as chief financial officer, a member of the Executive Committee of Swiss Re, a consulting partner of McKinsey & Company, chief strategy officer and a member of the Executive Committee of Winterthur Insurance as well as vice chairman and a member of the Executive Committee of the Asia-Pacific Regional Office of AXA and chief executive officer of AXA Japan and Asia-Pacific Regional Headquarters. Mr. DACEY also served as a non-executive director of New China Life Insurance Company Limited (SSE stock code: 601336, SEHK stock code: 01336), and a director of FWD Group Ltd and FWD Ltd. Mr. DACEY holds a master's degree.



Ms. CHEN Xin, currently serves as an independent non-executive director of the Company, an independent director of China Merchants Securities Co., Ltd (SSE stock code: 600999; HKSE stock code: 06099), a company listed on the SSE and the HKSE and an independent director of Anton Oilfield Services Group (HKSE stock code: 03337) listed on the HKSE. Ms. Chen previously served as a member of the Executive Committee and Global Head of China Business at Banque Internationale à Luxembourg, head of the Preparatory Group for the London Branch of Shanghai Pudong Development Bank (SPDB, SSE stock code: 600000), a company listed on the SSE, Chief Representative of the London Representative Office, and President of the London Branch of SPDB. Prior to that, Ms. Chen held positions as Assistant Section Chief of Reserve Management of Foreign Exchange Business Department at the State Administration of Foreign Exchange (SAFE), Section Chief of Clearing & Settlement of Reserve Management Department at SAFE, trader at the Trading Room of the European Representative Office of the People's Bank of China, Section Chief of Risk Management, Deputy Section Chief of Comprehensive Administration, Section Chief of Internal Audit/Human Resources of the Reserve Management Department at SAFE, head of the Trading Room and Chief Trader at the European Representative Office of the People's Bank of China, General Manager of China Huaou Investment Co., Ltd. (Ginkgo Investment Co., Ltd.), Deputy Head of the Preparatory Group of Agricultural Bank of China (UK) Limited, and Vice President of Agricultural Bank of China (UK) Limited. Ms. CHEN holds a master's degree.



Ms. LAM Tyng Yih, Elizabeth, currently serves as independent non-executive director of the Company, independent non-executive director of Fubon Bank (Hong Kong), and director and honorary treasurer of HK Agency for Volunteer Service. Previously, Ms. LAM served as consultant and partner of Ernst & Young. Ms. LAM holds a bachelor's degree in business administration and a master's degree in accounting and is a member of the Hong Kong Institute of Certified Public Accountants.



Ms. LO Yuen Man, Elaine, currently serves as independent non-executive director of the Company, chief managing partner of Jingtian & Gongcheng LLP in Hong Kong. Ms. LO served as chief managing partner of Mayer Brown in Hong Kong and chairman of the board of directors in Asia region, independent non-executive director of HSBC Provident Fund Trustee (Hong Kong) Limited and chairman of its Audit and Risk Committee, and non-executive director of Urban Renewal Authority in Hong Kong and chairman of its Land, Rehousing and Compensation Committee. Ms. LO has been appointed by the Chief Executive of the Hong Kong Special Administrative Region several times as a member to a number of advisory committees and statutory bodies, including the Advisory Committee on Post-Office Employment for Former Chief Executives and Politically Appointed Officials of the Hong Kong Special Administrative Region, the Executive Council of the Hong Kong Special Administrative Region, the Independent Commission on Remuneration for Members of the Legislative Council and Officials under the Political Appointment System, the Independent Commission on Remuneration for Members of the District Councils of the Hong Kong Special Administrative Region, the Standing Commission on Civil Service Salaries and Conditions of Service of the Hong Kong Special Administrative Region, the Hong Kong Women's Commission, and the Working Group on Professional Services of the Hong Kong Economic Development Board. Ms. LO was awarded the Order of Merit by the Government of the Hong Kong Special Administrative Region in July 2021. Ms. LO holds a university degree in law, a Bachelor of Laws degree with Honours, and is qualified to practise as a solicitor in Hong Kong, the United Kingdom, Australia and Singapore. She is also a China-appointed notary public appointed by the Ministry of Justice of the People's Republic of China.



Mr. CHIN Hung I, David, currently serves as independent non-executive director of the Company. He previously held positions as head of UBS AG Investment Bank Asia Pacific and the China Country Head of UBS AG, as well as head of Investment Banking Division of UBS AG Asia. Mr. CHIN also served as a non-executive director of Postal Savings Bank of China Co., Ltd., a company listed on SSE and HKSE (SSE Stock Code: 601658, HKSE Stock Code: 01658). Prior to that, Mr. CHIN served at S.G. Warburg and Price Waterhouse London office. Mr. CHIN holds the qualification of chartered accountant in the UK. Mr. CHIN graduated from the University of Cambridge with a Master of Arts degree.



Mr. WONG Hin Wing, currently serves as independent non-executive director of the Company, a partner of Hermitage Capital HK Limited, a private equity firm licensed under the SFO. He also serves as an independent non-executive director of several companies listed on the Stock Exchange, including Zhaoke Ophthalmology Limited (HKSE Stock Code: 06622), Kingmaker Footwear Holdings Limited (HKSE Stock Code: 01170), YNBY International Limited (HKSE Stock Code: 00030) and InnoScience (Suzhou) Technology Holding Co., Ltd. (HKSE Stock Code: 02577). Mr. WONG is a member of the Anhui Provincial Committee of the Chinese People's Political Consultative Conference and a member of the Medical Council of Hong Kong, a member of the Advisory Committee on Enhancing Self-Reliance Through District Partnership Programme, and a member of the Board of Directors of Ocean Park Hong Kong. Mr. WONG was an executive director and a licensed principal of Silk Road International Capital Limited. He was a non-executive director of C Cheng Holdings Limited (HKSE Stock Code: 01486), listed on the HKSE. He served as an independent non-executive director of Bank of Jiangxi Co., Ltd. (HKSE Stock Code: 01916) listed on the HKSE. He also served as an independent non-executive director of Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited (SSE Stock Code: 600332, HKSE Stock Code: 00874), listed on the SSE and the HKSE, and an independent non-executive director of Inner Mongolia Yitai Coal Co., Ltd. (SSE Stock Code: 900948), listed on the SSE. Mr. WONG holds a Master's degree in Executive Business Administration (EMBA) and is a fellow member of the Hong Kong Institute of Certified Public Accountants, the Institute of Chartered Accountants in England and Wales, the Association of Chartered Certified Accountants, the Hong Kong Institute of Directors, the Institute of Chartered Secretaries and Administrators, a member of the American Institute of Certified Public Accountants, and a chartered member of the Chartered Institute of Securities and Investment. In addition, Mr. WONG has been awarded the Medal of Honor and appointed as a Justice of the Peace by the Government of the Hong Kong Special Administrative Region.

2. Senior management

Mr. FU Fan currently serves as chairman and executive director of the Company. Please refer to the Section “1. Directors” above for details of his biography.

Mr. ZHAO Yonggang currently serves as executive director and president of the Company. Please refer to the Section “1. Directors” above for details of his biography.

The biographies of the rest of the senior management of the Company are as follows:



Mr. YU Bin currently serves as vice president of the Company, chairman of CPIC P/C and CPIC Technology. Mr. YU previously served consecutively as deputy general manager of the Non-marine Insurance Department and Underwriting & Claims Department of CPIC P/C, general manager of the Market R&D Centre and the Market Department of CPIC P/C, chief marketing officer and deputy general manager of CPIC P/C, executive director and general manager of CPIC Online Services, and assistant president of the Company. Mr. YU has a master’s degree.



Mr. MA Xin currently serves as vice president of the Company, chairman of CPIC Health, and director of CPIC Life. Mr. MA previously worked as general manager of CPIC Life Shaanxi Branch, director of the Strategic Transformation Office, general manager of Strategic Planning Department, director on transformation matters, board secretary of the Company, and director of CPIC P/C and Changjiang Pension respectively. Mr. MA has a master’s degree.



Mr. SU Gang currently serves as vice president and finance responsible person of the Company, and director of CPIC AMC. Previously, Mr. SU served as head of the Investor Relations Department and chief investment officer of the Company, head of project investments, deputy general manager & general manager of the Alternative Investment Management Centre of CPIC AMC, deputy general manager of CPIC Life, general manager, director and chairman of Changjiang Pension, and chairman of CPIC Capital. Before joining the Company, Mr. SU served as general manager of the Fixed Income Headquarters and deputy general manager of the Investment Banking Headquarters of Shenying Wanguo Securities Company. Mr. SU holds a PhD degree.



Mr. ZHANG Weidong currently serves as chief internal auditor, internal audit responsible person and general counsel of the Company, and director of CPIC Health. Mr. ZHANG previously served as general manager of the Legal & Compliance Department, head of the Board Office of the Company, board secretary, director and chairman of the board of supervisors of CPIC P/C, board secretary, chairman of the board of supervisors and director of CPIC Life, director and board secretary of CPIC AMC, risk & compliance officer, general manager of the Risk Management Department, chief risk officer and compliance responsible person of the Company, and director of Changjiang Pension. Mr. ZHANG holds a bachelor’s degree.



Mr. WANG Mingchao currently serves as human resources director of the Company. Previously, he held positions including head of the Party Affairs Department/Organisation and HR Department of CPIC Life; deputy general manager and senior deputy general manager of CPIC Life Shanghai Branch; general manager of Partnerships Department, general manager of Shanghai Business Department, sales director, head of Partnerships of Life Insurance Individual Business Centre, general manager of Shanghai Branch, chairman of the Labor Union of CPIC Allianz Health; director of the Board Office and deputy market director of the Company; board secretary of CPIC P/C; and director of CPIC Health. Mr. WANG holds a master's degree, and the designation of Senior Human Resources Specialist.



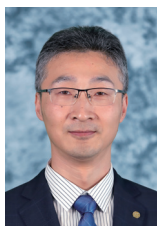
Mr. CHEN Wei currently serves as chief compliance officer, chief risk officer of the Company, and directors of CPIC P/C and CPIC AMC. Previously, Mr. CHEN served as chief representative of the Company's London Representative Office, director and general manager of CPIC HK, board secretary and general manager of the Strategic Planning Department of the Company, internal audit director, internal audit responsible person, chief internal auditor, chief administrative officer and compliance responsible person of the Company, board secretary of CPIC Life, chairman of the board of supervisors of CPIC AMC, and general manager and director of CPIC Health. Mr. CHEN holds a master's degree and the title of senior engineer, and is a member of the ACII.



Mr. SU Shaojun currently serves as board secretary of the Company, director of CPIC P/C and CPIC Life. Previously, he served as assistant general manager and deputy general manager of the Underwriting Department, deputy general manager and general manager of Beijing Branch, general manager of Development Planning Department, head of the Board Office, head of the Office of the Board of Supervisors, general manager of the Telemarketing Department of CPIC P/C, and head of the Strategic Research Department, deputy transformation director of the Company. Mr. SU holds a PhD degree and designation of senior engineer.



Mr. ZHANG Yuhua currently serves as market development director of the Company. Previously, he served as deputy general manager and director of CPIC P/C, deputy general manager of CPIC P/C Shenzhen Branch, general manager of CPIC P/C Sichuan Branch. Prior to that, Mr. ZHANG worked at the Administration Department of the Hong Kong and Macao Affairs Office of the State Council, CPC Heze Municipal Party Committee, and the Heze Municipal Government. He holds a master's degree.



Mr. **WANG Lei** currently serves as chief information officer of the Company and vice chairman of CPIC Technology. Previously, Mr. WANG held positions including Technical Director of Hangzhou Research Institute at NetEase (Hangzhou) Network Co., Ltd., general manager of NetEase Pay Co., Ltd., general manager of NetEase Financial Business Division, and general manager of the Internet Digital Financial Services Division at Vivo Mobile Communication (Hangzhou) Co., Ltd. Mr. WANG has a doctorate degree, and holds the professional designation of Senior Engineer.



Mr. **LIU Long** currently serves as the chief investment officer of the Company and chairman of CPIC Capital. Mr. LIU previously served as deputy general manager of the Alternative Investment Management Department and general manager of the Direct Investment Department at the Asset Management Centre of CPIC Life, deputy general manager and general manager of CPIC Capital. Mr. LIU holds a master's degree.

(IV) Positions in corporate shareholders

Name	Shareholder	Position held	Term
HUANG Dinan	Shenergy (Group) Co., Ltd.	Chairman	Since 2018
LU Qiaoling	China Baowu Steel Group Corporation	General manager of the Industry and Finance Development Centre, General manager of the Capital Operation Department	2021-2025
WANG Tayu	Shanghai International Group Co., Ltd.	Investment director	Since 2021
WANG Yuhua	Shenergy (Group) Co., Ltd.	General manager of the Audit and Legal Affairs Department	Since 2024

(V) Positions in other entities

Name	Other entities	Position held	Term
LU Qiaoling	Hwabao Trust Co., Ltd.	Director	2021-2025
	Hwabao (Shanghai) Equity Investment Fund Management Co., Ltd.	Director	Since 2021
	Xinyu Iron & Steel Group Co. Ltd.	Supervisor	2023-2025
WANG Tayu	Shanghai International Group Investment Co., Ltd.	Chairman	Since 2025
	Shanghai International Group Asset Management Co., Ltd.	Chairman	2021-2025
	GP Capital	Chairman	2021-2025
	Shanghai Guohe Modern Service Industry Equity Investment Management Co., Ltd	Chairman	2021-2025
	Shanghai Guofang Private Equity Fund Management Co., Ltd.,	Chairman	2021-2025
WANG Yuhua	Shanghai Mechanical&Electrical Industry CO., LTD.	Director	Since 2025
	Shanghai Gas (Group) Co., Ltd.	Supervisor	Since 2024
	Shanghai Shenergy Chengyi Equity Investment Co., Ltd.	Director	Since 2024

Name	Other entities	Position held	Term
CHEN Ran	Baowu Intelligent Equipment Technology Co. Ltd.	Deputy general manager	Since 2024
ZHOU Donghui	Shanghai Tobacco Monopoly Bureau	Director of Internal Monopoly Supervision Department	Since 2022
	Shanghai Jieqiang Tobacco Sugar & Liquor (Group) Chain Co., Ltd.	Vice chairman, director	Since 2015
	Shanghai Deqiang Industrial Co., Ltd.	Vice chairman, director	Since 2015
	China Aviation Development Commercial Aviation Engine Co., Ltd.	Supervisor	2015-2025
John Robert DACEY	Swiss Reinsurance Company Ltd	Chief financial officer	2018-2025
	Swiss Reinsurance Company Ltd	Member of the Executive Committee	2012-2025
	Swiss Reinsurance Company Ltd	Senior consultant	Since 2025
	FWD Group Holdings Ltd	Director	Since 2022
	FWD Management Holdings Ltd	Director	Since 2024
CHEN Xin	China Merchants Securities Co., Ltd	Independent non-executive director	Since 2024
	Anton Oilfield Services Group	Independent non-executive director	Since 2024
LAM Tyng Yih, Elizabeth	HK Agency for Volunteer Service	Director, Honorary Treasurer	Since 2012
	Fubon Bank (Hong Kong)	Independent non-executive director	Since 2021
LO Yuen Man, Elaine	Jingtian & Gongcheng LLP	Chief managing partner in Hong Kong	Since 2018
	Hong Kong Urban Renewal Authority	Non-executive director and chairman of Land, Rehousing and Compensation Committee	2019-2025
WONG Hin Wing	Hermitage Capital HK Limited	Partner	Since 2020
	Zhaoke Ophthalmology Limited	Independent non-executive director	Since 2021
	Kingmaker Footwear Holdings Limited	Independent non-executive director	Since 2023
	YNBY International Limited	Independent non-executive director	Since 2023
	InnoScience (Suzhou) Technology Holding Co., Ltd.	Independent non-executive director	Since 2024
	Medical Council of Hong Kong	Member	Since 2021
	Advisory Committee on Enhancing Self-Reliance Through District Partnership Programme	Member	Since 2022
	Ocean Park Hong Kong	Member of the Board of Directors	Since 2022

(VI) Determination and basis for determination of remuneration

The remuneration of directors is determined by the Shareholders' Meeting, while the remuneration of senior management is determined by Nomination and Remuneration Committee of the Board, subject to approval of the board of directors.

The Company determines the remuneration of its directors and senior management based on factors such as the Company's business results, the line-up of positions, risk management and performance appraisal results while considering market remuneration benchmarks provided by human resources consulting service.

2

Employees

As at the end of the reporting period, the basic information on the employees of the Company and its major subsidiaries is summarised as below:

Headcount of employees of the Company	1,008
Headcount of employees of its major subsidiaries	90,631
Total number of employees	91,639
Headcount of retirees for whom the Company or its major subsidiaries bear expenses	7,683

Their expertise and educational background are set out below:

(I) Expertise

Expertise	Head count	Percentage
Management	7,921	8.64%
Professional	35,923	39.20%
Marketing	47,795	52.16%
Total	91,639	100.00%

(II) Education background

Education background	Head count	Percentage
Master's degree	6,871	7.50%
Bachelor's degree	61,155	66.73%
Below bachelor's degree	23,613	25.77%
Total	91,639	100.00%

(III) Gender distribution

Gender	Head count	Percentage
Female	46,667	50.92%
Male	44,972	49.08%
Total	91,639	100.00%

(IV) Remuneration policies and training programs for employees

The Company has established a market-based remuneration system that is position-specific, performance-oriented and risk-linked, with reference to market benchmarks. The basic remuneration of our employees is determined based on their positions, professional competence and work experience. Performance-based remuneration is linked to the overall business performance of the Company and individual performance of employees, with mechanisms of deferred payment and clawbacks for those having a material bearing on risk exposure of the Company. The Company also provides its employees with benefits and allowance according to applicable regulations of China and industry standards.

Guided by the overarching objectives of in-house staff training & development, centred on the “Three Transformations and Three Services”, we upheld “integration”, promoted “innovation” and focused on talent development, making vigorous efforts to advance digital learning and drive innovation. We adhered to Party leadership, explored integration of Party work with business operations; completed major Party-building initiatives such as publicity & implementation of the Eight-point Regulation by CPC Central Committee, and the “Party Secretaries into Party Schools” programme, exploring CPIC’s own pathway for Party work and business integration. We stepped up talent development and “training for the real world”; organised key training programmes such as the High-Quality Development Seminars and the Outstanding Financial Talent Initiatives to align training with practical needs; we focused on the integration of learning with business innovation. We promoted the use of learning tools such as “CPIC Creative” and “CPIC Live-streaming” at the front-line to strengthen the alignment between learning and business scenarios, as well as the integration of learning with business development. We gave full support to front-line business units of CPIC P/C and CPIC Life in utilising the “CPIC Learning” platform to maintain high user engagement and in integration of business systems with the learning platform to achieve seamless connectivity; and we also focused on the AI+ strategy to explore human-machine integration. We set great store by the development of smart tools, enhancement of AI literacy, and the implementation of initiatives such as digital instructors, while exploring new models and approaches for integrating learning with production.

Corporate governance

1

Corporate governance

In 2025, in strict compliance with Company Law of the PRC, Securities Law of the PRC, Insurance Law of the PRC, Hong Kong Listing Rules, UK Listing Rules, UK Corporate Governance Code and other relevant laws, government ordinances and regulations, and drawing on international best practices, the Company continued to improve the centralised management structure through the realignment and full integration of internal resources and enhanced interaction with the capital market, and strengthened internal and external supervision to improve the soundness, effectiveness and transparency of management, putting in place a sound corporate governance with effective coordination and a reliable system of checks and balances.

The board of directors is committed to continuous improvement of the Company's corporate governance by enhancing the integrated management mechanisms and systems. While maintaining the right of self-management of its subsidiaries as independent legal entities, the Group also promoted the centralisation of governance of the Company's subsidiaries at the group level, given that the Company was listed as a group. The subsidiaries of the Company have also established a system structure that satisfies the requirements of the Company's operations and has formulated unified and consistent governance systems that meet various needs. Through the classification of subsidiaries, the Company has adopted differentiated management of its subsidiaries, optimised the overall corporate governance structure of the Group.

In 2025, in accordance with applicable laws, regulations and regulatory requirements, such as the Company Law and the Guidelines for the Articles of Association of Listed Companies, and in view of its realities, the Company amended relevant documents including the Articles of Association, the Rules of Procedures for Shareholders' Meetings and the Rules of Procedures for Board Meetings. On 30 July 2025, the Resolution of China Pacific Insurance (Group) Co., Ltd. on Dissolution of the Board of Supervisors, the Resolution on the Amendment of the Articles of Association of China Pacific Insurance (Group) Co., Ltd., the Resolution on the Amendment of the Rules of Procedures for Shareholders' Meetings of China Pacific Insurance (Group) Co., Ltd., and the Resolution on the Amendment of the Rules of Procedures for Board Meetings of China Pacific Insurance (Group) Co., Ltd. were considered and approved at the 15th session of the 10th Board of Directors. On 29 August 2025, the Company held the first extraordinary general meeting of 2025, at which the afore-mentioned amendments were considered and approved. In December 2025, the NFRA approved the amended Articles of Association. The board Audit and Related-Party Transactions Control Committee now exercises the powers and duties of the Board of Supervisors as stipulated in the Company Law and applicable regulatory requirements. The Company's SGM has been renamed the Shareholders' Meeting, and the board Risk Management Committee has been renamed the Risk Compliance Committee.

The Company's Shareholders' Meeting, Board of Directors, and senior management independently performed their functions and exercised their powers in accordance with the Articles of Association. With effective coordination and a system of checks and balances, they ensured the Company's sound and smooth operations. As the governing body of the Company, the Shareholders' Meeting is composed of all shareholders. The Board of Directors implements the resolutions made by the Shareholders' Meeting and exercises the decision-making power of the Company, responsible for the overall leadership of the Group; while senior management, under the leadership of the president, is responsible for day-to-day management of the Company's businesses and implementation of the strategies approved by the Board of Directors. The Company also put in place mechanisms to ensure smooth communication between shareholders, the Board of Directors and the management, creating an enabling environment for the shareholders and directors to perform their duties and gain access to information about the Company.

During the reporting period, the Company has complied with all the code provisions set out in Part 2 of Corporate Governance Code and substantially all of the recommended best practices in Part 2 of the Corporate Governance Code.

The Company has adopted and implemented the Model Code for Securities Transactions for the securities transactions of its directors and supervisors. After specific inquiry by the Company, all of its directors and supervisors confirmed that they complied with the Code of Conduct set out under the Model Code for Securities Transactions throughout the reporting period. During the reporting period, the Company was not aware of any activities of its directors or supervisors that were not in full compliance with the Model Code for Securities Transactions. There is no mutual directorship among the Company's board directors.

(I) Shareholders and the Shareholders' Meeting

Shareholders are investors of the Company. To equally safeguard shareholder's rights, the Company sets out detailed provisions on shareholder's rights and how to realise them in the Articles of Association, attaches importance to communication with shareholders to help them better understand the Company and guarantee their right to information. The Company also takes the dividend policy, shareholders' investment return and their right to earnings seriously.

Under the Articles of Association, the main responsibilities of the Shareholders' Meeting are, among others, to elect and replace directors other than those who are also the Company's employees and decide their remuneration, consider and approve the profit distribution plans and loss compensation plans of the Company, adopt proposals regarding any increase or decrease in the registered capital of the Company and any merger, separation, dissolution or liquidation or change of corporate form of the Company, consider and approve the listing of all or any part of the shares on any stock exchange as well as any proposed issuance of bonds or other securities of the Company, adopt proposals regarding the appointment, dismissal or termination or renewal of the accountant of the Company responsible for statutory audit of the Company's financial reports on a regular basis, and amend the Articles of Association.

The Articles of Association and the Procedural Rules for the Shareholders' Meeting also contain detailed rules for convening extraordinary sessions and specific procedures for putting forward proposals at such meetings. Under Article 68 of the Articles of Association and Article 6-3 and Article 7 of the Procedural Rules for the Shareholders' Meeting, shareholders holding 10% or above of total shares issued by the Company individually or jointly may submit a written request to the Board of Directors for the convening of an extraordinary shareholders' meeting. Within ten days of receiving the request, the Board of Directors shall provide a response in writing indicating its decision, i.e., whether it agrees to convene the extraordinary shareholders' meeting in accordance with relevant laws, administrative regulations and the Articles of Association of the Company. Pursuant to Article 73 of the Articles of Association and Articles 12 and 13 of the Procedural Rules for the Shareholders' Meeting, shareholders holding 1% or above of the total shares issued by the Company individually or jointly may put forward new proposals which are not on the original agenda of shareholder's meetings, but they must submit the proposal to the convener in writing ten days prior to the holding of such a shareholders' meeting. If the shareholder entitled to make such proposals has any objection towards the decision of the board for not including his/her proposal in the agenda of the meeting, he/she may request a separate extraordinary shareholders' meeting according to the procedures as set out in the Procedural Rules for the Shareholders' Meeting. The contact information for shareholders' enquiry regarding the affairs of Company is set out in the Section "Corporate information and definitions" of this report.

In 2025, the Company held 2 shareholders' general meetings:

On 11 June 2025, the Company held the 2024 annual general meeting in Shanghai, at which resolutions including The Resolution in Relation to the Report of the Board of Directors of China Pacific Insurance (Group) Co., Ltd. for 2024 were considered and approved (for details please refer to the announcements published on the websites of SSE, SEHK, LSE and the Company). The shareholders attending the meeting held a total of 5,987,492,610 voting shares, accounting for 62.24% of the Company's total voting shares. All the resolutions of this meeting were passed.

On 29 August 2025, the Company held the 1st extraordinary general meeting of 2025 in Shanghai, at which resolutions including The Resolution on the Revision of the Articles of Association of China Pacific Insurance (Group) Co., Ltd. were considered and approved (for details please refer to the announcements published on the websites of SSE, SEHK, LSE and the Company). The shareholders attending the meeting held a total of 5,984,459,512 voting shares, accounting for 62.21% of the Company's total voting shares. All the resolutions of this meeting were passed.

The attendance of directors in 2025 was as follows:

Names of directors	No. of general meetings convened	Attendance in person	Percentage of attendance (%)	Remarks
Executive Directors				
FU Fan	2	2	100	
ZHAO Yonggang	2	2	100	
Non-executive Directors				
HUANG Dinan	2	2	100	
WANG Tayu	2	2	100	
WANG Yuhua	0	0	–	
CHEN Ran	2	2	100	
ZHOU Donghui	2	2	100	
LU Qiaoling	2	2	100	
John Robert DACEY	2	2	100	
Independent Non-executive Directors				
CHEN Xin	2	2	100	
LAM Tyng Yih, Elizabeth	2	2	100	
LO Yuen Man, Elaine	2	2	100	
CHIN Hung I, David	2	2	100	
WONG Hin Wing	0	0	–	
Departing Directors				
CAI Qiang, John	0	0	–	
XIE Weiqing	1	1	100	
LIU Xiaodan	0	0	–	
JIANG Xuping	2	2	100	

Notes:

- On 6 April 2025, Mr. CAI Qiang, John submitted his resignation to the Board of Directors of the Company, resigning from his positions as Non-Executive Director of the Company and member of the board Strategic and Investment Decision-making and ESG Committee due to work changes.
- On 24 June 2025, due to work-related reasons, Mr. XIE Weiqing resigned from his positions as Non-Executive Director of the Company, member of the board Audit and Related Party Transactions Control Committee, and member of the board Science & Technology Innovation and Consumer Rights Protection Committee.
- As of July 2025, Ms. LAM Tyng Yih, Elizabeth had served as Independent Non-Executive Director of the Company for six years. In view of the fact that Ms. LAM's resignation would result in the number of independent directors of the Company falling below the minimum level required by relevant regulatory requirements and the Articles of Association of the Company, Ms. LAM will continue to perform her duties until the qualification of the new independent non-executive director is approved by the NFRA.
- On 29 August 2025, Ms. WANG Yuhua was elected as Non-executive Director of the Company at the 1st extraordinary shareholders' general meeting. On 2 December 2025, the appointment qualification of Ms. WANG Yuhua was approved by the NFRA.
- On 28 August 2024, due to work-related reasons, Ms. LIU Xiaodan resigned from her positions as Independent Non-Executive Director of the Company and Chairperson of the board Nomination and Remuneration Committee. In view of the fact that Ms. LIU's resignation would result in the number of independent directors of the Company falling below the minimum level required by relevant regulatory requirements and the Articles of Association of the Company, Ms. LIU continued to perform her duties until the qualification of the new independent non-executive director was approved by the NFRA. On 14 October 2024, Ms. CHEN Xin was elected as Independent Non-executive Director of the Company at the 2nd extraordinary shareholders' general meeting of 2024. On 25 April 2025, Ms. CHEN Xin's appointment qualification was approved by the NFRA, and Ms. LIU Xiaodan ceased to serve as Independent Non-Executive Director of the Company and Chairperson of the board Nomination and Remuneration Committee. On 12 May 2025, Ms. CHEN Xin was elected as Chairperson of the board Nomination and Remuneration Committee at the 12th session of the 10th Board of Directors.

6. As of August 2025, Mr. JIANG Xuping had served as Independent Non-Executive Director of the Company for six years. On 29 August 2025, Mr. WONG Hin Wing was elected as Independent Non-executive Director of the Company at the 1st extraordinary shareholders' general meeting of 2025. In view of the fact that Mr. JIANG's resignation would result in the number of independent directors of the Company falling below the minimum level required by relevant regulatory requirements and the Articles of Association of the Company, Mr. JIANG continued to perform his duties until the qualification of the new independent non-executive director was approved by the NFRA. On 22 January 2026, Mr. WONG Hin Wing's appointment qualification was approved by the NFRA, and Mr. JIANG Xuping ceased to serve as Independent Non-Executive Director of the Company, Chairperson of the board Technological Innovation and Consumer Rights Protection Committee, member of the board Audit and Related Party Transactions Control Committee, and member of the board Nomination and Remuneration Committee.
7. On 30 October 2025, Ms. LU Qiaoling was elected as Vice Chairperson of the 10th Board of Directors of the Company at the 18th session of the 10th Board of Directors. Her term of office commenced on the date when the revised Articles of Association approved by the First Extraordinary Shareholders' General Meeting of the Company of 2025 became effective upon approval by the NFRA. On 18 December 2025, the revised Articles of Association was approved by the NFRA and Ms. LU Qiaoling officially began to serve as Vice Chairperson of the Company.

The notification, convening, and proceeding of the general meetings and the procedures followed for voting were in compliance with the Company Law of the PRC, the Articles of Association and applicable regulations.

The Company's shareholders meeting has set up an effective communication channel with the shareholders so that their voices can be heard and their advice heeded, ensuring shareholders' rights to information, participation and voting in respect of any significant issues of the Company. This created a positive atmosphere for the shareholders to take part in the decision-making process of the Company and exercise their rights equally.

In strict compliance with regulatory rules and requirements on corporate governance and the protection of retail investors, the Company continued to improve its corporate governance and investor communication mechanisms to fulfil its responsibilities to shareholders. To better protect the interests of retail investors, we added stipulations on voting rights to select independent directors to the Articles of Association, and fully adopted measures such as online voting in shareholders' meetings, and the separate vote counting and public disclosure for retail investors.

(II) Directors, board of directors and committees of the board of directors

At present, the Board consists of 14 directors. Among them, there are 2 executive directors: Mr. FU Fan and Mr. ZHAO Yonggang; 7 non-executive directors: Mr. HUANG Dinan, Mr. WANG Tayu, Ms. WANG Yuhua, Mr. CHEN Ran, Mr. ZHOU Donghui, Ms. LU Qiaoling, and Mr. John Robert DACEY; 5 independent non-executive directors: Ms. CHEN Xin, Ms. LAM Tyng Yih, Elizabeth, Ms. LO Yuen Man, Elaine, Mr. CHIN Hung I, David, and Mr. WONG Hin Wing. The number of independent non-executive directors on the Board exceeds one-third of the number of all directors. The number of directors and composition of the Board comply with applicable regulatory requirements.

According to Rule 3.09D of the Hong Kong Listing Rules, Ms. CHEN Xin obtained the legal advice referred to in Rule 3.09D of the Hong Kong Listing Rules on 20 September 2024, while Ms. WANG Yuhua and Mr. HUANG Hin Wing obtained such legal advice on 15 August 2025. Each of them has confirmed that he/she understands his/her responsibilities as a Director of the Company.

Under the Articles of Association, the Board of Directors exercises, among others, the following powers: to convene shareholders' meetings and implement their resolutions; determine the business and operation plans and investment plans of the Company; determine annual financial budgets and financial accounts; formulate profit distribution and loss compensation plans; formulate proposals on increase or decrease in the registered share capital, issuance of bonds, or listing of other securities of the Company; appointment or dismissal of President, appointment or dismissal of Board Secretary based on Chairman's nomination, appointment or dismissal of Chief Internal Auditor and Internal Audit Responsible Person based on nomination of Chairman or the Audit and Related Party Transactions Control Committee, appointment or dismissal of Vice President, Chief Actuary, General Counsel, Finance Responsible Person, Chief Compliance Officer and other senior executives based on President's nomination and determine their remunerations, rewards and punishments; and develop the basic policies and systems of the Company.

So far as the Company is aware, no financial, business, family or other material/relevant relationship exists among its board members. In particular, there are none between chairman and president. During the reporting period, Mr. FU Fan served as chairman of the Board, and Mr. ZHAO Yonggang served as president of the Company. The chairman is responsible for presiding over the shareholders' meeting and the board of directors and performing other duties as delegated by the board of directors, while the president is responsible to the board of directors, and presides over the operation and management of the Company. The division of responsibilities between the chairman and president of the Company is stated in the Articles of Association.

1. Attendance of board meetings

In 2025, the Board held 11 meetings. All directors duly performed their duties and attended the meetings in person or by proxy. They made informed decisions to safeguard the interests of the Company and their shareholders as a whole. The attendance of directors is as follows:

Names of directors	No. of board meetings convened	Attendance in person	Attendance by proxy	Absence	Remarks
Executive Directors					
FU Fan	11	11	0	0	
ZHAO Yonggang	11	10	1	0	Unable to attend the 18 th session of the 10 th Board of Directors due to other business arrangements, and he delegated in writing the authority to attend and vote to Mr. FU Fan, Chairman of the Company.
Non-executive Directors					
HUANG Dinan	11	11	0	0	
WANG Tayu	11	11	0	0	
WANG Yuhua	1	1	0	0	
CHEN Ran	11	11	0	0	
ZHOU Donghui	11	11	0	0	
LU Qiaoling	11	11	0	0	
John Robert DACEY	11	11	0	0	
Independent Non-executive Directors					
CHEN Xin	8	8	0	0	
LAM Tyng Yih, Elizabeth	11	11	0	0	
LO Yuen Man, Elaine	11	11	0	0	
CHIN Hung I, David	11	11	0	0	
WONG Hin Wing	0	0	0	0	
Departing Directors					
CAI Qiang, John	2	1	1	0	Unable to attend the 10 th session of the 10 th Board of Directors due to other business arrangements, and he delegated in writing the authority to attend and vote to Mr. FU Fan, Chairman of the Company.
XIE Weiqing	5	5	0	0	
LIU Xiaodan	3	3	0	0	
JIANG Xuping	11	11	0	0	

Notes:

1. In April 2025, Mr. CAI Qiang, John resigned from his position as Non-Executive Director of the Company due to work changes.
2. In August 2024, due to work-related reasons, Ms. LIU Xiaodan resigned from her position as Independent Non-Executive Director of the Company. In view of the fact that Ms. LIU's resignation would result in the number of independent directors of the Company falling below the minimum level required by relevant regulatory requirements and the Articles of Association of the Company, Ms. LIU continued to perform her duties until the qualification of the new independent non-executive director was approved by the NFRA. In October 2024, Ms. CHEN Xin was elected as Independent Non-executive Director of the Company at the 2nd extraordinary shareholders' general meeting of 2024. In April 2025, Ms. CHEN Xin's appointment qualification was approved by the NFRA, and Ms. LIU Xiandan ceased to serve as Independent Non-Executive Director of the Company.
3. In June 2025, due to work-related reasons, Mr. XIE Weiqing resigned from his position as Non-Executive Director of the Company.
4. As of July 2025, Ms. LAM Tyng Yih, Elizabeth had served as Independent Non-Executive Director of the Company for six years. In view of the fact that Ms. LAM's resignation would result in the number of independent directors of the Company falling below the minimum level required by relevant regulatory requirements and the Articles of Association of the Company, Ms. LAM will continue to perform her duties until the qualification of the new independent non-executive director is approved by the NFRA.
5. In August 2025, the Company convened the 1st extraordinary shareholders' general meeting of 2025, at which Ms. WANG Yuhua was elected as Non-Executive Director of the 10th Board of Directors. In December 2025, Ms. WANG Yuhua's appointment qualification was approved by the NFRA.
6. As of August 2025, Mr. JIANG Xuping had served as Independent Non-Executive Director of the Company for six years. The Company convened the 1st extraordinary shareholders' general meeting of 2025, at which Mr. WONG Hin Wing was elected as Independent Non-executive Director of the Company. In view of the fact that Mr. JIANG's resignation would result in the number of independent directors of the Company falling below the minimum level required by relevant regulatory requirements and the Articles of Association of the Company, Mr. JIANG continued to perform his duties until the qualification of the new independent non-executive director was approved by the NFRA. In January 2026, Mr. WONG Hin Wing's appointment qualification was approved by the NFRA, and Mr. JIANG Xuping ceased to serve as Independent Non-Executive Director of the Company on the same day.
7. In October 2025, the Company convened the 18th session of the 10th Board of Directors, at which Ms. LU Qiaoling was elected as Vice Chairperson of the 10th Board of Directors of the Company. Her term of office commenced on the date when the revised Articles of Association approved by the 1st extraordinary shareholders' general meeting of the Company of 2025 became effective upon approval by the NFRA. In December 2025, the revised Articles of Association was approved by the NFRA and Ms. LU Qiaoling officially began to serve as Vice Chairperson of the Company.
8. In November 2025, the Company held the 1st session of the 5th Employees' Representatives Congress, at which Ms. ZHOU Liyun was elected as employee director of the Board of the Directors. According to relevant regulatory provisions, her qualification as employee director will become effective upon approval by the NFRA.

2. Board meetings and resolutions

The Board held 11 meetings in 2025:

- (1) On 21 January 2025, the Company held the 9th session of the 10th Board of Directors by circulation, at which resolutions including The Resolution on the Audit Report for the Departure of ZHANG Yuanhan, former Finance Responsible Person of China Pacific Insurance (Group) Co., Ltd. were considered and approved.
- (2) On 26 March 2025, the Company held the 10th session of the 10th Board of Directors in Shanghai, at which resolutions including The Resolution in Relation to the Report of the Board of Directors of China Pacific Insurance (Group) Co., Ltd. for 2024 were considered and approved.
- (3) On 25 April 2025, the Company held the 11th session of the 10th Board of Directors in Wuhan, at which resolutions including The Resolution on the First Quarter Report for 2025 of China Pacific Insurance (Group) Co., Ltd. were considered and approved.
- (4) On 12 May 2025, the Company held the 12th session of the 10th Board of Directors by circulation, at which resolutions including The Resolution on adjusting the Composition of the Nomination and Remuneration Committee of the 10th Board of Directors of China Pacific Insurance (Group) Co., Ltd. were considered and approved.
- (5) On 26 May 2025, the Company held the 13th session of the 10th Board of Directors by circulation, at which The Resolution on the Investment in the New Asset Management Service Platform Project by China Pacific Insurance (Group) Co., Ltd. was considered and approved.

- (6) On 27 June 2025, the Company held the 14th session of the 10th Board of Directors by circulation, at which The Resolution on the 2025 Action Plan for Enhancing Operational Quality and Efficiency, and Shareholder Returns of China Pacific Insurance (Group) Co., Ltd. was considered and approved.
- (7) On 30 July 2025, the Company held the 15th session of the 10th Board of Directors in Shanghai, at which resolutions including The Resolution on the Revision of the Articles of Association of China Pacific Insurance (Group) Co., Ltd. were considered and approved.
- (8) On 28 August 2025, the Company held the 16th session of the 10th Board of Directors in Shanghai, at which resolutions including The Resolution on the 2025 Interim Report of China Pacific Insurance (Group) Co., Ltd. were considered and approved.
- (9) On 10 September 2025, the Company held the 17th session of the 10th Board of Directors in Shanghai, at which The Resolution on the Issuance of H-share Convertible Bonds by China Pacific Insurance (Group) Co., Ltd. and Their Listing on the Hong Kong Stock Exchange was considered and approved.
- (10) On 30 October 2025, the Company held the 18th session of the 10th Board of Directors in Shanghai, at which resolutions including The Resolution on the Third Quarter Report for 2025 of China Pacific Insurance (Group) Co., Ltd. were considered and approved.
- (11) On 31 December 2025, the Company held the 19th session of the 10th Board of Directors in Shanghai, at which resolutions including The Resolution on the Appointment of Mr. LIU Long as Chief Investment Officer (Assistant General Manager) of China Pacific Insurance (Group) Co., Ltd. were considered and approved.

3. Implementation of the resolutions of the Shareholders' Meeting by the board of directors

In 2025, all of the Company's board members fully implemented the resolutions passed by the Shareholders' Meeting including those on profit distribution plan for 2024, and the engagement of external auditors for 2025, performed duties delegated and accomplished tasks assigned by the Shareholders' Meeting with due diligence and in compliance with relevant laws and regulations and the provisions under the Articles of Association.

The Company distributed a cash dividend of RMB1.08 per share (including tax) in accordance with the Resolution on Profit Distribution Plan for the year 2024 approved at the 2024 AGM. The implementation of this distribution plan was completed in July 2025.

4. Corporate governance functions of the board of directors

The board of directors is responsible for determining the policy for the corporate governance of the Company and performing the corporate governance duties as below:

- (1) To develop and review the Company's policies and practices on corporate governance and make recommendations;
- (2) To review and monitor the training and continuous professional development of directors and senior management;

- (3) To review and monitor the Company's policies and practices on compliance with all legal and regulatory requirements;
- (4) To develop, review and monitor the code of conduct applicable to the employees and directors of the Company;
- (5) To review the Company's compliance with Corporate Governance Code and disclosure requirements in the Corporate Governance Report; and
- (6) To review and monitor the Company's risk management and internal control systems.

During the reporting period, the Board fulfilled the above corporate governance functions. In accordance with regulations such as the Company Law and the Code of Corporate Governance for Insurance Institutions and the Guidelines for the Articles of Association of Listed Companies and based on its actual situation, the Company revised relevant documents including the Articles of Association, the Rules of Procedures for Shareholders' Meeting and the Rules of Procedures for Board Meetings.

During the reporting period, the Company took the initiative to enhance communication with directors and supervisors, including information filing on a regular basis or whenever circumstances require, so that they can have a full, timely understanding of the business management status of the Company. In accordance with the Provisions on Performance Evaluation and Accountability of Directors and Supervisors, it implemented open, transparent and stringent evaluation of its directors and supervisors, with requirements for high ethical standards, to further improve their performance of duties. The directors and supervisors have independence necessary for performance of duties and abide by high ethical standards irrespective of control or interference of substantial shareholders, promote fair treatment of all shareholders by the Company, protection of legitimate rights of all stakeholders, and fulfillment of its corporate social responsibility. The Company has put in place relevant mechanisms to ensure access to independent views and opinions by the Board of Directors, including but not limited to periodic reviews, of independent non-executive directors to ensure that they are in possession of necessary qualifications and professional expertise, and that they have committed enough time for the Company. All independent non-executive directors shall submit annually a written confirmation of their independence and independence of their immediate family members. Internal policies of the Company, such as the Articles of Association, Rules of Procedures for Board Meetings, Work Rules on the Nomination and Remuneration Committee, Work Rules on Independent Directors, specified policies of nomination for board directors, scope of responsibilities of the Nomination and Remuneration Committee, and criteria for appointment of directors. Board chairman will hold at least one meeting with independent non-executive directors in the absence of executive directors every year. The Company established a mechanism of exclusive meetings for independent directors. Prior approval by the above-mentioned meeting is required for matters subject to review by the Board of Directors, including related-party transactions as stipulated by securities regulatory authorities within China and the "Listing Rules" of SSE. All directors have the right to engage third-party consulting service. Directors can also access information on business operation of the Company and industry development via multiple channels including information reporting, seminars and field trips. All these ensured access to independent views and opinions by the board. The Company reviews the effectiveness and implementation of the aforementioned system annually. During the reporting period, all directors and supervisors of the Company can express their opinions independently based on sufficient knowledge of the business operation of the Company when performing their duties.

The Board has completed the annual review of the effectiveness of the Company's risk management and internal control systems for the year ending 31 December 2025 (including those of the Company's key subsidiaries), and continuously oversees the issuers' risk management and internal control systems, including financial monitoring, operational monitoring and compliance monitoring. In this regard, the board of directors has obtained confirmation from the management on the effectiveness and completeness of the Company's risk management and internal control systems and procedures. (For details of the risk management & internal control and inside information control of the Company, please refer to the corresponding sections of this chapter.)

The Board has reviewed the Company's risk management and internal control systems, and considered them to be effective and sufficient.

5. Performance of duties by the special committees under the board of directors

At the end of the reporting period, the Board had 5 special committees, namely, the Strategic and Investment Decision-Making & ESG Committee, the Audit and Related Party Transactions Control Committee, the Nomination and Remuneration Committee, the Risk Compliance Committee^{note}, and the Technological Innovation and Consumer Rights Protection Committee, each of which conducts in-depth studies on specific issues and submits their recommendations to the Board for consideration.

Note: On 30 July 2025, the Resolution on the Revision of the Articles of Association of China Pacific Insurance (Group) Co., Ltd. was considered and approved at the 15th session of the 10th Board of Directors. On 29 August 2025, the Company held the first extraordinary shareholders' general meeting of 2025, at which the aforementioned amendments were considered and approved. In December 2025, the revised Articles of Association was approved by the NFRA. The Risk Management Committee under the Board of the Company was renamed the Risk Compliance Committee.

(1) Performance of duties by the Strategic and Investment Decision-Making & ESG Committee of the Board of Directors

The primary duties of the Strategic and Investment Decision-Making & ESG Committee are, among others, to study and advise on the long-term development strategies of the Company and its subsidiaries; review the investment decision-making procedures and delegation mechanism as well as the management of insurance funds; study and advise on major investments decisions or proposals; identify and assess the Company's ESG risks and key ESG agenda items, study and formulate the Company's ESG strategy, set out the Company's ESG goals and plans, etc., and supervise the implementation of ESG planning.

In 2025, the Strategic and Investment Decision-Making & ESG Committee held 8 meetings, with details as follows:

Time of the meeting	Name of the meeting	Reports heard or resolutions reviewed
25 March 2025	The 1st meeting of the Strategic and Investment Decision-Making & ESG Committee of the 10th Board of Directors in 2025	Reviewed resolutions including The Resolution on the Proposed Plan for Profit Distribution for 2024 of China Pacific Insurance (Group) Co., Ltd.
24 April 2025	The 2nd meeting of the Strategic and Investment Decision-Making & ESG Committee of the 10th Board of Directors in 2025	Reviewed resolutions including The Resolution on the 2025-2027 Capital Plan of China Pacific Insurance (Group) Co., Ltd.
26 May 2025	The 3rd meeting of the Strategic and Investment Decision-Making & ESG Committee of the 10th Board of Directors in 2025	Reviewed The Resolution on the Investment in the New Asset Management Service Platform Project by China Pacific Insurance (Group) Co., Ltd.
30 July 2025	The 4th meeting of the Strategic and Investment Decision-Making & ESG Committee of the 10th Board of Directors in 2025	Reviewed resolutions including The Resolution on The Revision of the Articles of Association of China Pacific Insurance (Group) Co., Ltd.
27 August 2025	The 5th meeting of the Strategic and Investment Decision-Making & ESG Committee of the 10th Board of Directors in 2025	Heard The Report on the Progress of Key ESG Initiatives of China Pacific Insurance (Group) Co., Ltd. for the First Half of 2025.
10 September 2025	The 6th meeting of the Strategic and Investment Decision-Making & ESG Committee of the 10th Board of Directors in 2025	Reviewed The Resolution on the Issuance of H-share Convertible Bonds by China Pacific Insurance (Group) Co., Ltd. and Their Listing on the Hong Kong Stock Exchange.
30 October 2025	The 7th meeting of the Strategic and Investment Decision-Making & ESG Committee of the 10th Board of Directors in 2025	Reviewed resolutions including The Resolution on Adjusting the Upper Limit of the Tactical Allocation Range for Publicly Traded Equity Assets of CPIC Life in 2025.
31 December 2025	The 8th meeting of the Strategic and Investment Decision-Making & ESG Committee of the 10th Board of Directors in 2025	Reviewed The Resolution on the Contract for Asset Management Outsourcing between China Pacific Insurance (Group) Co., Ltd. and Pacific Asset Management Co., Ltd.

The composition and attendance of the members of the Strategic and Investment Decision-Making & ESG Committee are as follows:

Name of members	Position	No. of committee meetings convened	Attendance in person	Attendance by proxy	Absence
FU Fan (Chairperson)	Executive director	8	8	0	0
CHIN Hung I, David	Independent non-executive director	8	8	0	0
HUANG Dinan	Non-executive director	8	8	0	0
LU Qiaoling	Non-executive director	8	8	0	0
John Robert DACEY	Non-executive director	8	8	0	0
Departing member					
CAI Qiang, John	Non-executive director	1	0	0	1

Notes: On 6 April 2025, Mr. CAI Qiang, John submitted his resignation to the Board of Directors of the Company, resigning from his positions as Non-executive Director of the Company and member of the board Strategic and Investment Decision-Making and ESG Committee due to work changes.

(2) Performance of duties by the Audit and Related Party Transactions Control Committee of the Board of Directors

The primary duties of the Audit and Related Party Transactions Control Committee are, among other things, to nominate external auditors; review the Company's internal audit management systems and make recommendations to the board; supervise and assess internal auditing work; review the appointment or dismissal of the Company's Finance Responsible Person; review the financial information of the Company and its disclosure; review the Company's financial monitoring; continuously supervise the Company's internal control system; review the Company's internal audit work report; review the report on the identification and follow-up management of related parties, manage and review related party transactions and conduct risk control; review material related party transactions; and strengthen the Company's related party transactions management system.

On 18 December 2025, the NFRA approved the amended Articles of Association. All provisions related to the Board of Supervisors and supervisors were removed from the Articles of Association. The Audit and Related-Party Transactions Control Committee under the Board of Directors now exercise the powers and duties of the Board of Supervisors as stipulated in the Company Law and applicable regulatory requirements.

The Audit and Related Party Transactions Control Committee is also responsible for evaluating the completeness and effectiveness of the Company's internal control system on a regular basis to ensure the effective operation of the internal control system. The Committee hears the annual internal control assessment report by the chief internal auditor every year, obtains assurance from the management on the effectiveness and completeness of the Company's internal control system, and reviews the effectiveness of the internal control system. Meanwhile, members of the Audit and Related Party Transactions Control Committee communicate with the Chief Internal Auditor and other senior managers from time to time on the status of internal control, and stay in touch with the Internal Audit Centre of the Company by attending its meetings or conducting field trips to the department, so as to continuously monitor the completeness and effectiveness of the internal control system.

In 2025, the Audit and Related Party Transactions Control Committee held 8 meetings, with details as follows:

Time of the meeting	Name of the meeting	Reports heard or resolutions reviewed
21 January 2025	The 1st meeting of the Audit and Related Party Transactions Control Committee of the 10th Board of Directors in 2025	Reviewed resolutions including The Resolution on the 2024 Internal Audit Work Summary Report of China Pacific Insurance (Group) Co., Ltd.
21 February 2025	The 1st meeting on Preparation of the 2024 Annual Report of the Audit and Related Party Transactions Control Committee and Independent Directors of the 10th Board of Directors	Made a preliminary review of the Company's unaudited 2024 Financial Statements
12 March 2025	The 2nd meeting on Preparation of the 2024 Annual Report of the Audit and Related Party Transactions Control Committee and Independent Directors of the 10th Board of Directors	Communicated with the external auditors of the Company on the preliminary audit opinions of the annual audit
25 March 2025	The 2nd meeting of the Audit and Related Party Transactions Control Committee of the 10th Board of Directors in 2025	Reviewed resolutions including The Resolution on 2024 Annual Report of China Pacific Insurance (Group) Co., Ltd.
24 April 2025	The 3rd meeting of the Audit and Related Party Transactions Control Committee of the 10th Board of Directors in 2025	Reviewed resolutions including The Resolution on the 2025 First Quarter Report of China Pacific Insurance (Group) Co., Ltd.
28 August 2025	The 4th meeting of the Audit and Related Party Transactions Control Committee of the 10th Board of Directors in 2025	Reviewed resolutions including The Resolution on 2025 Interim Report of China Pacific Insurance (Group) Co., Ltd.
30 October 2025	The 5th meeting of the Audit and Related Party Transactions Control Committee of the 10th Board of Directors in 2025	Reviewed resolutions including The Resolution on the 2025 Third Quarter Report of China Pacific Insurance (Group) Co., Ltd.
31 December 2025	The 6th meeting of the Audit and Related Party Transactions Control Committee of the 10th Board of Directors in 2025	Reviewed resolutions including The Resolution of China Pacific Insurance (Group) Co., Ltd. on the List of Related Parties

The composition and the attendance of the members of the Audit and Related Party Transactions Control Committee are as follows:

Name of members	Position	No. of Committee meetings convened	Attendance in person	Attendance by proxy	Absence
LAM Tyng Yih, Elizabeth (chairperson)	Independent Non-executive Director	8	8	0	0
LO Yuen Man, Elaine	Independent Non-executive Director	8	8	0	0
ZHOU Donghui	Non-executive Director	8	8	0	0
CHEN Xin	Independent Non-executive Director	0	0	0	0
WANG Yuhua	Non-executive Director	0	0	0	0
WONG Hin Wing	Independent Non-executive Director	0	0	0	0
Departing member					
XIE Weiqing	Non-executive Director	5	5	0	0
JIANG Xuping	Independent Non-executive Director	8	8	0	0

Notes:

1. On 24 June 2025, due to work-related reasons, Mr. XIE Weiqing resigned from his positions as Non-Executive Director of the Company, member of the board Audit and Related Party Transactions Control Committee, and member of the board Technological Innovation and Consumer Rights Protection Committee.
2. As of August of 2025, Mr. JIANG Xuping had served as Independent Non-Executive Director of the Company for six years. On 29 August 2025, Mr. WONG Hin Wing was elected as Independent Non-executive Director of the Company at the 1st extraordinary shareholders' general meeting of 2025. In view of the fact that Mr. JIANG's resignation would result in the number of independent directors of the Company falling below the minimum level required by relevant regulatory requirements and the Articles of Association of the Company, Mr. JIANG continued to perform his duties until the qualification of the new independent non-executive director was approved by the NFRA. On 22 January 2026, Mr. WONG Hin Wing's appointment qualification was approved by the NFRA, and Mr. JIANG Xuping ceased to serve as Independent Non-Executive Director of the Company, member of the board Audit and Related Party Transactions Control Committee, member of the board Nomination and Remuneration Committee, and member of the board Technological Innovation and Consumer Rights Protection Committee.
3. On 27 February 2026, at the 20th session of the 10th Board of Directors, the Resolution on Adjusting the Membership of the Special Committees of the 10th Board of Directors of China Pacific Insurance (Group) Co., Ltd. was considered and approved, and Ms. WANG Yuhua, Ms. CHEN Xin, and Mr. WONG Hin Wing were elected as member of the Audit and Related Party Transactions Control Committee of the 10th Board of Directors.

The Audit and Related Party Transactions Control Committee reviewed the quarterly, interim and annual financial reports and business performance announcements of the Company to ensure the completeness, transparency and consistency of financial disclosure. Given requirements for preparation of annual reports, it discussed with the external auditors and the management, and agreed on the schedule, guiding principle and methodology for the auditing of the Company's financial statements, and paid particular attention to key items in the report. The Audit and Related Party Transactions Control Committee discussed with the external auditors and agreed on the schedule for the auditing of the Company's financial statements based on the plan for the preparation of the Company's annual report. It held a meeting to review the financial statements prepared by the Company and issued its opinions in writing prior to the commencement of the audit by the external auditors, and maintained adequate and timely communication with the auditors during the process. The committee also convened to review the financial statements of the Company after the external auditors issued their preliminary opinions, and issued its opinions in writing. At its 2nd meeting of 2025, it formed a resolution on the submission of the Company's annual report to the board of directors for approval.

In 2025, the Audit and Related Party Transactions Control Committee oversaw the performance of duties by the external accountants, examined the independence, compensation and others matters, submitted a report on the work review of annual auditing by external auditors for the year 2024 to the Board of Directors. In this report, it expressed satisfaction with the overall performance of the accounting firm. An opinion was formed at the second meeting of the Audit and Related Party Transactions Control Committee in 2025, agreeing to submit the resolution to engage external auditors to the Board of Directors for consideration.

The committee pays close attention to the internal control of the Company, confirms the annual internal control assessment plan of the Company, reviews amendments to relevant IA policies and other material matters, and objectively assesses the Company's financial position and internal control procedures. It conducts two one-on-one meetings with external auditors each year and hear the responses from the management. It also provides guidance in relation to the Company's internal audit and takes part in the appraisal and evaluation of the annual performance of the internal audit department. At the same time, the Audit and Related Party Transactions Control Committee enhanced its guidance for internal audit of the Company, approved the annual internal audit plan, reviewed relevant work in internal audit on a quarterly basis, and participated in the annual performance appraisal of internal audit departments. Besides, the committee regularly hears reports on major risks faced by the Company and on handling of whistleblowing, with tracking of developments in a timely manner.

When exercising the powers and responsibilities of the Board of Supervisors as stipulated in the Company Law and regulatory requirements, the committee focuses on the conduct of senior management in their performance of duties, overseeing the implementation of the Company's compensation management system including the rationality and soundness of executive pay, and the performance of the Board of Directors and senior management in consumer rights protection; supervises and evaluates the internal audit work, reviews the annual internal audit summary and work plan, and oversees the compliance, fairness and transparency of related-party transactions and the completeness of related-party identification.

(3) Performance of duties by the Nomination and Remuneration Committee of the Board of Directors

The primary duties of the Nomination and Remuneration Committee are, among others, to provide recommendations to the board with respect to the remuneration and performance management policy and structures for directors and senior management, and on establishing formal and transparent procedures for developing remuneration and performance management policies and frameworks; conduct examination and evaluation of the performance of duties and annual performance of the directors and senior management against the policies and targets of the Company established by the Board of Directors; review the selection and appointment system for the directors and senior management and make recommendations to the Board of Directors; review and propose recommendations on the appointment and dismissal of senior management that must be submitted to the Board of Directors for approval; and review the policy on diversity of board members at an appropriate time.

In the Articles of Association, the Company has specified the nomination policy for board directors: the Nomination and Remuneration Committee of the Board of Directors and the shareholders who hold more than 3% of the Company's shares individually or collectively are entitled to nominate candidates for non-independent directors provided that they are not the Company's employees. The independent directors may be nominated by the Nomination and Remuneration Committee, the Audit and Related Party Transactions Committee, and shareholders who hold more than 1% of the Company's shares individually or collectively, or by other means as determined by the CSRC or the NFRA, or other means as stipulated by laws, and regulations. According to the Work Rules of the Nomination and Remuneration Committee, the procedures for nominating board directors mainly include: the Nomination and Remuneration Committee consolidates a list of candidates for directors, collects detailed information including their occupation, education, title, work experience and part-time jobs and creates written documents based on that; the committee solicits the nominee's consent to the nomination, convenes a committee meeting, and conducts qualification review of relevant candidates based on director's appointment requirements; the committee submits its appointment recommendations and other relevant materials to the Board of Directors, and follows up on it as per the Board's resolutions and feedback. The Company has complied with the above policy during the nomination process for directors.

The Company also focuses on the diversity of board members. The Company believes that diversity of board members has brought a wider perspective and a richer and high-level professional experience to the Company, which is conducive to promoting decision-making and improving corporate governance. To that end, the Company has incorporated the diversity policy into the Work Rules on the Nomination and Remuneration Committee. In assessing the Board composition, the Nomination and Remuneration Committee and the Board would take into account various aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience. The Nomination and Remuneration Committee would discuss and agree on measurable objectives for achieving diversity on the Board where necessary, and recommend them to the Board for adoption.

The Company has complied with the requirement set out in the Corporate Governance Code regarding the diversity of board members and is focused on building a professional, diversified and balanced high-quality board to further improve its decision-making capabilities in different professional fields. As at the end of the reporting period, the Company's board of directors was diversified in terms of gender, region, and professional background: there were 9 male directors and 5 female directors (female directors represented around 35.7% of the board); there was at least one senior position on the board held by a female director; female directors represented less than 40% of the board, however and the Company will gradually increase the proportion of female directors in accordance with the actual situation; there were 9 directors from mainland China and 5 from Hong Kong or overseas; 7 directors with accounting background, 1 with legal background, and 14 with professional backgrounds in finance, management, and new technologies, etc. As for the diversity of ethnically diverse backgrounds, the board had at least one director from an ethnic minority background.

Percentage of directors by gender/gender identity^{note 1}

	Number of directors	Percentage of the board (%)	Number of senior positions on the board (President, Senior independent non-executive directors ^{note 2} , and Chairman)	Number of senior management	Percentage of senior management (%)
Male	9	64.3	4	11	100.0
Female	5	35.7	3	0	0
Not specified/prefer not to say	–	–	–	–	–

Notes:

1. In accordance with UKLR 14 Annex 1.
2. Senior independent non-executive director refers to the individual fulfilling the role as described in Provision 12 of the UK Corporate Governance Code 2024, as adopted by the UKLR.
3. The information in this table was collected directly from the individual directors concerned whereby each director confirms which categories set out above they identify with.

Percentage of directors by ethnicity^{note 1}

	Number of directors	Percentage of the board (%)	Number of senior positions on the board (President, Senior independent non-executive directors ^{note 2} , and Chairman)	Number of senior management	Percentage of senior management (%)
White British or other whites (including minority-white groups)	1	7.1	–	–	–
Mixed/multi-ethnic groups	–	–	–	–	–
Asian/Asian British	13	92.9	7	11	100.0
Black/African/Caribbean/Black British	–	–	–	–	–
Other ethnic group (including Arabs)	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	–

Notes:

1. In accordance with UKLR 14 Annex 1.
2. Senior independent non-executive director refers to the individual fulfilling the role as described in Provision 12 of the UK Corporate Governance Code 2024, as adopted by the UKLR.
3. The information in this table was collected directly from the individual directors concerned whereby each director confirms which categories set out above they identify with.

In 2025, the Nomination and Remuneration Committee held 6 meetings, with details as follows:

Time of the meeting	Name of the meeting	Resolutions reviewed
25 March 2025	The 1st meeting of the Nomination and Remuneration Committee of the 10th Board of Directors in 2025	Reviewed resolutions including The Resolution in Relation to the 2023 Annual Performance Appraisal Results of Professional Managers of China Pacific Insurance (Group) Co., Ltd.
24 April 2025	The 2nd meeting of the Nomination and Remuneration Committee of the 10th Board of Directors in 2025	Reviewed The Resolution in Relation to the 2025 Annual Performance Appraisal Plan of China Pacific Insurance (Group) Co., Ltd.
12 May 2025	The 3rd meeting of the Nomination and Remuneration Committee of the 10th Board of Directors in 2025	Reviewed The Resolution on the Nomination of Mr. HUANG Jinwen as Candidate for Independent Director of the 10th Board of Directors of China Pacific Insurance (Group) Co., Ltd.
30 July 2025	The 4th meeting of the Nomination and Remuneration Committee of the 10th Board of Directors in 2025	Reviewed resolutions including The Resolution on the Nomination of Ms. WANG Yuhua as Candidate for Non-executive Director of the 10th Board of Directors of China Pacific Insurance (Group) Co., Ltd.
30 October 2025	The 5th meeting of the Nomination and Remuneration Committee of the 10th Board of Directors in 2025	Reviewed resolutions including The Resolution on the Election of Vice Chairperson of the 10th Board of Directors of China Pacific Insurance (Group) Co., Ltd.
31 December 2025	The 6th meeting of the Nomination and Remuneration Committee of the 10th Board of Directors in 2025	Reviewed resolutions including The Resolution on The Appointment of Mr. LIU Long as Chief Investment Officer (Assistant General Manager) of China Pacific Insurance (Group) Co., Ltd.

The composition and attendance of the members of the Nomination and Remuneration Committee are as follows:

Name of members	Position	No. of committee meetings convened	Attendance in person	Attendance by proxy	Absence
CHEN Xin (chairperson)	Independent Non-executive Director	3	3	0	0
WANG Tayu	Non-executive Director	6	6	0	0
CHIN Hung I, David	Independent Non-executive Director	6	6	0	0
WONG Hin Wing	Independent Non-executive Director	0	0	0	0
Departing members					
LIU Xiaodan (former Chairperson)	Independent non-executive director	2	2	0	0
JIANG Xuping	Independent non-executive director	6	6	0	0

Notes:

- On 28 August 2024, Ms. LIU Xiaodan resigned from her positions as Independent Non-Executive Director of the Company and Chairperson of the board Nomination and Remuneration Committee. In view of the fact that Ms. LIU's resignation would result in the number of independent non-executive directors of the Company falling below the minimum level required by relevant regulatory requirements and the Articles of Association of the Company, Ms. LIU continued to perform her duties until the qualification of the new independent non-executive director was approved by the NFRA. On 14 October 2024, Ms. CHEN Xin was elected as Independent Non-executive Director of the Company at the 2nd extraordinary shareholders' general meeting of 2024. On 25 April 2025, Ms. CHEN Xin's appointment qualification was approved by the NFRA, and Ms. LIU Xiandan ceased to serve as Independent Non-Executive Director of the Company and Chairperson of the board Nomination and Remuneration Committee. On 12 May 2025, Ms. CHEN Xin was elected as Chairperson of the 10th board Nomination and Remuneration Committee.
- As of August of 2025, Mr. JIANG Xuping had served as Independent Non-Executive Director of the Company for six years. On 29 August 2025, Mr. HUANG Xianrong was elected as Independent Non-executive Director of the Company at the 1st extraordinary shareholders' general meeting of 2025. In view of the fact that Mr. JIANG's resignation would result in the number of independent non-executive directors of the Company falling below the minimum level required by relevant regulatory requirements and the Articles of Association of the Company, Mr. JIANG continued to perform his duties until the qualification of the new independent non-executive director was approved by the NFRA. On 22 January 2026, Mr. WONG Hin Wing's appointment qualification was approved by the NFRA, and Mr. JIANG Xuping ceased to serve as Independent Non-Executive Director of the Company, member of the board Audit and Related Party Transactions Control Committee, member of the board Nomination and Remuneration Committee, and member of the board Technological Innovation and Consumer Rights Protection Committee.
- On 27 February 2026, Mr. WONG Hin Wing was nominated as member of the Nomination and Remuneration Committee of the 10th Board of Directors at the 20th session of the 10th Board of Directors.

(4) Performance of duties by the Risk Compliance Committee of the Board of Directors

The primary duties of the Risk Compliance Committee are, among others, to make recommendations to the Board of Directors with respect to the overall objective of risk management, risk appetite and transmission mechanism, risk tolerance, and risk management policies; make recommendations to the Board of Directors with respect to the risk evaluation for major decisions and plans for response to major risks; review the basic rules on operational risk management and relevant rules on operational risk information disclosure, and the management system for insurance funds management; advise the Board of Directors on the SAA plan, annual investment plan and its adjustments; make recommendations to the board with respect to the coordination mechanisms for product design, sales and investment and their performance; discuss risk management system with management to ensure the management has fulfilled its responsibilities in establishing an effective risk management system, and assess the effectiveness of its operation; make recommendations to the board with respect to the basic rules on compliance management, hear the report on the status of compliance management, as well as report on major violations of laws and regulations or significant compliance risks, and follow up on the implementation of rectification and accountability measures; supervise the Company's compliance management, identify issues regarding the effectiveness of compliance management and the development of compliance culture, and provide recommendations to the board (On 30 July 2025, The Resolution on the Revision of the Articles of Association of China Pacific Insurance (Group) Co., Ltd. was considered and approved at the 15th session of the 10th Board of Directors. On 29 August 2025, the Company held the 1st extraordinary shareholders' general meeting, at which the aforementioned amendments were considered and approved. In December of 2025, the revised Articles of Association was approved by the NFRA. The board Risk Management Committee was renamed the Risk Compliance Committee).

The Risk Compliance Committee hears a quarterly risk assessment report by the chief risk officer, obtains assurance at the time of annual reporting from the management on the effectiveness and completeness of the Company's risk management system, and reviews the effectiveness of the risk management system. Meanwhile, the Committee, from time to time, communicates with the chief risk officer and other senior managers on the major risks of the Company and its subsidiaries to monitor the effectiveness of the risk management system. In addition, the Company has established a mechanism for reporting to the board Risk Compliance Committee major risk events such as solvency early warning. In cases of significant risk, the Risk Compliance Committee will be notified in a timely manner.

In 2025, the Risk Compliance Committee held 5 meetings as follows:

Time of the meeting	Name of the meeting	Resolutions reviewed
25 March 2025	The 1st meeting of the Risk Management Committee of the 10th Board of Directors in 2025	Reviewed resolutions including The Resolution on the 2024 Solvency Report of China Pacific Insurance (Group) Co., Ltd.
24 April 2025	The 2nd meeting of the Risk Management Committee of the 10th Board of Directors in 2025	Reviewed resolutions including The Resolution on the 2024 Solvency Stress Test Report of China Pacific Insurance (Group) Co., Ltd.
27 August 2025	The 3rd meeting of the Risk Management Committee of the 10th Board of Directors in 2025	Reviewed resolutions including The Resolution on the 2025 Interim Solvency Report of China Pacific Insurance (Group) Co., Ltd.
30 October 2025	The 4th meeting of the Risk Management Committee of the 10th Board of Directors in 2025	Reviewed resolutions including The Resolution on the Risk Assessment Report for the Third Quarter of 2025 of China Pacific Insurance (Group) Co., Ltd.
31 December 2025	The 5th meeting of the Risk Compliance Committee of the 10th Board of Directors in 2025	Reviewed resolutions including The Resolution in Relation to 2025 Annual Report on Anti-Money Laundering Work of China Pacific Insurance (Group) Co., Ltd.

The composition of the Risk Compliance Committee and attendance of its members are as follows:

Name of members	Position	No. of committee meetings convened	Attendance in person	Attendance by proxy	Absence
ZHAO Yonggang (chairman)	Executive Director	5	5	0	0
WANG Tayu	Non-executive Director	5	5	0	0
LAM Tyng Yih, Elizabeth	Independent Non-executive Director	5	5	0	0
LO Yuen Man, Elaine	Independent Non-executive Director	5	5	0	0
WANG Yuhua	Non-executive Director	0	0	0	0

Notes: On 27 February 2026, at the 20th session of the 10th Board of Directors, The Resolution on Adjusting the Membership of the Specialized Committees of the 10th Board of Directors of China Pacific Insurance (Group) Co., Ltd. was considered and approved, and Ms. WANG Yuhua was elected as member of the Risk Compliance Committee of the 10th Board of Directors.

(5) Performance of duties by the Technological Innovation and Consumer Rights Protection Committee of the Board of Directors

The primary duties of the Technological Innovation and Consumer Rights Protection Committee are, among others, to review the Company's technological innovation strategy and plans, and overall work objectives; encourage the Company's management to establish an effective technological innovation operation system; guide and supervise the establishment and improvement of the consumer rights protection work management system; carry out research on major issues in the field of technological innovation and consumer rights protection.

In 2025, the Technological Innovation and Consumer Rights Protection Committee held 4 meetings, with details as follows:

Time of the meeting	Name of the meeting	Reports heard and resolutions reviewed
25 March 2025	The 1st meeting of the Technological Innovation and Consumer Rights Protection Committee of the 10th Board of Directors in 2025	Reviewed resolutions including The Resolution on Status of Consumer Rights Protection for 2024 and Priorities for 2025 of China Pacific Insurance (Group) Co., Ltd.
24 April 2025	The 2nd meeting of the Technological Innovation and Consumer Rights Protection Committee of the 10th Board of Directors in 2025	Reviewed The Resolution on the Management Measures for Information System Disaster Recovery of China Pacific Insurance (Group) Co., Ltd.
27 August 2025	The 3rd meeting of the Technological Innovation and Consumer Rights Protection Committee of the 10th Board of Directors in 2025	Heard reports including The Report on Consumer Rights Protection in the First Half of 2025 of China Pacific Insurance (Group) Co., Ltd.
31 December 2025	The 4th meeting of the Technological Innovation and Consumer Rights Protection Committee of the 10th Board of Directors in 2025	Reviewed resolutions including The Resolution in Relation to the 2025 Annual Disaster Recovery Report of China Pacific Insurance (Group) Co., Ltd.

The composition of the Technological Innovation and Consumer Rights Protection Committee and attendance of its members are as follows:

Name of members	Position	No. of committee meetings convened	Attendance in person	Attendance by proxy	Absence
CHEN Ran (chairman)	Non-executive Director	4	4	0	0
ZHOU Donghui	Non-executive Director	4	4	0	0
ZHAO Yonggang	Executive Director	4	4	0	0
WONG Hin Wing	Independent Non-executive Director	0	0	0	0
Departing members					
XIE Weiqing	Non-executive Director	2	2	0	0
JIANG Xuping (former chairman)	Independent Non-executive Director	4	4	0	0

Notes:

- On 24 June 2025, due to work-related reasons, Mr. XIE Weiqing resigned from his position as Non-Executive Director of the Company, member of the board Audit and Related Party Transactions Control Committee, and member of the board Technological Innovation and Consumer Rights Protection Committee.
- As of August of 2025, Mr. JIANG Xuping had served as Independent Non-Executive Director of the Company for six years. In view of the fact that Mr. JIANG's resignation would result in the number of independent non-executive directors of the Company falling below the minimum level required by relevant regulatory requirements and the Articles of Association of the Company, Mr. JIANG continued to perform his duties until the qualification of the new independent non-executive director was approved by the NFRA. On 29 August 2025, Mr. WONG Hin Wing was elected as Independent Non-executive Director of the Company at the 1st extraordinary shareholders' general meeting of 2025. On 22 January 2026, Mr. WONG Hin Wing's appointment qualification was approved by the NFRA, and Mr. JIANG Xuping ceased to serve as Independent Non-Executive Director of the Company, member of the board Technological Innovation and Consumer Rights Protection Committee, member of the board Audit and Related Party Transactions Control Committee, and member of the board Nomination and Remuneration Committee.
- On 27 February 2026, Mr. CHEN Ran was elected as Chairperson of the Technological Innovation and Consumer Rights Protection Committee of the 10th Board of Directors, and Mr. WONG Hin Wing was elected as member of the Technological Innovation and Consumer Rights Protection Committee of the 10th Board of Directors at the 20th session of the 10th Board of Directors.

(III) Supervisors and the Board of Supervisors

On 30 July 2025, the Resolution of China Pacific Insurance (Group) Co., Ltd. on Dissolution of the Board of Supervisors and the Resolution on the Revision of the Articles of Association of China Pacific Insurance (Group) Co., Ltd. were considered and approved at the 15th session of the 10th Board of Directors. On 29 August 2025, the Company held the first extraordinary shareholders' general meeting of 2025, at which the afore-mentioned amendments were considered and approved. On 18 December 2025, the NFRA approved the amended Articles of Association. All provisions related to the Board of Supervisors and supervisors were removed from the Articles of Association. The board Audit and Related-Party Transactions Control Committee now exercises the powers and duties of the Board of Supervisors as stipulated in the Company Law and applicable regulatory requirements.

As of 17 December 2025, the Company had 3 supervisors, including 1 shareholder representative supervisor (Mr. DONG Zhiqiang) and 2 employee representative supervisors (Ms. ZHOU Liyun and Mr. GU Qiang). Ms. ZHOU Liyun was Vice Chairperson of the Board of Supervisors. (Mr. ZHU Yonghong resigned from his positions as Chairman of the Board of Supervisors and shareholder representative supervisor due to work changes on 27 August 2025.)

As of 17 December 2025, under the Articles of Association, the Board of Supervisors was vested by law to exercise the following rights and powers: examine the finances of the Company; monitor the behaviours of directors, president, vice presidents and other senior management during their performance of duties; verify the financial information including financial reports, operation reports and profit distribution plans to be submitted to the SGM; propose to convene extraordinary session of the SGM and propose resolutions to it; and conduct investigation when there is any major abnormality in the Company's operation.

1. Attendance of supervisors

In 2025, the board of supervisors held 6 meetings. Their attendance is as follows:

Supervisors	No. of meetings convened	Attendance in person	Attendance by proxy	Absence	Remarks
Departing supervisors					
ZHU Yonghong	4	3	1	0	Unable to attend the meeting due to other business arrangements, and he delegated in writing the authority to attend and vote to Ms. ZHOU Liyun, vice chairperson of the Board of Supervisors.
ZHOU Liyun	6	6	0	0	
DONG Zhiqiang	6	6	0	0	
GU Qiang	6	6	0	0	

Note: On 27 August 2025, due to work changes, Mr. ZHU Yonghong resigned from his positions as Chairman of the Board of Supervisors of the Company and shareholder representative supervisor.

2. Meetings of the Board of Supervisors and resolutions

The Board of Supervisors held 6 meetings in 2025.

- (1) On 21 January 2025, the Company held the 4th session of the 10th Board of Supervisors by circulation, at which resolutions including The Resolution on the Audit Report for the Departure of ZHANG Yuanhan, Former Finance Responsible Person of China Pacific Insurance (Group) Co., Ltd. were considered and approved.
- (2) On 26 March 2025, the Company held the 5th session of the 10th Board of Supervisors in Shanghai, at which resolutions including The Resolution in Relation to the Report of the Board of Supervisors for 2024 of China Pacific Insurance (Group) Co., Ltd. were considered and approved.
- (3) On 25 April 2025, the Company held the 6th session of the 10th Board of Supervisors in Wuhan, at which resolutions including The Resolution in Relation to the First Quarter Report for 2025 of China Pacific Insurance (Group) Co., Ltd. were considered and approved.
- (4) On 30 July 2025, the Company held the 7th session of the 10th Board of Supervisors in Shanghai, at which resolutions including The Resolution of China Pacific Insurance (Group) Co., Ltd. on Dissolution of the Board of Supervisors were considered and approved.
- (5) On 28 August 2025, the Company held the 8th session of the 10th Board of Supervisors in Shanghai, at which resolutions including The Resolution on the 2025 Interim Report of China Pacific Insurance (Group) Co., Ltd. were considered and approved.
- (6) On 30 October 2025, the Company held the 9th session of the 10th Board of Supervisors in Shanghai, at which resolutions including The Resolution in Relation to the Third Quarter Report for 2025 of China Pacific Insurance (Group) Co., Ltd. were considered and approved.

(IV) Discussions held and research conducted by directors and supervisors

During the reporting period, given the changes in the business environment, regulatory policies, customer behaviours and technology advancement, the Board of Directors and the Board of Supervisors stayed focused on value growth and pursued value management and sound business operation to drive healthy and sustainable development of the Company. In 2025, the Board of Directors and the Board of Supervisors called for efforts by CPIC to pursue progress while maintaining stable business fundamentals, seize opportunities arising from China's 5 Financial Priorities; place greater emphasis on profitability and value creation while consolidating its market position; focus on its strategic priorities, deepen transformation and reform, and further enhance its core competitiveness to promote a new round of high-quality growth.

During the reporting period, the directors and supervisors put the new development concept into practice in the light of the Company's realities and future plans, and heard CPIC Life's reports on its annual market strategy, progress of its "First Quarter Sales Campaign" and work plan for the next stage, and performance of its bancassurance business and development strategy moving forward; heard CPIC P/C's report on its annual market strategy, review of its "New Year sales campaign" strategy and development plan, and response to catastrophes. The directors and supervisors held in-depth discussions on key matters in the Company's business operation, came up with solutions, and recognised the Company's effort and progress in institutional reform, product and service innovation, adaptation to new regulatory environment, fulfilment of social responsibilities and support for national strategies.

The directors and supervisors of the Company participated in internal and external workshops to familiarise themselves with the latest regulatory developments and best corporate governance practices through various channels. During the reporting period, they held a number of seminars, inspected branches of CPIC P/C and CPIC Life in Hubei and Pacific Insurance Technology Services (Wuhan) Co., Ltd. to gain insight into the implementation of the Company's strategies and business development at the primary level. They also visited CPIC Home retirement communities in Wuhan, Suzhou, Dali, Beijing, Chengdu, and Shanghai Putuo for immersive experience of high-quality health and elderly care services.

(V) Training for directors and supervisors

During the reporting period, to improve their performance of duties, professional skills and knowledge of insurance policies and regulations, the directors and supervisors of the Company participated in various online training sessions held by the regulators as well as those by the Company.

Among them, Ms. CHEN Xin, Ms. LAM Tyng Yih, Elizabeth, Mr. JIANG Xuping, Mr. CHIN Hung I, David, and Ms. LO Yuen Man, Elaine, independent non-executive directors of the Company, attended the 5th session of the follow-up training for independent directors of listed companies organised by the SSE in 2025.

Mr. FU Fan and Mr. ZHAO Yonggang, executive directors of the Company, Mr. WANG Tayu, Mr. HUANG Dinan, Ms. LU Qiaoling, Mr. ZHOU Donghui, Mr. CHEN Ran, and Mr. John Robert Dacey, non-executive directors of the Company, and Ms. LAM Tyng Yih, Elizabeth and Ms. LO Yuen Man, Elaine, independent non-executive directors of the Company, attended the 2025 training programme (online) organised by the Shanghai Listed Companies Association for directors and senior management members of listed companies in the Shanghai region.

Ms. WANG Yuhua, non-executive director of the Company, attended the 6th session of the training programme organised by the SSE in 2025 for newly-appointed directors and senior management of listed companies.

Moreover, the Company held special training for all its directors and supervisors in response to new regulations issued by the CSRC, NFRA, SSE, and SEHK.

To help with their performance of duties, directors and supervisors also closely followed regulatory developments, including studying latest laws, regulations and regulatory rules released from time to time through other means, such as board ESG literacy training, anti-corruption and anti-commercial bribery rules for Chinese companies and case studies, etc.

The Company also encouraged all of its directors and supervisors to attend training, at the cost of the Company. Since 2012, all the directors have been required to provide their records of training to the Company.

(VI) Auditors' remuneration

Information on auditors' remuneration is set out in the "Report of the Board of Directors and significant events".

(VII) Responsibilities of Directors for financial statements

The directors confirm that they are responsible for the preparation of financial statements to truthfully and fairly report the situation of the Company. Please refer to the "Financial report" section of this report for the statement of responsibility made by the auditor of the Company for accounts reporting. Having made due enquiry, the directors are of the opinion that the Company has sufficient resources to continue operating in the foreseeable future and it is therefore appropriate to adopt the going concern principle for the preparation of financial statements.

(VIII) Investor relations

During the reporting period, the Company complied with applicable rules and policies, including the Investor Relations Management Measures and its implementing rules, as well as the Regulations on Shareholder Communication. To further strengthen its market value management system, the Company introduced the Market Value Management Measures (Trial). This initiative aims to enhance investor communication by raising awareness of its importance, improving relevant protocols, and fostering more efficient information exchange to build a constructive and interactive relationship with investors, ultimately increasing their engagement and satisfaction. Upon reviewing the current status of implementation of the above rules and regulations, and in view of measures taken to optimise channels of communication and investor feedback, the Company concluded that its policies on shareholder communication have been effectively enforced during the reporting period.

In response to investor needs, the Company continued to enhance the relevance and effectiveness of investor communication under diverse scenarios, with a focus on highlighting its achievements in high-quality development. During the reporting period, the Company held regular results announcements both online and offline across multiple locations, conducted global NDRs for annual/interim results, and organised investment-themed Investor Open Day. It also participated in collective earnings briefings, strategy meetings and other investor meetings, which facilitated direct, efficient and fair communication between global investors and senior management, while expanding the depth and breadth of investor outreach. During the reporting period, the Company conducted approximately 133 investor communication events through diversified platforms and effectively showcased its competitive strengths and long-term growth potential to the capital market. These efforts significantly enhanced investors' understanding of, and confidence in, the Company's major strategic initiatives and business progress, helping them form reasonable expectations regarding the Company's future growth prospects. While striving to improve the effectiveness of market value management, we fully leveraged the two-way communication role of IR programmes to provide the management with substantive support for strategic decision-making.

The Company is committed to equal and fair treatment of all types of investors on all markets, regardless of their geographical location, with a particular emphasis on the protection of retail investors. During the reporting period, it publicly solicited questions from investors before results announcements; management responded to those of common interest among retail investors – such as dividend policy and investment strategy – during the meetings. Meanwhile, retail investors can access such events via live streaming and may post their questions online, and will receive replies to all their queries on the same day. Moreover, the Company assigned personnel for IR hotline, fax, email and the IR column on its official website to handle investors' questions, comments and suggestions. In the year, it prepared monthly Investor Newsletters in both Chinese and English with a total of 12 issues published, responded to 50 investor questions on the E-communication platform of the SSE, and published IR activity records. These efforts helped lower the information barrier for retail investors, making it easier for them to stay informed and do research on the Company.

(IX) Information disclosure and inside information management

The Company strictly abides by the regulatory rules of its listing venues, continues to enhance its transparency via efficient, compliant, well-organised information disclosure. During the reporting period, it prepared and released regular reports and interim announcements based on principles of truthfulness, accuracy, completeness, timeliness and fairness. As an insurance company simultaneously listed in Shanghai, Hong Kong and London, the Company focused on investor's needs, emulated industry best practices, continued to expand the scope of voluntary information disclosure, adopted new modes for disclosure and dissemination of non-financial information, and maintained continuity and consistency in information disclosure so that the results of its business development and efforts in corporate social responsibility, particularly in sustainable development, can be communicated to investors and other stakeholders in a clear, concise, complete, effective and easy-to-understand manner, and also in a way that reflects industry characteristics. That helped to improve the overall relevance and effectiveness of information disclosure. During the reporting period, the Company continued to enhance ownership of the compliance responsibility by all employees to ensure efficiency and compliance in inside information management. It established and has since been reviewing its inside information management system. Measures including advocacy programmes, risk alerts and special training were taken to ensure effective enforcement of both regulatory requirements and in-house rules for inside information management. The Company ensured the handling and dissemination of inside information according to its disclosure policies and processes so that inside information remains confidential until its disclosure is duly approved, and that such information is published in an effective and consistent manner. It closely followed latest regulatory and industry developments, enriched the content of information disclosure in view of the latest corporate governance/information disclosure requirements for insurance groups. During the reporting period, the Company effectively performed its information disclosure obligations without any penalties from the regulators or major errors or omissions in information disclosure. It was granted the top-level A rating by SSE for information disclosure for 12 consecutive years.

(X) Joint company secretaries

Dr. NGAI Wai Fung (director and group chief executive officer of SWCS Corporate Services Group (Hong Kong) Limited) and Mr. Su Shaojun were appointed as the joint company secretaries of the Company. Mr. SU, the secretary of the board of directors and joint company secretary, serves as the primary contact person between Mr. Ngai and the Company. For the year ended 31 December 2025, Mr. SU and Mr. NGAI have respectively participated in relevant professional trainings in accordance with the requirement of the Hong Kong Listing Rules.

2

Performance of duties by independent non-executive directors

The Company's 10th Board of Directors consists of 5 independent non-executive directors comprising professionals in accounting, finance, auditing and legal affairs, and independent non-executive directors exceed one-third of all the board members, in compliance with applicable regulatory requirements and the provisions of the Articles of Association.

The Company's independent non-executive directors have the required expertise and experience and are able to perform their duties strictly in accordance with the requirements of applicable laws and regulations, regulatory documents, the Articles of Association and Work Rules for Independent Non-executive Directors. They have provided comments and suggestions on, among other things, corporate governance, business operation, risk management and internal control. Independent non-executive directors have played a meaningful role in the Company's decision making process, offering an independent and impartial perspective and safeguarding the interests of the Company and of the shareholders as a whole, and in doing so, the interests of minority shareholders as well.

In 2025, all the independent non-executive directors attended meetings of the Board as scheduled. They took the initiative to better understand the operating situation of the Company, doing research, making inquiries, and obtaining necessary materials and information for decision-making. They provided independent and unqualified opinions on matters of the Company such as election of board members, appointment of senior management members, related party transactions, profit distribution proposal, profit distribution policy recommendation, engagement of external auditors, performance appraisal results, and remuneration policy for and the performance appraisal of senior management.

In 2025, all independent non-executive directors held a separate meeting with chairman of the Board in Shanghai without the participation of other directors or senior management, and conducted in-depth communication on corporate governance, business management and risk and compliance management, etc.; and heard reports including the outline of the Company's 5-year (2026-2030) development plan.

On 30 October 2025, the Company held the first special meeting of independent directors of the 10th Board of Directors in 2025, at which resolutions on related party transactions were reviewed.

In 2025, the independent non-executive directors of the Company conducted a self-review of their independence and submitted the results to the Board of Directors. The Board of Directors was of the view that all independent non-executive directors were able to perform their duties independently, without being subject to influence of the Company or its major shareholders, de facto controllers or other entities or individuals, and that there were no circumstances under which they were not permitted to act as independent non-executive directors.

(I) Attendance of independent non-executive directors at the shareholders' meeting

In 2025, the Company's independent non-executive directors actively attended the shareholders' meeting, details of which are as follows:

Names of independent non-executive directors	No. of meetings convened	Attendance in person	Absence
Incumbent independent non-executive directors			
CHEN Xin	2	2	0
LAM Tyng Yih, Elizabeth	2	2	0
LO Yuen Man, Elaine	2	2	0
CHIN Hung I, David	2	2	0
WONG Hin Wing	0	0	0
Departing independent non-executive directors			
LIU Xiaodan	0	0	0
JIANG Xuping	2	2	0

Notes:

- On 28 August 2024, due to work-related reasons, Ms. LIU Xiaodan resigned from her positions as Independent Non-Executive Director of the Company and Chairperson of the board Nomination and Remuneration Committee. In view of the fact that Ms. LIU's resignation would result in the number of independent directors of the Company falling below the minimum level required by relevant regulatory requirements and the Articles of Association of the Company, Ms. LIU continued to perform her duties until the qualification of the new independent non-executive director was approved by the NFRA. On 14 October 2024, Ms. CHEN Xin was elected as Independent Non-executive Director of the Company at the 2nd extraordinary shareholders' general meeting of 2024. On 25 April 2025, Ms. CHEN Xin's appointment qualification was approved by the NFRA, and Ms. LIU Xiaodan ceased to serve as Independent Non-Executive Director of the Company and Chairperson of the board Nomination and Remuneration Committee. On 12 May 2025, Ms. CHEN Xin was elected as Chairperson of the 10th board Nomination and Remuneration Committee.
- As of August 2025, Mr. JIANG Xuping had served as independent director of the Company for six years. In view of the fact that Mr. JIANG's resignation would result in the number of independent non-executive directors of the Company falling below the minimum level required by relevant regulatory requirements and the Articles of Association of the Company, Mr. JIANG continued to perform his duties until the qualification of the new independent non-executive director was approved by the NFRA. On 29 August 2025, Mr. WONG Hin Wing was elected as Independent Non-executive Director of the Company at the 1st extraordinary shareholders' general meeting of 2025. On 22 January 2026, Mr. WONG Hin Wing's appointment qualification was approved by the NFRA, and Mr. JIANG Xuping ceased to serve as Independent Non-Executive Director of the Company, Chairperson of the board Technological Innovation and Consumer Rights Protection Committee, member of the board Audit and Related Party Transactions Control Committee, and member of the board Nomination and Remuneration Committee.

(II) Attendance by independent non-executive directors of board meetings

In 2025, independent non-executive directors actively attended the meetings of the Board of Directors and the attendance of each of the independent non-executive directors is as follows:

Names of independent non-executive directors	No. of board meetings convened	Attendance in person	Attendance by proxy	Absence
Incumbent independent non-executive directors				
CHEN Xin	8	8	0	0
LAM Tyng Yih, Elizabeth	11	11	0	0
LO Yuen Man, Elaine	11	11	0	0
CHIN Hung I, David	11	11	0	0
WONG Hin Wing	0	0	0	0
Departing independent non-executive directors				
LIU Xiaodan	3	3	0	0
JIANG Xuping	11	11	0	0

(III) Objections by the independent non-executive directors on relevant matters of the Company

No objections were raised by independent non-executive directors on relevant matters of the Company and there were no such cases where proposals by the independent non-executive directors were not adopted.

(IV) Independence of independent non-executive directors

Pursuant to the Hong Kong Listing Rules, the Company has obtained written confirmation from each Independent Non-executive Director of his/her independence from the Company. The Company considers all of its Independent Non-executive Directors to be independent of the Company.

3

Independence of the Company from its controlling shareholders in asset, personnel, finance, organisation and business

The ownership structure of the Company is diversified and there is no controlling shareholder or de facto controller.

As a wholly-listed comprehensive insurance group company, the Company is fully independent in the following five aspects: assets, personnel, finance, organisation and business.

4

Appraisal and incentive programmes for the senior management

The performance management of the Company's senior management is primarily comprised of formulation of the performance appraisal plan, performance tracking, performance appraisals and application of the appraisal results. The annual performance appraisal plan is determined by the board of directors based on the medium- and long-term development strategies and the operation plan of the year. The Company tracks the fulfilment of various performance indicators regularly. Upon conclusion of the year, the Board will determine the performance evaluation results of senior management based on their fulfilment of the annual operational objectives, and the results will be linked to their compensation.

The Company has established a market-oriented, position-specific and performance-based remuneration system, with reference to market benchmarks. Senior management's compensation consists of three components: basic salaries, performance-based pay, and medium and long-term incentives. The Company continuously refines mechanisms such as deferred payment of performance-based pay and medium&long-term incentives, strengthens contractual management of senior management's term appointments, and strictly enforces recovery/clawbacks mechanisms, aiming to provide incentives for senior management to create long-term value for the Company. In the event of misconduct of senior managers, or their violations of laws and regulations, or abnormal risk exposure within his/her scope of responsibilities, the Company will reassess the performance-based remuneration for the corresponding year, and may choose to deduct, recover or terminate the pay for the corresponding period and/or the portion under deferred payment, depending on severity of the offence.

The Company adopted a professional managers' system for remuneration of president and vice presidents, focusing on market-oriented recruitment, differentiated remuneration, contract-based management and market-based exit. Their employment contracts would specify the term of service, roles and responsibilities, compensation package, performance evaluation and conditions for contract renewals/termination, as part of the effort to deepen the reform of the incentive and restraint mechanism of the Company.

5

Risk management

Risk management is a core element of the business operation and management of CPIC Group. The aim of its risk management is to establish a risk management system aligned with its strategic goals and to ensure the adequacy and stability of its solvency in the process of achieving its strategic targets, reduce the uncertainty in achieving its business objectives, and maximise value with risks under control.

(I) Risk governance structure

The Company established a holistic risk management organisational system with the board shouldering the ultimate responsibility, the management responsible for direct stewardship, risk management departments providing coordination, the “3 lines of defences” working together and each player performing their respective duties. The boards of the Company and its subsidiaries are the top decision-making body in risk management, and bear the ultimate responsibility for their respective risk management systems and status of operation. The board established the Risk Compliance Committee, which is vested by the board to perform risk management functions. In 2025, the committee convened 5 sessions, reviewing relevant risk-related items and reports.

The Management Committee of the Company is responsible for organising risk management implementation. It introduced the position of Group Chief Risk Officer, which reports risk management status and risk profile to the board Risk Compliance Committee on a quarterly basis. Under the Management Committee there is the Risk Compliance and Audit Work Commission.

The Risk Management department was set up at Group headquarters, responsible for coordinating daily work in risk management. All major member companies of the Group have set up independent risk management departments, charged with coordinating implementation of management decisions in risk management, including organising, supervising, and guiding other departments in daily risk management as per decisions of the management.

Other functional departments and branch offices have all designated Risk Responsible Person and Risk Management Personnel, performing their duties as within their scope of responsibilities and responsible for communications with risk management departments.

The Group Internal Audit Centre audits, on an annual basis, the status and results of operation of the Group solvency-aligned risk management system, as well as the status of implementation of risk management policies, and reports to the board.

(II) Risk management strategy and procedure

1. Risk management strategy

The overall risk management strategy of the Company is: in view of its development objectives, organisational structure and business characteristics, support and promote fulfilment of business objectives and strategic planning of the Company via a sound risk management system, stringent risk management processes, and scientific risk management mechanisms and tools.

2. Risk appetite

The Company adopts a “prudent” risk appetite, and cautiously manages various risks in business operation. The Company and its insurance subsidiaries maintain a sufficient level of solvency, and pursue stable profitability and sustained value growth while maintaining appropriate liquidity, maintain a sound risk management status and market image. It continuously upgrades the risk control system compatible with its status as a listed company on SSE, SEHK, and LSE, integrates ESG requirements into its ERM system, with leadership in promoting healthy and stable development of the industry.

The Company’s risk tolerance system includes five core dimensions: adequate capital, stable profitability, sustained value growth, appropriate liquidity, sound risk status and a good market image.

The Company has set overall risk limits at the Group level which also apply to its subsidiaries. Based on their own business characteristics and needs, each subsidiary further breaks down the limits for various risks and applies them in daily business decisions, risk monitoring and early warning to achieve healthy coordination and balance between risk management and business development.

3. Risk management procedure

The Company's key risk management procedure includes: formulation of objectives, collection of information, risk identification & assessment, risk handling, risk reporting, supervision and rectification. The Company uses a set of risk management tools, such as risk management information system, comprehensive budgeting, ALM, capital planning and stress testing, to manage various risks faced by the Group and its key member companies as within their respective business scopes. It has established and continuously improves mechanisms in early warning, emergency response and crisis management to enhance its capacity to prevent and mitigate major risks and to tackle emergencies.

(III) Risk management performance

In 2025, the Company aligned its risk management efforts with strategic execution and business priorities of the Group, continued to optimise the Group-wide risk management system, particularly with regard to group specific risks, strengthened constraints of risk limits and the role of risk management in performance evaluation; formulated a holistic risk early-warning system, conducted early-stage, proactive risk assessment for key business decisions, enhanced risk screening, early warning and mitigation in key areas; upgraded the intelligent risk management information system and strengthened "look-through" risk management capabilities.

(IV) Key risks

In 2025, the Company was exposed to various risks, including insurance risk, market risk, credit risk, liquidity risk, operational risk, reputational risk, strategy risk, capital management risk and group specific risks. For details of the insurance risk, market risk, credit risk, liquidity risk, operational risk, and capital management risk, please refer to note XII "Risk management" to the financial statements. Status of other risks is as follows:

1. Reputational risk

Reputational risk is caused by actions of insurance institutions, insurance personnel, or external events, which may lead to adverse comments on insurance institutions by stakeholders, the public or the media, etc., thereby hurting their brand value, disrupting their normal business operation, and even affecting market and social stability.

In compliance with the latest rules and requirements concerning reputational risk management of insurance groups, and in view of its own realities, the Company continuously optimises governance structures and work process of reputational risk management, improves end-

to-end process management across all business units/subsidiaries, enhances normalised mechanisms and ensures close coordination of the "3 lines of defence", in a bid to fortify the "firewall" of reputational risk management. It conducts annual reputational risk emergency drills, annual evaluation of the status of reputational risk management and submits special reports on this to the board and senior management.

In 2025, under the objectives of "preventing risks, consolidating strengths, promoting development, and striving for excellence", the Company continued to lead the industry in reputational risk management. It deepened the implementation of institutional safeguards, conducted scenario-based drills, organised training and awareness programmes. Overall, the reputational risk management system of the Company operated in a sound manner and became more intertwined with front-line business units; the brand communication system functioned effectively across all scenarios, helping the Company build a strong market reputation and foster a favourable environment for its development. As Chair of the Reputational Risk Management Committee of the Insurance Association of China, CPIC conscientiously fulfilled its responsibilities, playing a constructive role in cultivating a financial culture with Chinese characteristics, enhancing the industry's overall reputational risk management capabilities, and promoting a favourable media environment for the sector.

2. Strategy risk

Strategy risk refers to the risk of mismatch between the strategy and the market environment and a company's actual abilities due to ineffective strategic planning/execution processes or from changes in the business environment.

The Company maintains a robust organisational structure and sound work procedures for strategy risk management. It formulates strategic objectives and development plans based on factors such as the market environment, its risk appetite and capital position. It conducts Group-wide risk management in light of its strategy risk appetite. In 2025, the Company initiated a new round of medium- to long-term development planning. It prudently formulated the Group's overall strategic objectives and key initiatives, and developed a detailed strategic action plan to ensure the effective implementation of the overall strategy. At the same time, in conjunction with the formulation of the new strategic plan, it further enhanced strategic risk management mechanisms, explored and refined strategic risk limit indicators, guided subsidiaries in revising their respective strategic risk policies, and strengthened the role of the Group's integrated control and tiered/differentiated management mechanisms in strategic risk management. Regular reports on strategic risk assessment and

management status were submitted to the board and senior management.

3. Group specific risks

Group specific risks faced by the Company include risk contagion, risk of opaque organisational structures, concentration risk, and non-insurance risks.

(1) Risk contagion

Risk contagion means the risk of one member company spreading to other member companies of the Group through internal transactions or other means, thus causing unexpected losses to the Group or its member companies. The Company strictly controls related party transactions (RPT) with an effective management mechanism for risk quarantine to minimise risk contagion. Measures taken and their implementation status are as follows:

In terms of related party transaction management, as per relevant regulatory requirements, the Company has in place, and continuously improves long-term mechanisms for RPT management, strengthens internal control and risk management to curb intra-Group risk contagion resulting from RPTs, pushes forward the building of RPT management systems, minimises errors and enhances data-processing capacity of the entire RPT management process, in a bid to improve full-process, system-driven management. The Company formulated Regulations on Related Party Transactions and its Implementation Rules, established the board Audit and Related Party Transactions Control Committee, set up the cross-departmental Office of Related Party Transactions at management level, with clear definition of relevant management roles and responsibilities. In 2025, the Company continued to optimise risk limit indicators on major RPTs, further standardised RPT data filing and enhanced the overall management of related party transactions.

As for risk quarantine, in strict conformity with regulatory requirements, the Company put in place a risk quarantine system, formulated relevant rules and policies, specified requirements for "risk firewalls" in areas such as corporate management, financial management, fund management, business operation, information management, personnel management, as well as brand & publicity, information disclosure, related party transactions and guarantee management; identified risk contagion routes, established and implemented prudent risk quarantine management mechanisms and measures. During the reporting period, the Company continued to strengthen its risk quarantine management mechanisms, completed the revision of rules and policies on fund management, outsourcing and information management, conducted a self-review of risk quarantine in finance and guarantee business, and regularly

reported to the board and senior management on the status of risk quarantine management.

(2) Risk of opaque organizational structures

The risk of opaque organisational structures refers to the risk that an insurance group's shareholding structure, management structure, operational process, business types, etc. are excessively complex and opaque, which may cause losses to the Group. In strict compliance with regulatory requirements, the Company revised Regulations on Risk Management of Opaque Organisational Structures and Regulations on Equity Management, and regularly reported to the board and senior management on the status of risk management in such areas.

In 2025, to further strengthen accountability and improve integration of risk management and business operations, the Company launched a reporting module for risks related to complex/opaque organizational structures as part of its member company management system. In line with the principle of tiered and differentiated management, the Group headquarters and its subsidiaries at all levels are responsible for regularly reviewing, assessing and reporting on such risks across the organisation. The status of the Company's organisational structure risk for 2025 is as follows:

With regard to shareholding structure, as a publicly listed insurance holding group, CPIC maintains clear, transparent shareholding and management structures. There is no breach of limits on levels of shareholding or management hierarchy, nor is there any cross-shareholding or illegal subscription of capital instruments between its insurance member companies and other associated companies, or between insurance member companies.

In terms of organisational function, the Group and each of its subsidiaries have established compatible organisational structures based on their respective strategic planning and business development needs, with a management matrix both vertically along corporate functions and horizontally across business units. There is a clear organisational boundary between the Group and its subsidiaries, which helped to avoid either overlapping of or gaps in functions, or over-centralisation of authority and powers, and helped to build work mechanisms with clear definition of roles and responsibilities, good coordination and checks and balances.

(3) Concentration risk

Concentration risk refers to the risk of unexpected losses for an insurance group as a result of aggregation of individual risks or risk portfolios of member companies at the group level.

Regarding the organisational system for concentration risk management, the Company's Board of Directors assumes ultimate responsibility for risk management, including that of concentration risk, while its senior management bears the responsibility for implementation. The Company has established concentration risk management mechanisms led by risk management departments, with relevant functional departments working together based on their respective roles and responsibilities. Under such mechanisms, concentration risk management is carried out at the Group level while major member companies within the Group receive guidance on their respective concentration risk management efforts. Major member companies support the Group in concentration risk management, establish their own concentration risk management mechanisms and carry out related risk management activities.

In terms of risk management strategy and status of implementation, the Company has developed concentration risk management measures in accordance with relevant regulatory requirements. These measures specify that the concentration risk shall be identified, assessed, monitored and reported on a regular basis across dimensions such as counterparty, underlying industry of invested assets, customers, and business, in order to prevent concentration risk from having a material adverse impact on the Group's solvency or liquidity. CPIC has developed and annually updates its risk appetite framework, which includes limit indicators for concentration risk, subject to approval by the Board of Directors. It regularly reports to the board and senior management on concentration risk and its management status. Based on realities of its business operation and its risk profiles, the Company focuses on the concentration risk relating to investment counterparties and the credit risk and financial situation of its major counterparties.

In 2025, in accordance with Regulatory Guidelines on Concentration Risk Management for Insurance Groups, the Group and its major member companies revised or formulated their own concentration risk management policies. These efforts further strengthened the Company's concentration risk management framework, formalised relevant mechanisms, and stepped up the development of concentration risk measurement systems, ensuring that the Group's concentration risk management requirements are effectively communicated and implemented across its major member companies.

As for the status of concentration risk, during the reporting period, the overall concentration risk remained in the comfort zone. There was no breach of limits on any dimension; the credit-ratings of the Company's major counterparties remained stable, and there was no occurrence of concentration risk incidents which may pose a material threat to the solvency or liquidity of the Company.

(4) Non-insurance risk

The Company has formulated its medium- to long-term development strategy, which positions its non-insurance business segments as a means to optimise Group-wide resource allocation, boost intra-Group synergy and ultimately supports the development of the core insurance business. Accordingly, the non-insurance business activities and investments of the Company are focused on areas such as health care, elderly care and technology – sectors which aim to promote collaboration across industries, diversify the supply of insurance products and related services, explore new models of product and service integration, build competitive advantages in niche markets and ultimately improve its overall competitiveness.

In terms of investment by non-insurance member companies, CPIC has established an equity investment management system for non-insurance areas based on its equity holdings and corporate governance system. It has set up an investment decision-making committee, which, within the scope of authority delegated to president by the board, is responsible for organising, coordinating and overseeing the implementation of major investments within the Group, as well as making decisions on investments by the Group headquarters and other related important matters. The non-insurance investments are in compliance with both regulatory requirements and internal policies of the Group, and are aligned with the risk appetite and risk limits of the Company in non-insurance areas.

In risk management of its non-insurance business, the Company strictly complied with relevant regulatory requirements and revised the Regulations on the Management of Non-Insurance Subsidiaries and Rules on the Management of Non-Insurance Risks, and conducted ongoing business and risk monitoring. As of the end of 2025, it launched a reporting module for non-insurance risks as part of its member company management system, which enabled regular, on-line assessments of non-insurance risk exposures and their impact on solvency. It regularly reported to the board and senior management on the risk and management status in non-insurance areas. It also monitored the alignment of non-insurance business and the Group's overall strategic direction, with timely assessment and adjustments, if necessary, of the development strategies of its non-insurance business. The Company has also set up asset and liquidity quarantine mechanisms between its insurance and non-insurance member companies to ensure that investments in non-insurance member companies will not harm the interests of policyholders.

6

Internal control

The Company has always been committed to establishing and improving sound internal control systems as per regulatory requirements to help achieve sustainable, high-quality development and fulfil internal control objectives such as reasonable assurance of compliance and legality of its operation, safety of assets, truthfulness and completeness of financial reports and relevant information, improved business efficiency and performance, and successful execution of business strategies. The Board of Directors of the Company is responsible for establishing and improving internal control and its effective implementation, reviewing the organisational structure and important policies of internal control, reviewing the handling of major risk events, as well as regularly assessing the soundness, rationality and effectiveness of the Company's internal control. The internal control system can only provide reasonable, not absolute warrant against material misrepresentations or losses. The purpose of formulating an internal control system is to manage, not to eliminate, the risk of not being able to meet business objectives. The board Audit & Related Party Transactions Control Committee is responsible for oversight of the establishment and implementation of the Company's internal control system by the Board of Directors. The Management Committee is responsible for establishing and improving the organisational structure of the Company, improving the internal control system, as well as managing the daily operation of the internal control system as per decisions of the board. In 2025, the Company continued to optimise its internal control system by focusing on key projects and key tasks, promoted full integration of internal control into business management to ensure that the system is complete, fully controlled, and effectively implemented. It coordinated risk and internal control self-assessments across the Group and its subsidiaries, systematically optimised the self-assessment model, and in particular, integrated the self-assessment frameworks of operational risk and internal control. Through qualitative and quantitative analyses, it accurately identified inherent risks and the effectiveness of control measures. It continuously monitored developments in regulatory requirements, identified internal control gaps, reviewed internal control processes in a timely manner, and formulated, revised, and repealed relevant internal control policies as needed. It strengthened rectification of internal control deficiencies by analysing root causes and implementing remedial measures across multiple dimensions, including policies, processes and systems, and delivered continued improvement in internal control.

It enhanced the follow-up mechanism for deficiency remediation, regularly tracking remediation progress and strengthening the tiered and differentiated management of deficiencies. In response to new regulatory rules on operational risk, the Company optimised its operational risk governance framework to enhance precision management capabilities, advanced the development of its operational risk management system and the three key management tools. It established a key risk indicator library at the Group level, revised and refined its 2025 operational risk appetite, tolerance and limits, and built a rigorous, end-to-end management process for risk identification, assessment, monitoring, control/mitigation and reporting. Driven by technology, the Company developed a new-generation intelligent risk control system integrating new technologies such as big data analytics, AI large language models, and low-code development into internal control workflows and risk monitoring scenarios. It advanced the development of the four capability centres to maximise the empowerment of intelligent internal control.

In 2026, under the guidance of the 4th Plenum of the 20th CPC Central Committee, the Central Economic Work Conference and the 15th Five-Year Plan (2026-2030), we will strive for progress while maintaining stable performance, implement decisions of the Company's Party Committee and the Board of Directors, and adhere to the "look-through" approach for risk management while improving compliance at front-line business units via system control and coordinated efforts; we will strengthen our risk control system in an all-around way, leverage digital transformation to drive innovation in internal control models so that internal control can transition from a basic safeguard to a strategic value driver of the Company.

Pursuant to the Internal Audit Working Rules for Insurance Institutions (CIRC [2015] No. 113), Regulations on Internal Audit of the National Audit Office of China (CNAO [2018] No. 11), and its Articles of Association, the Company implements an internal audit system under the direct leadership of the Board of Directors and under the guidance and oversight of the board Audit and Related Party Transactions Control Committee. It adopts centralised management of internal audit (IA) and has set up an Internal Audit Centre at its headquarters with full-time personnel performing internal audit of the Group. Such personnel are also commissioned to conduct internal audit of the Group's subsidiaries. Therefore, subsidiaries no longer have needs for internal audit departments or positions. The Chairman of CPIC Group is in charge of internal audit of the Company; Chief Internal Auditor of the Group is also the Internal Audit Responsible Person of the Group, responsible for organising its internal audit work.

In 2025, under the leadership of CPIC's Party Committee and Board of Directors, and in accordance with the annual work plan approved by the board, the Group Internal Audit (IA) Center upheld its core mandate of managing risks and promoting development. Aligned with the

Company's development strategy, it focused on the Group's strategic priorities, regulatory high-priority areas and key operational management issues. It worked proactively to identify material compliance breaches, prevent major risks, and issue early warnings on potential significant cases. It adopted a batch-based, rotational audit model to improve resource allocation, and completed a full spectrum of IA projects with high quality and efficiency. To fulfil its advisory role, the Center conducted research projects in key areas and put forward a series of constructive and targeted recommendations, which were adopted and implemented by management. To drive innovation in digital and intelligent auditing, it developed a real-time audit monitoring platform, stepped up data system development and technological innovation, and leveraged digitalisation to support audit transformation. The Center vigorously promoted integrated risk control by collaborating with compliance, risk management and business units to revise and finalise unified, Group-wide standards for deficiency classification, providing the foundation for risk assessment and management improvement. It also strengthened communication and coordination with party disciplinary and inspection departments as well as human resources functions, sharing information to enhance rectification supervision and create synergy. The Center refined its departmental setup and continued to optimise its organisational structure. It promoted specialisation and professional development of IA departments to invigorate the organisation. It introduced an innovative, tiered talent development model, organising specialised training sessions, executive workshops, rotational assignments, and regular training programmes to steadily enhance the overall competence of the IA personnel; the Center remained committed to strengthening party building and work ethics at primary-level branch offices. It tightened discipline enforcement, further enhanced professional standards, and fostered an enabling work environment for internal audit, which continuously improved the professionalism and capability of the IA team.

In 2025, internal audit of the Company detected no systemic deficiencies or major risks in its business operation, which was corroborated by high regulatory ratings of both the Group and its main subsidiaries.

In accordance with the Basic Standards for Enterprise Internal Control and its supplementary guidelines as well as other applicable rules and regulations, the internal control system and evaluation methods of the Company, and on top of their daily as well as ad hoc internal control oversight, the internal audit departments of the Company led the assessment of the effectiveness of the Company's internal control as at 31 December 2025 (the baseline date for internal control assessment report). Based on findings of the assessment, as of the baseline date there were no major deficiencies in the Company's internal control for financial reporting. The board of directors believes that the Company maintained effective internal control for financial reporting in all major aspects as per requirements of the internal control system and relevant regulations. Based on findings of the assessment, as of the baseline date there were no major deficiencies in the Company's internal control for non-financial reporting. There were no factors which may affect these conclusions regarding the internal control effectiveness between the baseline date and the date of the issuance of the internal control assessment report.

The Company's external auditors also issued an audit report on the Company's internal control, which is of the opinion that as of 31 December 2025, the Company maintained effective internal control in all major aspects for financial reporting in compliance with the Basic Standards for Enterprise Internal Control and the supplementary guidelines as well as other applicable rules and regulations. For details, please refer to the 2025 Annual Internal Control Assessment Report and the 2025 Annual Internal Control Audit Report issued by the external auditor as disclosed on the website of the SSE (www.sse.com.cn).

7

Management and control of subsidiaries

In light of Group strategic objectives, the Company strengthened the strategic management and control of its subsidiaries. While maintaining the operational autonomy of its subsidiaries as independent legal entities, it continued to improve relevant policies and work mechanisms based on the strategic positioning and business realities of each subsidiary, and initially built a compatible, highly-efficient, tiered and differentiated management model. While ensuring effective Group-wide control, the Company increased management responsibility of its subsidiaries.

Based on the strategic positioning and responsibilities of CPIC Group and its subsidiaries, each subsidiary conducts business under the guidelines of “optimising Group-level resource allocation, creating synergy and promoting the development of the core insurance business”. The Company pursued coordinated development within the Group. Based on the priorities and paths of Group strategic control, it intensified effort to cascade Group strategies down the organisation, and defined business strategies and key tasks of each subsidiary with follow-ups on a regular basis; leveraged the Group KPI system to ensure the fulfilment of the Group’s overall strategic goals as well as business targets of its subsidiaries. In compliance with regulatory solvency requirements for insurance groups/insurance companies, the Group continued to maintain de facto control of its key business segments and major decisions of key subsidiaries, further enhanced equity management and continuously improved the integrated risk management system to boost risk management capabilities.

8

Changes to Articles of Association

In accordance with applicable laws and regulations, such as the Company Law and the Guidelines for Articles of Association of Listed Companies, and in view of its own realities, the Company amended its Articles of Association, Rules of Procedures for Shareholders’ Meeting and Rules of Procedures for Board Meetings. On 30 July 2025, the Resolution of China Pacific Insurance (Group) Co., Ltd. on Dissolution of the Board of Supervisors, the Resolution on the Amendment of the Articles of Association of China Pacific Insurance (Group) Co., Ltd., the Resolution on the Amendment of the Rules of Procedures for Shareholders’ Meetings of China Pacific Insurance (Group) Co., Ltd., and the Resolution on the Amendment of the Rules of Procedures for Board Meetings of China Pacific Insurance (Group) Co., Ltd. were considered and approved at the 15th session of the 10th Board of Directors. On 29 August 2025, the Company convened its first extraordinary general meeting of shareholders in 2025, at which the aforementioned amendments were reviewed and approved. In December 2025, the NFRA approved the amended Articles of Association.

9

Corporate culture

We are committed to fostering an enabling, consistent corporate culture that supports China's national development strategies and priorities, puts people first and facilitates their pursuit of a better life. We are fully aware that corporate culture is the "soul" of a company, a sustained driver of development and a bond of unity and cohesion. We have put in place a complete system of corporate culture along multiple dimensions such as mission, vision and core values. Our mission is to become "a responsible insurance company", with the goal of "building CPIC into a top-notch insurance and financial group with market leadership and international competitiveness"; our core values can be summarised as "Integrity, Prudence, Pursuit of Excellence, Innovation & Win-win Outcome", with a branding slogan of "Contribute a drop of water every day, and receive an ocean of help in times of need". We make sustained efforts in advocacy of corporate culture, with on-the-ground practice by all employees. That helps with our strategic transformation and empowers our sustainable, high-quality development.

We put statements into practice and integrated corporate culture into our day-to-day business operation. For details, please refer to chapters of "Chairman's statement" and "Business overview".

Environmental and social responsibility

1

Hiring policy

The Company strictly complies with the Labour Law of the People's Republic of China, the Labour Contracts Law of the People's Republic of China and other relevant laws and regulations on labour security. It enters into, performs, amends, terminates or brings to expiry labour contracts in accordance with the law. It adheres to the principles of fairness and inclusion in employment, strictly implements the Employee Code of Conduct, resolutely prohibits child labour and forced labour, conducts anti-discrimination training, and eliminates workplace discrimination or harassment arising from race, ethnicity, religious beliefs, regions, gender, disability, nationality, age or other factors. The Company complies with the Law of the People's Republic of China on the Protection of Women's Rights and Interests, the Special Provisions on Labour Protection of Female Employees and other laws and regulations, upholds equal pay for male and female employees, and renews the Group's Collective Contract and Special Collective Contract on the Protection of Female Employees, ensuring strict implementation of maternity leave, breastfeeding leave, antenatal check-up leave and parental leave.

Based on its business development needs and the realities of China's labour market, the Company creates diversified and flexible job positions, providing suitable employment options for different communities. Dispatched workers and regular employees at the same level enjoy the same standards in terms of compensation, social insurance and various benefits, and have equal access to trade union services, holiday benefits, support & assistance, internal training resources, and equal career development opportunities, thereby fully protecting the rights and interests of flexibly employed workers. In addition, the Company provides equal employment opportunities and better communication platforms for employees with disabilities and veterans.

2

Supply-chain management

The Company continued to optimise its supplier management system, adhering to policies such as the Regulations on Suppliers Management and the Interim Rules on ESG Management of Supply Chains, and strengthened ESG risk management for suppliers. It identified and analysed ESG risks across four key areas – environmental protection, health and safety, employee rights, and business ethics – specified responsibilities, and conducted oversight through on-site inspections, questionnaires, public reviews and other means. Meanwhile, it steadily advanced digitalised management, striving to build an integrated supplier management system encompassing supplier access, evaluation and services.

Supplier Access. Prior to contract signing, the Company communicates relevant policies to suppliers such as the Anti-Commercial Bribery Agreement and requires them to sign the Supplier Statement, committing to comply with the Company's business ethics standards. Technology outsourcing suppliers are also required to sign the Supplier Survey Form and relevant specific agreements, ensuring strict compliance management in areas such as anti-bribery, anti-corruption and anti-false advertising. In 2025, there were no overdue payments owed to small and medium-sized enterprises.

Supplier Evaluation. The Company fully integrates ESG management into its annual supplier evaluation system. It established an ongoing reward and exit mechanism based on the assessment results. Suppliers are rated into four tiers – A, B, C and D – with Tier C suppliers placed on an observation list and Tier D suppliers included on a blacklist. Suppliers with negative media publicity are subject to a range of measures depending on circumstances including warnings, rating downgrades, or termination of cooperation.

In 2025, the Company conducted a third-party due diligence on key suppliers, and removed from its supplier base those that failed to meet the prescribed requirements. It also checked for related-party relations between employees and key suppliers to ensure compliance with avoidance requirements, as part of the effort to identify and control potential conflicts of interest.

Green Procurement. The Company gives priority to the procurement and use of green and low-carbon products, equipment and facilities, and adopts preferential policies for high-quality suppliers offering green and low-carbon solutions. It strives to increase the share of energy-efficient and environmentally friendly products in its procurement. The Company conducts rigorous reviews of suppliers' ISO 14001 environmental management system certification and product energy consumption ratings, and seeks to incorporate the full life-cycle cost of products into the decision-making mechanisms.

3

Environmental protection

The Company has set and announced a carbon emissions reduction target of "reducing its total operational carbon emissions by 20% by 2028 compared with 2023 levels". It follows the Carbon Inventory Management Rules for Operations, unifies carbon emissions accounting standards, strengthens oversight of carbon inventory, and organises specialised training and data verification.

Tan Pu Hui (Carbon Inclusive) Platform. The platform incentivise users to adopt low-carbon lifestyles and engage in initiatives supporting China's carbon peaking and carbon neutrality objectives. In 2025, the platform made its debut at major exhibitions such as the Shanghai Carbon Neutrality Expo, CIFTIS, the China International Fair for Investment and Trade, and the China International Import Expo, attracting approximately 50,000 new users. It also linked with Shanghai's "Sui Shen Ban" government service platform and carried out brand collaboration with well-known automakers, continuously enhancing its government-business partnerships and market influence. By the end of 2025, the platform had been rolled out in 40 branch offices across more than 300 cities, with a user base exceeding 650,000, fully demonstrating the Company's innovative practices and strong commitment to ESG and inclusive green development.

Green Office. The Company strictly complied with relevant laws and regulations such as the Environmental Protection Law of the People's Republic of China, the Energy Conservation Law of the People's Republic of China, and followed policies such as the Guidelines on Green Operation of Self-Use Headquarters Properties of CPIC Group. It integrated low-carbon operations into daily management, established key performance indicators, and stayed committed to reducing resource consumption and carbon emissions, in a bid to create a low-carbon and efficient office environment.

Green Campus Development. Committed to green, low-carbon and healthy buildings, the Company made vigorous effort to advance the development of green campuses. The 929 Low-Carbon Operation Demonstration Campus has reduced energy consumption through energy-saving retrofits; in 2025, green electricity generated on-site reached 153,700 kWh. All self-built CPIC Homes projects were developed in accordance with the three-star standard for green buildings, with several facilities having obtained three-star green building pre-certification and WELL Health-Safety Rating Gold (including interim) certification. In 2025, the CPIC Towers in Beijing, Chengdu and Guangzhou each achieved LEED Platinum certification.

The Company is not in a high-pollution industry and its main business activities do not have any material negative impact on the ecological environment or natural resources. In 2025, the Company strictly complied with environmental regulations and incurred no penalties due to environmental violations, nor did it receive any complaints about environmental issues.

For details of the Company's fulfillment of social responsibilities, please refer to 2025 Sustainability Report of the Company published on the website of the SSE (www.sse.com.cn), SEHK (www.hkexnews.hk) and LSE (www.londonstockexchange.com).



Other information

Other Information

Documents available for inspection

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Documents available for inspection

1

Original copy of the signed auditor's report from the accounting firm and the audited consolidated financial statements

2

Original copies of all publicly disclosed announcements and documents of the Company during the reporting period

3

Annual reports disclosed in other security markets



Financial
report

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Auditor's report

Ernst & Young Hua Ming (2026) Shen Zi No. 70015004_B01
China Pacific Insurance (Group) Co., Ltd.

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

(I) Opinion

We have audited the accompanying financial statements of China Pacific Insurance (Group) Co., Ltd. (hereinafter "CPIC"), which comprise the consolidated and company balance sheets as at 31 December 2025, the consolidated and company income statements, the consolidated and company statements of changes in equity and the consolidated and company cash flow statements for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company's financial position of CPIC as at 31 December 2025, and the consolidated and company's financial performance and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises ("CASs").

(II) Basis for opinion

We conducted our audit in accordance with China Standards on Auditing ("CSAs"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of CPIC in accordance with China Independence Standard No. 1 – Independence Requirements for Financial Statement Audit and Review Engagements and China Code of Ethics for Certified Public Accountants (the "Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

(III) Key audit matters

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

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

Key audit matter	How our audit addressed the key audit matter
<p>Valuation of insurance contract liabilities</p> <p>As at 31 December 2025, the carrying amount of CPIC's insurance contract liabilities was RMB 2,466.6 billion, representing 88% of the total liabilities. We identified the valuation of insurance contract liabilities as a key audit matter, as it requires significant estimations and judgements.</p> <p>The valuation of insurance contract liabilities involves significant judgements and estimates over the level of aggregation of insurance contracts, the appropriateness of the measurement approach, the determination of coverage units and the uncertain future cash flows.</p> <p>The valuation of insurance contract liabilities also involves the application of complex actuarial models, and a high degree of judgement and estimation is used by management in determining assumptions as well. Key assumptions used in measuring insurance contract liabilities include mortality, morbidity, surrender rates, discount rates, expenses assumptions, loss ratios, policy dividends assumptions and risk adjustment for non-financial risk, etc.</p> <p>Relevant disclosures are included in Note III 20, Note III 30, Note VI 24 and Note XII 1 of the financial statements.</p>	<p>With the support of our internal experts, we performed relevant audit procedures, which mainly included the following:</p> <ul style="list-style-type: none"> ● Reviewed CPIC's accounting policies in relation to the valuation of insurance contract liabilities, including tests of significant insurance risk, the level of aggregation, recognition and valuation of insurance contracts, etc. ● Understood, evaluated and tested the management's design and operating effectiveness of relevant internal controls over the valuation of insurance contract liabilities, including the internal controls over determination and approval of key assumptions, data collection and analysis, the IT systems, IT general controls, data transmission between systems and computation, etc. in relation to the valuation of insurance contract liabilities. ● Tested the completeness and accuracy of the underlying data used in the valuation of insurance contract liabilities. ● Evaluated key assumptions used in the valuation of insurance contract liabilities by comparison with CPIC's historical data and applicable industry experiences and considering the reasonableness of the relevant management's judgements. ● Assessed the appropriateness of the valuation approaches of insurance contract liabilities, reviewed by performing procedures such as independent recalculation of insurance contract liabilities of selected major typical insurance products or groups of insurance contracts. ● Evaluated the overall reasonableness of the insurance contract liabilities by analysing the movements of insurance contract liabilities during the reporting period and assessing the impact of key changes.
<p>Valuation of level 3 investments measured at fair value</p> <p>As at 31 December 2025, the carrying amount of CPIC's level 3 investments measured at fair value was RMB 494.4 billion, representing 16% of the total assets.</p> <p>We identified the valuation of level 3 investments measured at fair value as a key audit matter, as they were measured based on valuation models and inputs and assumptions that are not directly observable. The valuation involved significant management judgement and the inherent risk in relation to the valuation of level 3 investments measured at fair value was considered significant.</p> <p>Relevant disclosures are included in Note III 28, Note III 30 and Note XV to the financial statements.</p>	<p>We performed relevant audit procedures which mainly included the following:</p> <ul style="list-style-type: none"> ● Understood, evaluated and tested the key controls over the investment valuation process including management's determination and approval of assumptions and methodologies used in model-based calculations, controls over data integrity and choice for internally operated valuation models and management's review of valuation inputs provided by data vendors. ● The audit procedures related to the measurement of level 3 investments measured at fair value: <ul style="list-style-type: none"> – Assessed valuation model methodologies against industry practice and valuation guidelines; – Compared assumptions used against appropriate public third party pricing sources such as public stocks price and bond yields; – Performed independent check of the valuation results of selected illiquid investments by using inputs from external sources that were not directly observable.

(IV) Other information

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

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

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

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

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

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

In preparing the financial statements, the management is responsible for assessing CPIC's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate CPIC or to cease operations or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are generally considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

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

Ernst & Young Hua Ming LLP

Chinese Certified Public Accountant:
(Engagement partner)

Guo Hangxiang

Chinese Certified Public Accountant:

Mo Aiqi

Beijing,
The People's Republic of China

26 March 2026

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2025

(All amounts expressed in RMB million unless otherwise specified)

ASSETS	Note VI	31 December 2025	31 December 2024
Cash at bank and on hand	1	62,789	29,357
Derivative financial assets	2	5	26
Securities purchased under agreements to resell	3	24,512	10,905
Term deposits	4	187,310	173,818
Financial investments:		2,715,708	2,482,029
Financial assets at fair value through profit or loss	5	714,868	667,199
Financial assets at amortised cost	6	52,601	64,844
Debt investments at fair value through other comprehensive income	7	1,772,078	1,607,972
Equity investments at fair value through other comprehensive income	8	176,161	142,014
Insurance contract assets	24	–	22
Reinsurance contract assets	25	47,746	46,081
Long-term equity investments	9	14,616	22,520
Restricted statutory deposits	10	6,900	6,851
Investment properties	11	28,147	8,951
Fixed assets	12	25,859	20,255
Construction in progress	13	1,086	2,489
Right-of-use assets	14	1,776	2,921
Intangible assets	15	7,257	7,347
Goodwill	16	1,357	1,357
Deferred income tax assets	17	3,643	3,464
Other assets	18	16,056	16,514
TOTAL ASSETS		3,144,767	2,834,907

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

CONSOLIDATED BALANCE SHEET (continued)

AS AT 31 DECEMBER 2025

(All amounts expressed in RMB million unless otherwise specified)

LIABILITIES AND EQUITY	Note VI	31 December 2025	31 December 2024
Derivative financial liabilities	2	2,372	96
Securities sold under agreements to repurchase	20	218,930	181,695
Premium received in advance		20,237	18,044
Employee benefits payable	21	11,116	10,169
Taxes payable	22	3,722	2,480
Bonds payable	23	22,678	10,286
Insurance contract liabilities	24	2,466,607	2,229,514
Commission and brokerage payable		5,835	5,942
Insurance premium reserves		201	129
Lease liabilities		1,571	2,722
Deferred income tax liabilities	17	4,517	7,362
Long-term borrowings		154	–
Other liabilities	26	52,603	47,987
Total liabilities		2,810,543	2,516,426
Issued capital	27	9,620	9,620
Capital reserves	28	79,932	79,948
Other comprehensive income/(loss)	48	(17,390)	14,917
Surplus reserves	29	5,114	5,114
General reserves	30	35,420	29,928
Retained profits	31	189,447	151,890
Equity attributable to shareholders of the parent		302,143	291,417
Non-controlling interests	32	32,081	27,064
Total equity		334,224	318,481
TOTAL LIABILITIES AND EQUITY		3,144,767	2,834,907

The financial statements are signed by the persons below:

FU Fan
Legal representative

SU Gang
Principal in charge of accounting

XU Zhen
Head of accounting department

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

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts expressed in RMB million unless otherwise specified)

	Note VI	2025	2024
Operating income		435,156	404,089
Insurance revenue	33	288,910	279,473
Interest income	34	58,832	55,991
Investment income	35	52,657	26,907
Including: Share of profits/(losses) of associates and joint ventures		94	(540)
Gains on derecognition of financial assets measured at amortised cost		3	27
Other income		194	257
Gains arising from changes in fair value	36	29,932	37,713
Exchange losses		(238)	(64)
Other operating income	37	4,779	3,810
Gains on disposal of assets	38	90	2
Operating expenses		(368,982)	(348,378)
Insurance service expenses		(252,043)	(243,147)
Allocation of reinsurance premiums		(15,425)	(15,891)
Less: Recoveries of insurance service expenses from reinsurers		14,192	14,466
Insurance finance expenses for insurance contracts issued	39	(101,835)	(92,520)
Less: Reinsurance finance income for reinsurance contracts held	39	881	2,103
Changes in insurance premium reserves		(78)	116
Interest expenses	40	(4,164)	(2,728)
Commission and brokerage expenses		(21)	(56)
Taxes and surcharges	41	(568)	(439)
Operating and administrative expenses	42	(7,018)	(8,239)
Impairment losses on financial assets	43	(1,155)	(531)
Impairment losses on other assets		(28)	(406)
Other operating expenses	44	(1,720)	(1,106)
Operating profit		66,174	55,711
Add: Non-operating income	45	193	86
Less: Non-operating expenses	46	(299)	(234)
Profit before tax		66,068	55,563
Less: Income tax	47	(10,669)	(9,122)
Net profit		55,399	46,441
Classified by continuity of operations:			
Net profit from continuing operations		55,399	46,441
Net profit from discontinued operations		–	–
Classified by ownership of the equity:			
Attributable to shareholders of the parent		53,505	44,960
Non-controlling interests		1,894	1,481

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

CONSOLIDATED INCOME STATEMENT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts expressed in RMB million unless otherwise specified)

	Note VI	2025	2024
Other comprehensive income/(loss)	48		
Other comprehensive income/(loss) that will not be reclassified to profit or loss:		6,767	4,775
Changes in the fair value of equity investments at fair value through other comprehensive income		7,125	6,035
Insurance finance income/(expenses) for insurance contracts issued that will not be reclassified to profit or loss		(358)	(1,260)
Other comprehensive income/(loss) that will be reclassified to profit or loss:		(39,677)	2,025
Share of other comprehensive income/(loss) that will be reclassified to profit or loss of investees accounted for using the equity method		(22)	3
Changes in the fair value of debt instruments at fair value through other comprehensive income		(57,621)	105,022
Changes in provisions for credit risks of debt instruments at fair value through other comprehensive income		(98)	220
Exchange differences on translation of foreign operations		(46)	23
Insurance finance income/(expenses) for insurance contracts issued that will be reclassified to profit or loss		18,065	(103,211)
Insurance finance income/(expenses) for reinsurance contracts held that will be reclassified to profit or loss		45	(32)
Other comprehensive income/(loss)		(32,910)	6,800
Total comprehensive income		22,489	53,241
Attributable to shareholders of the parent		21,132	51,646
Attributable to non-controlling interests		1,357	1,595
Earnings per share	49		
Basic earnings per share (RMB per share)		5.56	4.67
Diluted earnings per share (RMB per share)		5.54	4.67

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts expressed in RMB million unless otherwise specified)

	2025								
	Attributable to shareholders of the parent							Non-controlling interests	Total equity
	Issued capital	Capital reserves	Other comprehensive income/(loss)	Surplus reserves	General reserves	Retained profits	Sub-total		
Balance at the beginning of year	9,620	79,948	14,917	5,114	29,928	151,890	291,417	27,064	318,481
Movements in the current year	-	(16)	(32,307)	-	5,492	37,557	10,726	5,017	15,743
Net profit	-	-	-	-	-	53,505	53,505	1,894	55,399
Other comprehensive income/(loss) (Note VI 48)	-	-	(32,373)	-	-	-	(32,373)	(537)	(32,910)
Total comprehensive income	-	-	(32,373)	-	-	53,505	21,132	1,357	22,489
Acquisition of subsidiaries	-	-	-	-	-	-	-	4,670	4,670
Other equity changes caused by equity method accounting	-	(16)	-	-	-	-	(16)	-	(16)
Profit distribution	-	-	-	-	5,492	(15,882)	(10,390)	(1,010)	(11,400)
Appropriations to general reserves	-	-	-	-	5,492	(5,492)	-	-	-
Profit distribution to shareholders	-	-	-	-	-	(10,390)	(10,390)	(400)	(10,790)
Profit distribution to other equity instrument holders	-	-	-	-	-	-	-	(610)	(610)
Transfer of other comprehensive income/(loss) to retained profits	-	-	66	-	-	(66)	-	-	-
Balance at the end of year	9,620	79,932	(17,390)	5,114	35,420	189,447	302,143	32,081	334,224

As at 31 December 2025, the balance of retained profits of the Group included RMB 1,156 million of the surplus reserves appropriated by the subsidiaries during the year and attributable to the parent.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts expressed in RMB million unless otherwise specified)

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

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

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

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts expressed in RMB million unless otherwise specified)

	Note VI	2025	2024
Cash flows from operating activities			
Cash received from premium of insurance contracts issued		524,709	482,537
Net decrease in policy loans		1,519	521
Refund of taxes and surcharges		234	107
Cash received relating to other operating activities		6,449	7,799
Sub-total of cash inflows		532,911	490,964
Cash paid for claims under insurance contracts issued		(196,475)	(189,571)
Net cash paid under reinsurance contracts issued		(2,888)	(1,965)
Net cash paid under reinsurance contracts held		(2,844)	(5,353)
Cash paid for commission and brokerage expenses		(32,441)	(34,715)
Cash paid to and on behalf of employees		(26,244)	(26,393)
Payments of taxes and surcharges		(10,525)	(10,226)
Cash paid relating to other operating activities	50	(65,971)	(68,337)
Sub-total of cash outflows		(337,388)	(336,560)
Net cash flows from operating activities	52	195,523	154,404
Cash flows from investing activities			
Cash received from disposal of investments		661,984	728,928
Cash received from returns on investments and interest income		73,938	66,702
Net cash received from disposal of subsidiaries and other business entities		312	168
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		133	36
Cash received relating to other investing activities		116	–
Sub-total of cash inflows		736,483	795,834
Cash paid to acquire investments		(913,408)	(1,001,338)
Net cash paid to acquire subsidiaries and other business entities		(1,460)	(241)
Cash paid to acquire fixed assets, intangible assets and other long-term assets		(4,284)	(3,878)
Cash paid relating to other investing activities		(1,718)	(277)
Sub-total of cash outflows		(920,870)	(1,005,734)
Net cash flows used in investing activities		(184,387)	(209,900)

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

CONSOLIDATED CASH FLOW STATEMENT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts expressed in RMB million unless otherwise specified)

	Note VI	2025	2024
Cash flows from financing activities			
Cash received from capital contributions		–	8,000
Cash received from bonds issued		14,242	–
Increase in securities sold under agreements to repurchase, net		37,282	64,572
Cash received relating to other financing activities	50	20,221	16,058
Sub-total of cash inflows		71,745	88,630
Cash repayments of borrowings			
Cash repayments of borrowings		(16,026)	(8,260)
Cash payments for distribution of dividends, profits or interest expenses		(15,277)	(13,014)
Cash paid relating to other financing activities	50	(3,751)	(6,020)
Sub-total of cash outflows		(35,054)	(27,294)
Net cash flows from financing activities		36,691	61,336
Effects of exchange rate changes on cash and cash equivalents		(494)	93
Net increase in cash and cash equivalents	52	47,333	5,933
Add: Cash and cash equivalents at the beginning of year	51,52	39,673	33,740
Cash and cash equivalents at the end of year	51,52	87,006	39,673

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

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2025

(All amounts expressed in RMB million unless otherwise specified)

ASSETS	Note VIII	31 December 2025	31 December 2024
Cash at bank and on hand	1	18,339	5,163
Securities purchased under agreements to resell	2	306	–
Term deposits	3	10,132	6,997
Financial investments:		56,139	57,394
Financial assets at fair value through profit or loss	4	26,311	22,725
Financial assets at amortised cost	5	6,327	8,301
Debt investments at fair value through other comprehensive income	6	18,785	21,729
Equity investments at fair value through other comprehensive income	7	4,716	4,639
Long-term equity investments	8	70,464	70,213
Investment properties	9	1,958	2,131
Fixed assets		1,787	1,840
Construction in progress		3	3
Right-of-use assets		226	288
Intangible assets		274	267
Other assets	10	494	561
Total assets		160,122	144,857
LIABILITIES AND EQUITY			
Derivative financial liabilities	11	2,306	–
Securities sold under agreements to repurchase	12	700	910
Employee benefits payable		236	244
Taxes payable		13	13
Bonds payable		12,391	–
Lease liabilities		260	329
Deferred income tax liabilities		464	475
Other liabilities	13	632	780
Total liabilities		17,002	2,751
Issued capital		9,620	9,620
Capital reserves	14	79,312	79,312
Other comprehensive income/(loss)	16	1,110	1,260
Surplus reserves		4,810	4,810
Retained profits		48,268	47,104
Total equity		143,120	142,106
TOTAL LIABILITIES AND EQUITY		160,122	144,857

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

COMPANY INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts expressed in RMB million unless otherwise specified)

	Note VIII	2025	2024
Operating income		13,800	13,087
Interest income		1,416	1,665
Investment income	15	11,608	9,909
Including: Share of profits of associates and joint ventures		23	5
Other income		2	8
Gains arising from changes in fair value		255	818
Exchange (losses)/gains		(119)	28
Other operating income		638	659
Operating expenses		(2,037)	(1,905)
Interest expenses		(118)	(33)
Taxes and surcharges		(73)	(76)
Operating and administrative expenses		(1,560)	(1,563)
Impairment losses on financial assets		(48)	(25)
Other operating expenses		(238)	(208)
Operating profit		11,763	11,182
Add: Non-operating income		26	17
Less: Non-operating expenses		(48)	(49)
Profit before tax		11,741	11,150
Less: Income tax		(204)	(333)
Net profit		11,537	10,817
Classified by continuity of operations:			
Net profit from continuing operations		11,537	10,817
Net profit from discontinued operations		–	–
Other comprehensive income/(loss)	16		
Other comprehensive income/(loss) that will not be reclassified to profit or loss:		253	223
Changes in the fair value of equity investments at fair value through other comprehensive income		253	223
Other comprehensive income/(loss) that will be reclassified to profit or loss:		(386)	600
Share of other comprehensive income/(loss) that will be reclassified to profit or loss of investees accounted for using the equity method		(5)	2
Changes in the fair value of debt instruments at fair value through other comprehensive income		(380)	601
Changes in provisions for credit risks of debt instruments at fair value through other comprehensive income		(1)	(3)
Other comprehensive income/(loss)		(133)	823
Total comprehensive income		11,404	11,640

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

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts expressed in RMB million unless otherwise specified)

	2025					
	Issued capital	Capital reserves	Other comprehensive income/(loss)	Surplus reserves	Retained profits	Total equity
Balance at the beginning of year	9,620	79,312	1,260	4,810	47,104	142,106
Movements in the current year	–	–	(150)	–	1,164	1,014
Net profit	–	–	–	–	11,537	11,537
Other comprehensive income/(loss) (Note VIII 16)	–	–	(133)	–	–	(133)
Total comprehensive income	–	–	(133)	–	11,537	11,404
Profit distribution	–	–	–	–	(10,390)	(10,390)
Profit distribution to shareholders	–	–	–	–	(10,390)	(10,390)
Transfer of other comprehensive income/(loss) to retained profits	–	–	(17)	–	17	–
Balance at the end of year	9,620	79,312	1,110	4,810	48,268	143,120

	2024					
	Issued capital	Capital reserves	Other comprehensive income/(loss)	Surplus reserves	Retained profits	Total equity
Balance at the beginning of year	9,620	79,312	423	4,810	46,114	140,279
Movements in the current year	–	–	837	–	990	1,827
Net profit	–	–	–	–	10,817	10,817
Other comprehensive income/(loss) (Note VIII 16)	–	–	823	–	–	823
Total comprehensive income	–	–	823	–	10,817	11,640
Profit distribution	–	–	–	–	(9,813)	(9,813)
Profit distribution to shareholders	–	–	–	–	(9,813)	(9,813)
Transfer of other comprehensive income/(loss) to retained profits	–	–	14	–	(14)	–
Balance at the end of year	9,620	79,312	1,260	4,810	47,104	142,106

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

COMPANY CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts expressed in RMB million unless otherwise specified)

	Note VIII	2025	2024
Cash flows from operating activities			
Refund of taxes and surcharges		195	–
Cash received relating to other operating activities		940	795
Sub-total of cash inflows		1,135	795
Cash paid to and on behalf of employees		(688)	(666)
Payments of taxes and surcharges		(483)	(391)
Cash paid relating to other operating activities		(757)	(821)
Sub-total of cash outflows		(1,928)	(1,878)
Net cash flows used in operating activities	17	(793)	(1,083)
Cash flows from investing activities			
Cash received from disposal of investments		15,355	17,964
Cash received from returns on investments and interest income		12,789	11,490
Net cash received from disposal of subsidiaries and other business entities		391	–
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		1	1
Sub-total of cash inflows		28,536	29,455
Cash paid to acquire investments		(17,016)	(18,267)
Cash paid to acquire fixed assets, intangible assets and other long-term assets		(318)	(297)
Sub-total of cash outflows		(17,334)	(18,564)
Net cash flows from investing activities		11,202	10,891
Cash flows from financing activities			
Cash received from bonds issued		14,242	–
Sub-total of cash inflows		14,242	–
Cash payments for distribution of dividends, profits or interest expenses		(10,405)	(9,834)
Decrease in securities sold under agreements to repurchase, net		(210)	(1,115)
Cash paid relating to other financing activities		(119)	(48)
Sub-total of cash outflows		(10,734)	(10,997)
Net cash flows from/(used in) financing activities		3,508	(10,997)
Effects of exchange rate changes on cash and cash equivalents		(435)	66
Net increase/(decrease) in cash and cash equivalents	17	13,482	(1,123)
Add: Cash and cash equivalents at the beginning of year	17	5,163	6,286
Cash and cash equivalents at the end of year	17	18,645	5,163

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts expressed in RMB million unless otherwise specified)

I. GENERAL INFORMATION

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

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

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

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

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

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

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

II. BASIS OF PREPARATION

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

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

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements are in compliance with the Accounting Standards for Business Enterprises, and truly and completely present the financial position of the Group and the Company as of 31 December 2025, and their financial performance, cash flows and other information for the year then ended.

Financial information in the financial statements of the Company and the Group for the year ended 31 December 2025 are prepared in accordance with the following significant accounting policies and accounting estimates as determined under the Accounting Standards for Business Enterprises.

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

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

1. Accounting year

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

2. Reporting currency

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

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

3. Basis of accounting and measurement bases

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

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

4. Determination and selection of materiality

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

5. Business combinations

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

Business combinations involving enterprises under common control

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

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

5. Business combinations (continued)

Business combinations involving enterprises under common control (continued)

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

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

Business combinations involving enterprises not under common control

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

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

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

- (1) For the purpose of the separate financial statements, the initial investment cost is the sum of the carrying amount of the equity investment in the acquiree before the acquisition date and the additional investment cost incurred on the acquisition date; where the equity interest in the acquiree before the acquisition date involves other comprehensive income components, the relevant other comprehensive income components shall be transferred to investment income for the current period upon disposal of such investment;
- (2) For the purpose of the consolidated financial statements, the equity interest in the acquiree held before the date of acquisition should be remeasured at fair value at the acquisition date, with the difference between the fair value and its carrying amount included in the investment income for the current period. Where the equity interest in the acquiree before the acquisition date involves other comprehensive income components, the relevant other comprehensive income components shall be recycled to current investment income arising on the acquisition date.

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

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

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

5. Business combinations (continued)

Business combinations involving enterprises not under common control (continued)

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

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

6. Consolidated financial statements

The scope of consolidated financial statements is determined based on control and the consolidated financial statements comprise the financial statements of the Company and its subsidiaries for the year ended 31 December 2025. A subsidiary is an entity (including structured entities) over which the Company has control. Structured entities are entities where voting rights or other similar rights are not used as factors to determine the controlling party, such as when voting rights only relate to administrative tasks while related operation activities are arranged according to contractual agreements.

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

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

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

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

6. Consolidated financial statements (continued)

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

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

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

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

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

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

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

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

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

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

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

6. Consolidated financial statements (continued)

- (1) In the separate financial statements, the remaining equity is recognised as long-term equity investments or other related financial assets at the carrying amount; if, after partial disposal of equity investment, the remaining equity interest enables the Group to exercise joint control or significant influence over the original subsidiary, the equity investment is accounted for using the equity method in accordance with the relevant requirements for change of the accounting method from the cost method;
- (2) In the consolidated financial statements, the remaining equity is remeasured at the fair value at the date when the control is lost; the difference between the sum of the consideration obtained from the disposal of equity and the fair value of the remaining equity and the portion of net assets calculated continuously from the acquisition date of the original subsidiaries based on the original shareholding proportion is recognised as investment income for the current period in which the control is lost; and other comprehensive income related to the original subsidiaries' equity investment is transferred into investment income for the period in which the control is lost.

7. Cash equivalents

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

8. Foreign currency transactions

Foreign currency transactions are converted into the reporting currency.

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

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

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

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

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

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

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

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

10. Long-term equity investments

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

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

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

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

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

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

Long-term equity investments are accounted under the equity method as the investee over which the Group has joint control or significant influence. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. In determining whether to exercise joint control or significant influence over the investee, based on the voting shares of the investee held directly or indirectly by the Group, the Group takes into account of the impact of assuming that conversion of the current executable potential voting rights held by the Group and other parties to equity in the investee.

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

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

10. Long-term equity investments (continued)

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

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

11. Investment properties

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

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

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

Category	Useful lives	Estimated net residual values	Annual depreciation rates
Buildings	18-50 years	0%-5%	1.90% to 5.56%

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

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

12. Fixed assets

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

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

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

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

12. Fixed assets (continued)

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

Category	Useful lives	Estimated net residual values	Annual depreciation rates
Buildings	24-67 years	0%-3%	1.45% to 4.17%
Transportation equipment	4-8 years	0%-10%	11.25% to 25.00%
Other equipment	3-10 years	0%-10%	9.00% to 33.33%

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

13. Construction in progress

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

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

14. Intangible assets

Intangible assets of the Group are initially measured at cost.

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

The useful lives of major intangible assets are as follows:

Category	Useful lives
Land use rights	20-50 years
Software use rights	1-10 years
License	Uncertain

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

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

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

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

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

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

15. Long-term deferred expenses

Long-term deferred expenses include leasehold improvements and other costs that have been incurred but should be allocated to the current and future periods, with an amortisation period exceeding one year. Long-term deferred expenses are amortised on a straight-line basis over their expected beneficial periods.

16. Debt assets

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

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

17. Financial instruments

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

Recognition and derecognition of financial instruments

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

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

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

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

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

Classification and measurement of financial assets

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

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

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

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

17. Financial instruments (continued)

Classification and measurement of financial assets (continued)

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

Debt investments measured at amortised cost

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

Debt investments at fair value through other comprehensive income

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

Equity investments at fair value through other comprehensive income

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

Financial assets at fair value through profit or loss

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

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

Classification and measurement of financial liabilities

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

Financial liabilities at fair value through profit or loss

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

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

17. Financial instruments (continued)

Classification and measurement of financial liabilities (continued)

Financial liabilities measured at amortised cost

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

Impairment of financial assets

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

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

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

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

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

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

Offsetting of financial instruments

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

Derivative financial instruments

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

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

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

17. Financial instruments (continued)

Convertible bonds

Upon issuance of convertible bonds, the Group assesses the contractual terms to determine whether the instrument contains both liability and equity components. For convertible bonds that contain both liability and equity components, the liability and equity components are separated at initial recognition and accounted for separately. Transaction costs are apportioned between the liability and equity components based on their respective relative fair values. For convertible bonds that contain only a liability component and an embedded derivative, specifically when the equity conversion right exhibits characteristics of an embedded derivative, the embedded derivative is separated from the convertible bond and accounted for as a standalone derivative financial instrument at its fair value upon initial recognition. The residual amount of the issue proceeds after allocating the fair value to the derivative financial instrument, is recognised as a debt instrument. Transaction costs are allocated between the debt instrument and the derivative financial instrument in proportion to the relative allocation of the issue proceeds at initial recognition. Transaction costs related to the debt instrument are recognised as part of the liability, while those related to the derivative financial instrument are recognised in profit or loss for the current period.

Transfer of financial assets

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

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

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

18. Asset impairment

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

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

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

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

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

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

18. Asset impairment (continued)

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

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

19. Insurance security fund

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

20. Insurance contracts

20.1 Definition of insurance contracts

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

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

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

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

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

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

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

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

20.2 Identification, combination and separation of insurance contracts

Identification of insurance contracts

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

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

20. Insurance contracts (continued)

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

Identification of insurance contracts (continued)

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

- (a) At least in one scenario that has commercial substance, an insured event specified by the contract could cause the issuer to pay significant additional amounts, even if the insured event is extremely unlikely, or even if the expected present value of the contingent cash flows is a small proportion of the expected present value of the remaining cash flows from the insurance contract. The additional amounts refer to the present value of amounts payable if an insured event occurs that exceed those that would be payable if no insured event had occurred (including claims handling and assessment costs). Absence of discernible effect on the economics indicates lack of commercial substance;
- (b) At least in one scenario that has commercial substance, an insured event specified by the contract could cause the issuer to incur a loss on a present value basis. A loss is determined to be incurred due to the insured event if such event causes the future cash outflows to exceed inflows, on a present value basis. However, even if a reinsurance contract does not expose the issuer to the possibility of a significant loss, that contract is deemed to transfer significant insurance risk if it transfers to the reinsurer substantially all the insurance risk relating to the reinsured portions of the underlying insurance contracts.

Combination of insurance contracts

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

Separating components from insurance contracts

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

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

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

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

- (a) the investment component and the insurance component are not highly interrelated. An investment component and an insurance component are highly interrelated if one of the following conditions are met:
 - (i) it is unable to measure a component separately, i.e., it is unable to measure one component without considering the other. If the value of one component varies according to the value of the other, the two components are highly interrelated;
 - (ii) the policyholder is unable to benefit from a component separately, and can only benefit when both components are present. Thus, if the lapse or maturity of one component in a contract causes the lapse or maturity of the other, the two components are highly interrelated.
- (b) a contract with equivalent terms is sold, or could be sold, separately in the same market or the same jurisdiction, either by entities that issue insurance contracts or by other parties.

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

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

20. Insurance contracts (continued)

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

Separating components from insurance contracts (continued)

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

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

20.3 Grouping of insurance contracts

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

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

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

20.4 Recognition of insurance contracts

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

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

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

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

20. Insurance contracts (continued)

20.4 Recognition of insurance contracts (continued)

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

20.5 Measurement of insurance contracts

20.5.1 General model

Measurement on initial recognition

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

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

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

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

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

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

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

20. Insurance contracts (continued)

20.5 Measurement of insurance contracts (continued)

20.5.1 General model (continued)

Measurement on initial recognition (continued)

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

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

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

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

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

Subsequent measurement

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

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

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

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

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

20. Insurance contracts (continued)

20.5 Measurement of insurance contracts (continued)

20.5.1 General model (continued)

Subsequent measurement (continued)

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

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

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

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

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

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

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

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

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

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

20. Insurance contracts (continued)

20.5 Measurement of insurance contracts (continued)

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

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

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

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

- (a) the effect of contracts added to the group in the period on the contractual service margin;
- (b) the change in the amount of the Group’s share of the fair value of the underlying items, except to the extent that:
 - if the Group mitigates the effect of financial risk using derivatives or reinsurance contracts held, when specified conditions are met, the Group may choose to recognise the related changes in the effect of the time value of money and financial risk on the amount of the Group’s share of the underlying items as insurance finance income or expenses included in profit or loss. However, if the Group chooses to disaggregate insurance finance income or expenses of such reinsurance contracts held between profit or loss and other comprehensive income, the insurance finance income or expenses mentioned above should also be disaggregated accordingly;
 - the decrease in the amount of the Group’s share of the fair value of the underlying items exceeds the carrying amount of the contractual service margin, giving rise to a loss;
 - the increase in the amount of the Group’s share of the fair value of the underlying items reverses the loss component of the liability for remaining coverage.
- (c) the changes in fulfilment cash flows relating to future service and do not vary based on the returns on underlying items, except to the extent that:
 - if the Group mitigates the effect of financial risk using derivatives, reinsurance contracts held or non-derivative financial instruments measured at fair value through profit or loss, when specified conditions are met, the Group may choose to recognise the related changes in the effect of the time value of money and financial risk on the fulfilment cash flows as insurance finance income or expenses included in profit or loss. However, if the Group chooses to disaggregate insurance finance income or expenses of such reinsurance contracts held between profit or loss and other comprehensive income, the insurance finance income or expenses mentioned above should also be disaggregated accordingly;
 - such increases in the fulfilment cash flows exceed the carrying amount of the contractual service margin, giving rise to a loss;
 - such decreases in the fulfilment cash flows are allocated to the loss component of the liability for remaining coverage.
- (d) the currency exchange differences in the period arising on the contractual service margin;
- (e) the amortisation of the contractual service margin in the period. The Group rationally determines the coverage units of the group of contracts in each period of the coverage period based on the pattern of provision of insurance contract services, and recognises insurance revenue accordingly over the current and future periods by amortising the carrying amount of the contractual service margin as adjusted for (a) to (d) above.

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

20. Insurance contracts (continued)

20.5 Measurement of insurance contracts (continued)

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

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

20.5.3 Special measurement approach for onerous groups of contracts

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

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

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

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

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

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

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

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

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

20. Insurance contracts (continued)

20.5 Measurement of insurance contracts (continued)

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

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

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

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

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

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

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

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

20.6 Recognition and measurement of investment contracts with discretionary participation features

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

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

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

20. Insurance contracts (continued)

20.7 Recognition and measurement of groups of reinsurance contracts held

20.7.1 Recognition of groups of reinsurance contracts held

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

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

20.7.2 Measurement of groups of reinsurance contracts held

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

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

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

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

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

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

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

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

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

20. Insurance contracts (continued)

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

20.7.2 Measurement of groups of reinsurance contracts held (continued)

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

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

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

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

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

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

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

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

20.8 Modification and derecognition

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

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

20. Insurance contracts (continued)

20.8 Modification and derecognition (continued)

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

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

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

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

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

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

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

20.9 Presentation

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

21. Provisions

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

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

21. Provisions (continued)

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

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

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

22. Dividend distribution

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

23. Revenue

Insurance revenue

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

Interest income

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

Management fee income

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

24. Leases

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

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

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

- (1) the amount of the initial measurement of the lease liability;
- (2) any lease payments made at or before the commencement date, less any lease incentives received;
- (3) any initial direct costs incurred by the lessee; and
- (4) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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

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

24. Leases (continued)

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

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

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

25. Government grants

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

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

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

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

26. Income tax

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

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

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

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

26. Income tax (continued)

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

- (1) When the taxable temporary difference arises from the initial recognition of goodwill, or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or deductible loss and the initial recognition of assets and liabilities does not give rise to equal taxable and deductible temporary differences.
- (2) In respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future.

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

- (1) When the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affect neither the accounting profit nor taxable profit or deductible loss and the initial recognition of assets and liabilities does not give rise to equal taxable and deductible temporary differences.
- (2) In respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred income tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the deductible temporary differences can be utilised.

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

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

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

27. Employee benefits

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

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

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

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

27. Employee benefits (continued)

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

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

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

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

28. Fair value measurement

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

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

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

29. Contingent liabilities

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

30. Summary of significant accounting judgements and accounting estimates

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

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

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

Significant judgements

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

(1) Business models

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

(2) Contractual cash flow characteristics

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

(3) Determination of control over structured entities

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

(4) Level of aggregation and recognition of insurance contracts

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

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

(5) Appropriateness of measurement methods for insurance contracts

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

(6) Determination of the coverage units

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

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

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

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

Significant judgements (continued)

(6) Determination of the coverage units (continued)

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

Estimation uncertainty

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

(1) Measurement of fulfilment cash flows of insurance contracts

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

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

(a) Discount rates

For cash flows of insurance contracts that do not vary based on the returns on underlying items, the discount rates are determined by a bottom-up approach, on the basis of considering the impact of the time value of money, the discounted rates assumption is determined by adding comprehensive premiums to the underlying interest rate curve. The comprehensive premiums include taxation impacts, the liquidity, and other relevant factors. The discounted rates assumption adopted as at 31 December 2025 was 1.84% to 4.80% (31 December 2024: 1.73% to 4.80%).

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

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

(b) Mortality and morbidity

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

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

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

(c) Loss ratios

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

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

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

Estimation uncertainty (continued)

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

(d) Surrender rates

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

(e) Expenses

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

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

(f) Policy dividend

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

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

(g) Risk adjustment for non-financial risk

The Group applies techniques such as confidence level technique to determine the risk adjustment for non-financial risk. As at 31 December 2025, the confidence level for insurance contracts and reinsurance contracts that the Group issued and measured is 75% (the confidence level as at 31 December 2024: 75%).

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

Fair value, in the absence of an active market, is estimated by using valuation techniques, such as reference to prices used in the most recent market transactions between knowledgeable and willing parties, reference to the current fair value of another instrument which is substantially the same, a discounted cash flow analysis and option pricing models. For reference to other financial instruments, the instruments must have similar credit ratings.

For a discounted cash flow analysis, estimated future cash flows and discount rates are the best estimations made based on current market information and rates applicable to financial instruments with similar yields, credit quality and maturity characteristics. Estimated future cash flows are influenced by factors such as economic conditions, concentrations in specific industries, types of instruments or currencies, market liquidity and financial conditions of counterparties. Discount rates are influenced by risk-free interest rates and credit risk.

(3) Impairment of financial instruments

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

IV. TAXES

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

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

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

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

V. SCOPE OF CONSOLIDATION

1. Particulars of the Company’s incorporated subsidiaries as of 31 December 2025 are as follows:

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

V. SCOPE OF CONSOLIDATION (continued)

1. Particulars of the Company's incorporated subsidiaries as of 31 December 2025 are as follows: (continued)

Name	Type of legal entity	Business scope and principal activities	Place of incorporation/ registration	Place of operations	Registered capital (RMB thousand, unless otherwise specified)	Issued capital /Paid-up capital (RMB thousand, unless otherwise specified)	Percentage of equity attributable to the Company (%)		Percentage of voting rights attributable to the Company (%)	Note
							Direct	Indirect		
City Island Developments Limited ("City Island")	Limited liability company	Investment holding	The British Virgin Islands	The British Virgin Islands	USD 50,000	USD 1,000	–	98.29	100.00	
Great Winwick Limited*	Limited liability company	Investment holding	The British Virgin Islands	The British Virgin Islands	USD 50,000	USD 100	–	98.29	100.00	
Great Winwick (Hong Kong) Limited *	Limited liability company	Investment holding	Hong Kong	Hong Kong	HKD 10,000	HKD 1	–	98.29	100.00	
Newscott Investments Limited *	Limited liability company	Investment holding	The British Virgin Islands	The British Virgin Islands	USD 50,000	USD 100	–	98.29	100.00	
Newscott (Hong Kong) Investments Limited *	Limited liability company	Investment holding	Hong Kong	Hong Kong	HKD 10,000	HKD 1	–	98.29	100.00	
Shanghai Xin Hui Property Development Co., Ltd. * ("Xin Hui Property")	Limited liability company	Real estate	Shanghai	Shanghai	USD 15,600 thousand	USD 15,600 thousand	–	98.29	100.00	
Shanghai He Hui Property Development Co., Ltd. * ("He Hui Property")	Limited liability company	Real estate	Shanghai	Shanghai	USD 46,330 thousand	USD 46,330 thousand	–	98.29	100.00	
Pacific Insurance Online Services Technology Co., Ltd. ("CPIC Online Services")	Limited liability company	Consulting services, etc.	Shandong	The PRC	200,000	200,000	100.00	–	100.00	
Tianjin Trophy Real Estate Co., Ltd. ("Tianjin Trophy")	Limited liability company	Real estate	Tianjin	Tianjin	353,690	353,690	–	98.29	100.00	
Pacific Insurance Senior Living Investment Management Co., Ltd. ("CPIC Senior Living Investment")	Limited liability company	Senior living property investment and management, etc.	Shanghai	Shanghai	5,000,000	5,000,000	–	98.29	100.00	
Pacific Health Insurance Co., Ltd. ("CPIC Health")	Joint stock limited company	Health insurance	Shanghai	The PRC	3,600,000	3,600,000	85.05	14.69	100.00	
Pacific Anxin Agricultural Insurance Co., Ltd. ("PAAIC")	Joint stock limited company	Property and casualty insurance	Shanghai	The PRC	1,080,000	1,080,000	–	66.76	67.78	
Pacific Medical & Healthcare Management Co., Ltd. ("Pacific Medical & Healthcare")	Limited liability company	Medical consulting services, etc.	Shanghai	Shanghai	2,200,000	2,200,000	–	98.29	100.00	(2)
Pacific Insurance Agency Co., Ltd. ("Pacific Insurance Agency")	Limited liability company	Insurance agency	Shanghai	Shanghai	50,000	50,000	–	100.00	100.00	
CPIC Fund Management Co., Ltd. ("CPIC Fund")	Limited liability company	Fund management	Shanghai	Shanghai	150,000	150,000	–	50.83	51.00	

V. SCOPE OF CONSOLIDATION (continued)

1. Particulars of the Company's incorporated subsidiaries as of 31 December 2025 are as follows: (continued)

Name	Type of legal entity	Business scope and principal activities	Place of incorporation/ registration	Place of operations	Registered capital (RMB thousand, unless otherwise specified)	Issued capital /Paid-up capital (RMB thousand, unless otherwise specified)	Percentage of equity attributable to the Company (%)		Percentage of voting rights attributable to the Company (%)	Note
							Direct	Indirect		
CPIC Senior Living Development (Chengdu) Co., Ltd. ("Chengdu Project Company")	Limited liability company	Senior living property investment and construction, etc.	Chengdu	Chengdu	1,083,475	1,083,475	–	98.29	100.00	(3)
CPIC Senior Living Development (Hangzhou) Co., Ltd. ("Hangzhou Project Company")	Limited liability company	Senior living property investment and construction, etc.	Hangzhou	Hangzhou	1,200,000	1,073,000	–	98.29	100.00	(4)
CPIC Senior Living Development (Xiamen) Co., Ltd. ("Xiamen Project Company")	Limited liability company	Senior living property investment and construction, etc.	Xiamen	Xiamen	900,000	900,000	–	98.29	100.00	
Pacific Care Home (Chengdu) Senior Living Service Co., Ltd. ("Pacific Care Home at Chengdu")	Limited liability company	Seniors care and health consultation, etc.	Chengdu	Chengdu	60,000	43,000	–	98.29	100.00	
CPIC Senior Living Development (Nanjing) Co., Ltd. ("Nanjing Project Company")	Limited liability company	Senior living property investment and construction, etc.	Nanjing	Nanjing	702,000	588,556	–	98.29	100.00	(5)
Pacific Care Home (Dali) Co., Ltd. ("Pacific Care Home at Dali")	Limited liability company	"Migrant-style" senior living, etc.	Dali	Dali	608,000	608,000	–	74.70	76.00	
CPIC (Shanghai) Senior Care Development Co., Ltd. ("Shanghai (Putuo) Project Company")	Limited liability company	Senior living property investment and construction, etc.	Shanghai	Shanghai	250,000	250,000	–	98.29	100.00	
Pacific Care Home (Hangzhou) Senior Living Service Co., Ltd. ("Pacific Care Home at Hangzhou")	Limited liability company	Seniors care and health consultation, etc.	Hangzhou	Hangzhou	60,000	42,200	–	98.29	100.00	
CPIC Senior Living Development (Wuhan) Co., Ltd. ("Wuhan Project Company")	Limited liability company	Elderly service, real estate development and operation, etc.	Wuhan	Wuhan	980,000	980,000	–	98.29	100.00	
CPIC Capital Company Limited. ("CPIC Capital")	Limited liability company	Private equity investment fund management services	Shanghai	Shanghai	100,000	100,000	–	99.67	100.00	
Shanghai Chongming Pacific Care Home Senior Living Service Co., Ltd. ("Pacific Care Home at Shanghai (Chongming)")	Limited liability company	"Migrant-style" senior living, etc.	Shanghai	Shanghai	1,253,000	1,070,000	–	98.29	100.00	
Shanghai (Putuo) Pacific Care Home Senior Living Service Co., Ltd. ("Pacific Care Home at Shanghai (Putuo)")	Limited liability company	Seniors care, nursing service and health consultation, etc.	Shanghai	Shanghai	30,000	28,000	–	98.29	100.00	(6)

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V. SCOPE OF CONSOLIDATION (continued)

1. Particulars of the Company's incorporated subsidiaries as of 31 December 2025 are as follows: (continued)

Name	Type of legal entity	Business scope and principal activities	Place of incorporation/ registration	Place of operations	Registered capital (RMB thousand, unless otherwise specified)	Issued capital /Paid-up capital (RMB thousand, unless otherwise specified)	Percentage of equity attributable to the Company (%)		Percentage of voting rights attributable to the Company (%)	Note
							Direct	Indirect		
Beijing Borui Heming Insurance Agency Co., Ltd. ("Borui Heming")	Limited liability company	Insurance agency	Beijing	The PRC	52,000	52,000	–	98.29	100.00	
China Pacific Life Insurance (H.K.) Company Limited ("CPIC Life (H.K.)")	Limited liability company	Life and health insurance	Hong Kong	Hong Kong	HKD 4,000,000 thousand	HKD 4,000,000 thousand	–	98.29	100.00	(7)
CPIC Senior Living Development (Qingdao) Co., Ltd. ("Qingdao Project Company")	Limited liability company	Elderly service, real estate development and operation, etc.	Qingdao	Qingdao	227,000	193,000	–	98.29	100.00	
Pacific Care Home (Xiamen) Senior Living Service Co., Ltd ("Pacific Care Home at Xiamen")	Limited liability company	Seniors care and health consultation, etc.	Xiamen	Xiamen	40,000	30,000	–	98.29	100.00	
CPIC Senior Living Development (Zhengzhou) Co., Ltd. ("Zhengzhou Project Company")	Limited liability company	Elderly service, real estate development and operation, etc.	Zhengzhou	Zhengzhou	650,000	650,000	–	98.29	100.00	
CPIC Senior Living Development (Beijing) Co., Ltd. ("Beijing Project Company")	Limited liability company	Elderly service, real estate development and operation, etc.	Beijing	Beijing	800,000	800,000	–	98.29	100.00	
Pacific Insurance Technology Co., Ltd. ("CPIC Technology")	Limited liability company	Technical services, cloud computing services, big data services	Shanghai	Shanghai	700,000	700,000	100.00	–	100.00	
Xinbaoyu (Guangzhou) Co., Ltd ("Xinbaoyu")	Limited liability company	Business service, property management, and lease of non-residential real estate	Guangzhou	Guangzhou	3,650,000	3,649,990	–	98.46	100.00	
Pacific Insurance Technology Services (Wuhan) Co., Ltd. ("CPIC Technology Wuhan")	Limited liability company	Technical services, technical consulting services	Wuhan	Wuhan	100,000	100,000	–	100.00	100.00	
Pacific Health Management (Sanya) Co., Ltd ("Sanya Project Company")	Limited liability company	Elderly service, real estate development and operation, etc.	Sanya	Sanya	490,000	490,000	–	98.29	100.00	
Pacific Care Home (Nanjing) Senior Living Service Co., Ltd ("Pacific Care Home at Nanjing")	Limited liability company	Seniors care and health consultation, etc.	Nanjing	Nanjing	30,000	7,000	–	98.29	100.00	
Shanghai (Jing'an) Pacific Care Home Senior Living Service Co., Ltd. ("Pacific Care Home at Shanghai (Jing'an)")	Limited liability company	"Migrant-style" senior living, etc.	Shanghai	Shanghai	426,367	426,367	–	98.29	100.00	

V. SCOPE OF CONSOLIDATION (continued)

1. Particulars of the Company's incorporated subsidiaries as of 31 December 2025 are as follows: (continued)

Name	Type of legal entity	Business scope and principal activities	Place of incorporation/ registration	Place of operations	Registered capital (RMB thousand, unless otherwise specified)	Issued capital /Paid-up capital (RMB thousand, unless otherwise specified)	Percentage of equity attributable to the Company (%)		Percentage of voting rights attributable to the Company (%)	Note
							Direct	Indirect		
Pacific Care Home (Wuhan) Senior Living Service Co., Ltd ("Pacific Care Home at Wuhan")	Limited liability company	Seniors care, nursing service and health consultation, etc.	Wuhan	Wuhan	30,000	18,500	–	98.29	100.00	(8)
Xiamen Yuanshen Rehabilitation Hospital Co., Ltd. ("Xiamen Rehabilitation Hospital")	Limited liability company	Medical service, hospital management, etc.	Xiamen	Xiamen	160,000	160,000	–	98.29	100.00	
Pacific Care Home (Suzhou) Senior Living Service Co., Ltd ("Pacific Care Home at Suzhou")	Limited liability company	Seniors care and health consultation, etc.	Suzhou	Suzhou	30,000	11,000	–	98.29	100.00	(9)
Pacific Care Home (Beijing) Senior Living Service Co., Ltd ("Pacific Care Home at Beijing")	Limited liability company	Seniors and disability care	Beijing	Beijing	30,000	3,000	–	98.29	100.00	(10)
Pacific Care Home (Zhengzhou) Senior Living Service Co., Ltd ("Pacific Care Home at Zhengzhou")	Limited liability company	Seniors and disability care	Zhengzhou	Zhengzhou	45,000	10,000	–	98.29	100.00	(11)
CPIC Senior Living Development (Guangzhou) Co., Ltd. ("Guangzhou Project Company")	Limited liability company	Senior living property investment and construction, etc.	Guangzhou	Guangzhou	830,000	518,000	–	98.29	100.00	(12)
CPIC Senior Living Development (Suzhou) Co., Ltd. ("Suzhou Project Company")	Limited liability company	Elderly services, lease of real estate, etc.	Suzhou	Suzhou	300,000	300,000	–	98.29	100.00	(13)
Jinan Yuanshen Rehabilitation Hospital Co., Ltd. ("Jinan Rehabilitation Hospital")	Limited liability company	Medical service, hospital management, etc.	Jinan	Jinan	260,000	152,000	–	98.29	100.00	(14)
Shanghai Ruiyongjing Real Estate Development Co., Ltd. ("Ruiyongjing Real Estate")	Limited liability company	Real estate development and operation, property management, etc.	Shanghai	Shanghai	14,050,000	14,050,000	–	68.80	70.00	(15)
Pacific NanShanJu (Shanghai) Senior Care Service Co., Ltd. ("Pacific Nanshanju")	Limited liability company	Seniors care, nursing service, etc.	Shanghai	Shanghai	5,600	5,600	–	98.29	100.00	(16)
Pacific Care Home (Sanya) Senior Living Service Co., Ltd ("Pacific Care Home at Sanya")	Limited liability company	Elderly services, lease of real estate, etc.	Sanya	Sanya	30,000	13,000	–	98.29	100.00	(17)
CPIC Zhiyuan (Shanghai) Private Equity Fund Management Co., Ltd ("CPIC Zhiyuan")	Limited liability company	Private securities investment fund management service	Shanghai	Shanghai	10,000	10,000	–	99.67	100.00	(18)

* Subsidiaries of City Island

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V. SCOPE OF CONSOLIDATION (continued)

1. Particulars of the Company's incorporated subsidiaries as of 31 December 2025 are as follows: (continued)

(1) CPIC H.K.

In December 2023, the Company signed a share transfer agreement with CPIC Property, agreeing to transfer all the share of CPIC H.K. held by the Company to CPIC Property for a consideration of HKD 430 million. As of 31 December 2025, the share transfer has completed all trading procedures, and CPIC Property holds 100% of the equity of CPIC H.K.

(2) Pacific Medical & Healthcare

Pursuant to the resolution of the Board of Directors of CPIC Life, CPIC Life has increased its capital contribution to Pacific Medical & Healthcare by RMB 1,200 million. The registered capital of Pacific Medical & Healthcare has been raised from RMB 1,000 billion to RMB 2,200 million. As of 31 December 2025, CPIC Life has fully paid in the total investment amount.

(3) Chengdu Project Company

Chengdu Project Company, a wholly-owned subsidiary funded by CPIC Life. The registered capital was increased from RMB 1,000 million to RMB 1,083 million in 2025. As of 31 December 2025, CPIC Life has fully paid in the total investment amount.

(4) Hangzhou Project Company

Hangzhou Project Company, a wholly-owned subsidiary funded by CPIC Life, with registered capital of RMB 1,200 million. As of 31 December 2025, the paid-up investment amount of CPIC Life had increased to RMB 1,073 million.

(5) Nanjing Project Company

Nanjing Project Company, a wholly-owned subsidiary funded by CPIC Life, with registered capital of RMB 702 million. As of 31 December 2025, the paid-up investment amount of CPIC Life had increased to approximately RMB 589 million.

(6) Pacific Care Home at Shanghai (Putuo)

Pacific Care Home at Shanghai (Putuo), a wholly-owned subsidiary funded by CPIC Senior Living Investment, with registered capital of RMB 30 million. As of 31 December 2025, the actual paid-in investment from CPIC Senior Living Investment had increased to RMB 28 million.

(7) CPIC Life (H.K.)

Pursuant to the approval of the 2024 Annual General Meeting of CPIC Life, CPIC Life has increased its capital contribution to CPIC Life (H.K.) by HKD 3,000 million. As a result, the registered capital of CPIC Life (H.K.) was increased from HKD 1,000 million to HKD 4,000 million. As of 31 December 2025, CPIC Life had fully paid in the total investment amount.

(8) Pacific Care Home at Wuhan

Pacific Care Home at Wuhan, a wholly-owned subsidiary funded by CPIC Senior Living Investment, with registered capital of RMB 30 million. As of 31 December 2025, the paid-up investment amount of CPIC Senior Living Investment had increased to approximately RMB 19 million.

(9) Pacific Care Home at Suzhou

Pacific Care Home at Suzhou, a wholly-owned subsidiary funded by CPIC Senior Living Investment, with registered capital of RMB 30 million. As of 31 December 2025, the paid-up investment amount of CPIC Senior Living Investment had increased to RMB 11 million.

V. SCOPE OF CONSOLIDATION (continued)

1. Particulars of the Company's incorporated subsidiaries as of 31 December 2025 are as follows: (continued)

(10) Pacific Care Home at Beijing

Pacific Care Home at Beijing, a wholly-owned subsidiary funded by CPIC Senior Living Investment, with registered capital of RMB 30 million. As of 31 December 2025, the paid-up investment amount of CPIC Senior Living Investment had increased to RMB 3 million.

(11) Pacific Care Home at Zhengzhou

Pacific Care Home at Zhengzhou, a wholly-owned subsidiary funded by CPIC Senior Living Investment, with registered capital of RMB 45 million. As of 31 December 2025, the paid-up investment amount of CPIC Senior Living Investment had increased to RMB 10 million.

(12) Guangzhou Project Company

Guangzhou Project Company, a wholly-owned subsidiary funded by CPIC Life, with registered capital of RMB 830 million. As of 31 December 2025, the paid-up investment amount of CPIC Life had increased to RMB 518 million.

(13) Suzhou Project Company

Suzhou Project Company, a wholly-owned subsidiary funded by CPIC Life, with registered capital of RMB 300 million. As of 31 December 2025, CPIC Life has fully paid in the total investment amount.

(14) Jinan Rehabilitation Hospital

Jinan Rehabilitation Hospital, a wholly-owned subsidiary funded by Pacific Medical & Healthcare, with registered capital of RMB 260 million. As of 31 December 2025, the paid-up investment amount of Pacific Medical & Healthcare had increased to RMB 152 million.

(15) Ruiyongjing Real Estate

CPIC Life and two third-party companies jointly invested in the establishment of Ruiyongjing Real Estate, with registered capital of RMB 14,050 million. CPIC Life holds the percentage of equity with 70%. As of 31 December 2025, CPIC Life has paid up the investment amount of RMB 9,835 million. CPIC Life obtained the control of Ruiyongjing Real Estate in the current period and included it in the scope of consolidation. For details, please refer to Note V. 2.

(16) Pacific Nanshanju

CPIC Senior Living Investment and Orpea (Shanghai) Investment Co., Ltd. found the Pacific NanShanJu (Shanghai) Senior Care Service Co., Ltd.(originally named as Pacific Orpea (Shanghai) Senior Care Management Co., Ltd.) in together, holding the percentage of equity with 56.00% and 44.00% respectively, registered capital is RMB 10 million. In January 2025, Orpea (Shanghai) Investment Co., Ltd. withdrew its investment and exited. After the equity change, CPIC Senior Living Investment holds 100.00% of the shares. As of 31 December 2025, CPIC Senior Living Investment has paid up all the investment.

(17) Pacific Care Home at Sanya

Pacific Care Home at Sanya, a wholly-owned subsidiary funded by CPIC Senior Living Investment, obtained the business license for the legal entity with unified social credit code 91460000MAEB4AFU2U in January 2025, with registered capital of RMB 30 million. As of 31 December 2025, CPIC Senior Living has paid up the investment amount of RMB 13 million.

(18) CPIC Zhiyuan

CPIC Zhiyuan, a wholly-owned subsidiary funded by CPIC Asset Management, obtained the business license for the legal entity with unified social credit code 91310000MAEL1A7M9J in May 2025, with registered capital of RMB 10 million. As of 31 December 2025, CPIC Asset Management has paid up all the investment amount.

V. SCOPE OF CONSOLIDATION (continued)

2. Business combination not under common control

The main business combination not under common control occurred in the current year is as follows,

	Equity transaction date	Equity purchase cost	Percentage of equity purchased (%)	Purchase method	Acquisition date	Acquisition date basis	Acquiree's operating income from acquisition date to the end of the period	Acquiree's net profit from acquisition date to the end of the period	Acquiree's net cashflow from acquisition date to the end of the period
Ruiyongjing Real Estate	24 July 2018	9,835	70.00	Cash contribution	30 June 2025	Actual transfer date of control	194	(347)	39

(1) Acquisition cost and goodwill:

	Fair value	Carrying amount
Fair value of equity interest held before acquisition date	10,897	9,294
Total acquisition cost	10,897	9,294
Less: Fair value of net assets acquired	10,897	
Goodwill/acquisition cost less than fair value of net assets acquired	–	

(2) The fair value and carrying amount of the identifiable assets and liabilities of the acquiree as at the acquisition date are as below:

	Fair value	Carrying amount
Cash at bank and on hand	112	112
Investment properties and long-term deferred and prepaid expenses	22,501	19,448
Other assets	235	235
Long-term borrowings	(5,627)	(5,627)
Deferred tax liabilities	(763)	–
Other liabilities	(891)	(891)
Net assets	15,567	13,277
Less: Non-controlling interests	4,670	3,983
Net assets acquired	10,897	9,294

When determining the fair value of the assets and liabilities of Ruiyongjing Real Estate on acquisition date, the buildings under investment properties are evaluated using the cost method and the income method. In addition to the above-mentioned separately assessed assets, the fair value of the remaining identifiable assets and liabilities of Ruiyongjing Real Estate is close to its carrying amount.

V. SCOPE OF CONSOLIDATION (continued)

2. Business combination not under common control (continued)

(3) Profit or loss resulting from remeasurement of equity interest held before acquisition date at fair value:

	Initial transaction date	Percentage of equity interest held(%)	Purchase cost	Purchase method	
Ruiyongjing Real Estate	24 July 2018	70.00	9,835	Cash	
	Carrying amount as at the acquisition date	Fair value as at the acquisition date	Profit or loss resulting from remeasurement	Method and key assumptions of the fair value remeasurement	The amount of other comprehensive income/(loss) transferred to investment income
Ruiyongjing Real Estate	9,294	10,897	1,603	Net asset adjustment method	-

(4) Net cash paid to acquire subsidiaries and other business entities:

	2025
Cash and cash equivalents held by subsidiaries and other operating entities as at the acquisition date	112
Less: Cash and cash equivalents paid to acquire subsidiaries and other business entities	-
Cash received relating to other investing activities	112

3. As of 31 December 2025, material consolidated structured entities of the Group are as follows:

Name	Collective holding by the Group (%)	Product scale (units in RMB thousand)	Nature of business
CPIC Zhiyuan No. 1 Private Securities Investment Fund	100.00	19,776,709	The fund's investment scope includes: (1) Equity instruments: Stocks listed and traded on domestic securities exchanges (including private placements, excluding new share subscriptions), and stocks within the Hong Kong Connect eligibility list; (2) Fixed income instruments: Cash, bank demand deposits, and bond general pledged repurchase agreements.
China Pacific Changhang Equity Investment Fund (Wuhan) Partnership (Limited Partnership) ("China Pacific Changhang")	99.98	10,312,874	Investing in equity investments, investment management and asset management activities with private funds (yet subject to related regulations of the Asset Management Association of China ("AMAC")) (except for projects subject to approval according to law, independently carry out business activities that are not prohibited or restricted by laws and regulations with business license).
CPIC Health Industry Private Investment Fund (Shanghai) Partnership (Limited Partnership) ("CPIC Health Fund")	90.90	8,155,679	Investing in equity investments, investment management and asset management activities with private funds (yet subject to related regulations of the AMAC).
CPIC Zengfu Annually Open Pure Debt Type Launching Securities Investment Fund	100.00	8,062,610	Investing in financial instruments with high liquidity including national bonds, government bonds, local treasury bonds, financial bonds, enterprise bonds, corporate bonds, Central Bank bills, medium term notes, short-term commercial paper, super short-term commercial paper, SME private debt, asset-backed security, subordinated debt, the debt part of the convertible bonds, bonds repo, bank deposits (including agreement deposits, notice deposits and term deposits), NCDs, money market instrument, treasury bond futures and other financial instruments that laws and regulations or the CSRC allow funds to invest (yet subject to related regulations of the CSRC).
CPIC Zengyu Annually Open Pure Debt Type Launching Securities Investment Fund	87.47	7,635,690	Investing in financial instruments with high liquidity including national bonds, government bonds, local treasury bonds, financial bonds, enterprise bonds, corporate bonds, Central Bank bills, medium term notes, short-term commercial paper, super short-term commercial paper, SME private debt, asset-backed security, subordinated debt, the debt part of the convertible bonds, bonds repo, bank deposits (including agreement deposits, notice deposits and term deposits), NCDs, money market instrument, treasury bond futures and other financial instruments that laws and regulations or the CSRC allow funds to invest (yet subject to related regulations of the CSRC).

CPIC Fund, CPIC Capital and CPIC Zhiyuan etc. are the asset managers of these consolidated structured entities included in the scope of the Group.

VI. NOTES TO THE FINANCIAL STATEMENTS

1. Cash at bank and on hand

	Currency	31 December 2025		RMB
		Original currency	Exchange rate	
Bank deposits	RMB	37,854	1.00000	37,854
	USD	773	7.02880	5,433
	HKD	19,735	0.90322	17,825
	Others			3
	Sub-total			61,115
Other cash balances	RMB	1,674	1.00000	1,674
	Sub-total			1,674
Total				62,789

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

As of 31 December 2025, the Group's cash at bank and on hand deposited overseas amounted equivalent to RMB 5,297 million (31 December 2024: amounted equivalent to RMB 1,357 million). Under PRC's foreign exchange regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business after obtaining approval from foreign exchange regulatory authorities.

As of 31 December 2025, the Group's term deposits with original maturities of no more than three months amounted to RMB 4,081 million (31 December 2024: RMB 221 million).

As of 31 December 2025, RMB 288 million in the Group's cash at bank and on hand balance are restricted for special-purpose use (31 December 2024: RMB 579 million).

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

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Derivative financial instruments

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

	31 December 2025		
	Nominal amount	Assets	Liabilities
Conversion right of convertible bonds	14,221	–	2,306
Foreign exchange forward contracts	6,108	5	66
Total	20,329	5	2,372

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

3. Securities purchased under agreements to resell

	31 December 2025	31 December 2024
Securities – bonds		
Inter-bank market	18,795	10,380
Stock exchange	5,717	525
Sub-total	24,512	10,905
Less: Impairment provisions	–	–
Total	24,512	10,905

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

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

4. Term deposits

Term to maturity	31 December 2025	31 December 2024
At amortised cost		
Within 3 months (inclusive)	5,181	3,452
3 months to 1 year (inclusive)	7,262	5,386
1 to 2 years (inclusive)	9,797	7,934
2 to 3 years (inclusive)	3,302	9,744
3 to 4 years (inclusive)	11,910	2,523
4 to 5 years (inclusive)	10,618	11,910
Less: Impairment provisions	(29)	(24)
Fair value through other comprehensive income		
Within 3 months (inclusive)	2,587	8,852
3 months to 1 year (inclusive)	26,077	7,716
1 to 2 years (inclusive)	27,744	29,026
2 to 3 years (inclusive)	22,219	27,980
3 to 4 years (inclusive)	37,798	20,781
4 to 5 years (inclusive)	22,844	38,538
Including:		
– Amortised cost	137,358	129,338
– Accumulated changes in fair value	1,911	3,555
Total	187,310	173,818

As at 31 December 2025, the impairment provision recognised for term deposits at fair value through other comprehensive income was RMB 108 million (31 December 2024: RMB 58 million).

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

5. Financial assets at fair value through profit or loss

	31 December 2025	31 December 2024
Listed	249,761	216,255
Unlisted	465,107	450,944
Total	714,868	667,199
Bonds	272,353	274,335
Government bonds	4,919	6,907
Finance bonds	245,192	241,069
Enterprise bonds	22,242	26,359
Stocks	212,808	179,013
Funds	84,887	70,472
Unlisted equity shares investments	72,334	66,707
Debt investment plans	35,795	42,150
Investment in asset management products	24,586	28,238
Others	12,105	6,284
Total	714,868	667,199

As at 31 December 2025 and 31 December 2024, there was no financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets at fair value through profit or loss had no material limitation in realisation.

6. Financial assets at amortised cost

	31 December 2025	31 December 2024
Listed	3,112	3,236
Unlisted	51,429	63,205
Sub-total	54,541	66,441
Less: Impairment provisions	(1,940)	(1,597)
Net value	52,601	64,844
Bonds	18,726	21,852
Government bonds	17,385	16,435
Enterprise bonds	1,341	5,417
Debt investment plans	30,461	35,482
Investment trust	1,363	5,065
Others	3,991	4,042
Sub-total	54,541	66,441
Less: Impairment provisions	(1,940)	(1,597)
Net value	52,601	64,844

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

7. Debt investments at fair value through other comprehensive income

	31 December 2025	31 December 2024
Listed	75,021	67,909
Unlisted	1,697,057	1,540,063
Total	1,772,078	1,607,972
Bonds	1,564,577	1,345,995
Government bonds	1,330,002	1,139,037
Finance bonds	89,064	68,666
Enterprise bonds	145,511	138,292
Debt investment plans	150,039	163,085
Investment trust	15,854	50,715
Preferred shares	33,847	34,478
Others	7,761	13,699
Total	1,772,078	1,607,972
Including:		
Amortised cost	1,605,701	1,366,390
Accumulated changes in fair value	166,377	241,582

As at 31 December 2025, the impairment provision for the Group's debt investment at fair value through other comprehensive income was RMB 4,039 billion (31 December 2024: RMB 4,220 billion).

8. Equity investments at fair value through other comprehensive income

	31 December 2025	31 December 2024
Stocks	124,846	76,052
Preferred shares	8,705	12,642
Perpetual bonds	9,699	18,878
Others	32,911	34,442
Total	176,161	142,014
Including:		
Cost	156,736	131,934
Accumulated changes in fair value	19,425	10,080

The equity instruments at fair value through other comprehensive income, designated by the Group, are non-trading equity investments with the primary objective of being held for a long time or obtaining dividends during the holding period.

For the year ended 31 December 2025, the Group disposed equity investments at fair value through other comprehensive income of RMB 19,864 million (2024: RMB 14,991 million) because of the optimisation of asset allocation and asset and liability management. The amount transferred from other comprehensive income/(loss) to retained profits was RMB 112 million (2024: RMB 124 million) due to the disposals, etc.

For the year ended 31 December 2025, the Group has recognised dividend income of RMB 7,376 million (2024: 5,778 million) from the above equity investments. Relevant disclosures are included in Note VI 35.

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

9. Long-term equity investments

	31 December 2025								
	Investment cost	Opening balance	Increase/(Decrease) in current year	Share of net profit/(loss) under equity method	Adjustment of other comprehensive income/(loss)	Share of other changes in equity	Dividend distribution	Ending balance	Impairment provision ending balance
Equity method:									
Joint venture									
Ruiyongjing Real Estate	9,835	9,543	(9,294)	(249)	–	–	–	–	–
Others	52	46	(2)	4	–	–	(5)	43	–
Sub-total	9,887	9,589	(9,296)	(245)	–	–	(5)	43	–
Associate									
Taijiashan Health Industry Equity Investment Fund (Shanghai) Partnership (L.P.) (“Taijiashan”) (Note 1)	3,093	3,016	331	(2)	–	–	(2)	3,343	–
Yangtze River Delta Synergy Industry Investment Fund (“Yangtze River Delta Fund”) (Note 2)	1,532	2,353	(194)	42	–	–	(77)	2,124	–
Shanghai Hi-Tech Park United Development Co., Ltd. (“Hi-Tech”)	1,856	1,818	–	64	–	–	(56)	1,826	–
Shanghai Sci-Tech Innovation Centre Capital II LLP (“Sci-Tech Innovation II”) (Note 3)	1,472	1,454	132	102	–	–	(19)	1,669	–
Shanghai Xingqi Hengtai Enterprise Management Partnership (Limited Partnership) (“Xingqi Hengtai”) (Note 4)	956	–	956	–	–	–	–	956	–
Shanghai Lingang GLP International Logistics Development Co., Ltd. (“Lingang GLP”)	1,057	987	–	(44)	–	–	(28)	915	–
Shanghai Biomedical Industry Equity Investment Fund LLP. (“Shanghai Biomedical”) (Note 5)	813	952	(123)	25	–	–	(37)	817	–
Jiaxing Yishang Equity Investment LLP (“Jiaxing Yishang”)	901	706	–	(31)	–	–	–	675	–
Others	3,788	2,160	498	183	(25)	(21)	(6)	2,789	(541)
Sub-total	15,468	13,446	1,600	339	(25)	(21)	(225)	15,114	(541)
Total	25,355	23,035	(7,696)	94	(25)	(21)	(230)	15,157	(541)

Note 1: In 2025, CPIC Life made an additional capital contribution of approximately RMB 350 million to Taijiashan, and obtained a return of the project cost of RMB 19 million, and its ownership interest remained as 99.01%.

Note 2: In 2025, CPIC Life obtained the project cost of an RMB 194 million returned from Yangtze River Delta fund, and its ownership interest changed to 27.75%.

Note 3: In 2025, CPIC Life made an additional capital contribution of RMB 150 million to Sci-Tech Innovation II, obtained the returned project cost of approximately RMB 18 million, and its ownership interest remained as 25.00%.

Note 4: In 2025, CPIC Life made an additional capital contribution of RMB 956 million to Xingqi Hengtai, and its ownership interest changed to 8.98%.

Note 5: In 2025, CPIC Life received a return of project costs amounting to approximately RMB 123 million from Shanghai Biomedical, and its ownership interest changed to 12.21%.

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

9. Long-term equity investments (continued)

As at 31 December 2025, details of major associates of the Group are as follows:

Name	Type of enterprise	Place of registration/ Major business location	Legal representative	Nature of business	Registered capital (RMB thousand unless otherwise)	Paid-up capital (RMB thousand unless otherwise)	Unified social credit code	Percentage of equity attributable to the Company (%)		Percentage of voting rights attributable to the Company (%)
								Direct	Indirect	
Taijiashan (Note 1)	Limited liability partnership	Shanghai	Not applicable	Equity investment	Not applicable	3,122,677	91310000MA1FL7MH5H	–	97.32	Not applicable
Yangtze River Delta Fund	Limited liability partnership	Shanghai	Not applicable	Equity investment	Not applicable	4,437,318	91310000MA1FL62E0U	–	27.28	Not applicable
Hi-Tech	Limited liability company	Shanghai	Xue Han	Business services	453,250	453,250	913100006072011086	–	19.65	9.09
Sci-Tech Innovation II	Limited liability partnership	Shanghai	Not applicable	Equity investment	Not applicable	6,001,000	91310000MA1FL7X9X1	–	24.57	Not applicable
Xingqi Hengtai	Limited liability partnership	Shanghai	Not applicable	Equity investment	Not applicable	10,641,000	91310115MAK286LX9B	–	8.83	Not applicable
Lingang GLP.	Limited liability company	Shanghai	Zhao Mingqi	Real estate	USD 119,990 thousand	USD 119,990 thousand	913100007709009105	–	19.65	12.50
Shanghai Biomedical	Limited liability partnership	Shanghai	Not applicable	Equity investment	Not applicable	7,030,036	91310000MA1FL7HY2Y	–	12.00	Not applicable
Jiaying Yishang (Note 2)	Limited liability partnership	Jiaying	Not applicable	Equity investment	Not applicable	950,501	91330402MA2BCWUX4C	–	93.18	Not applicable

Note 1: CPIC Life holds over 50% shares of Taijiashan. Since the Group cannot unilaterally dominate the relevant activities of Taijiashan according to the partnership agreement of Taijiashan, Taijiashan is accounted under equity method as an associate.

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

Summarised financial information for joint ventures:

	31 December 2025			31 December 2024		
	Total assets	Total liabilities	Net assets	Total assets	Total liabilities	Net assets
Ruiyongjing Real Estate	–	–	–	20,075	6,400	13,675
Others	2,189	1,734	455	2,239	1,892	347
Joint ventures	2,189	1,734	455	22,314	8,292	14,022

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

9. Long-term equity investments (continued)

Net losses of joint ventures:

	2025	2024
Net losses of joint ventures	(361)	(286)

Summarised financial information for major associates:

	31 December 2025/2024			
	Total assets as at 31 December	Total liabilities as at 31 December	Total revenue for the current year	Net profits/(losses) for the current year
Taijiashan	3,378	1	33	(2)
Yangtze River Delta Fund	7,701	43	177	152

Summarised financial information for other associates:

	2025	2024
Net profit	3,045	2,662
Other comprehensive income/(loss)	(180)	28
Total comprehensive income	2,865	2,690
Total comprehensive income/(loss) attributable to the Group	274	(94)
Total carrying amount of the Group's investment as at the year end	9,106	7,562

As at 31 December 2025, the Group's long-term equity investments had impairment of RMB 541 million. (As at 31 December 2024: RMB 515 million).

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

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

10. Restricted statutory deposits

	31 December 2025	31 December 2024
CPIC Property	3,989	3,989
CPIC Life	1,726	1,726
CPIC Health	720	720
PAAIC	260	260
Sub-total	6,695	6,695
Add: Interest receivables	207	158
Less: Impairment provisions	(2)	(2)
Total	6,900	6,851

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

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

11. Investment properties

	Buildings
Cost	
1 January 2024	14,687
Purchase	59
Transfer to fixed assets, net	(1,316)
Transfer to intangible assets, net	(25)
Disposal	(3)
31 December 2024	13,402
Purchase	386
Transfer to fixed assets, net	(445)
Transfer from intangible assets, net	88
Acquisition of a subsidiary	20,027
Others	(40)
31 December 2025	33,418
Accumulated depreciation	
1 January 2024	(4,020)
Charge for the year	(400)
Transfer to fixed assets, net	336
Transfer to intangible assets, net	6
Disposal	1
31 December 2024	(4,077)
Charge for the year	(628)
Transfer to fixed assets, net	132
Transfer from intangible assets, net	(8)
Acquisition of a subsidiary	(380)
Others	19
31 December 2025	(4,942)
Provision for impairment loss	
1 January 2024	–
Charge for the year	(374)
31 December 2024	(374)
Transfer to fixed assets, net	45
31 December 2025	(329)
Carrying amount	
31 December 2025	28,147
31 December 2024	8,951

The fair values of investment properties of the Group as at 31 December 2025 amounted to RMB 32,305 million (31 December 2024: RMB 14,169 million), which were estimated by the Group based on the independent appraisers' valuations.

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

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

11. Investment properties (continued)

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

As at 31 December 2025, the Group was still in the process of applying for title certificates for certain investment properties with a carrying amount of RMB 8,692 million.

12. Fixed assets

	Buildings	Motor vehicles	Other equipment	Total
Cost				
1 January 2024	24,015	1,103	6,163	31,281
Purchase	41	97	504	642
Transfer from construction in progress	1,134	–	–	1,134
Transfer from investment properties, net	1,316	–	–	1,316
Decrease	(1)	(88)	(235)	(324)
31 December 2024	26,505	1,112	6,432	34,049
Purchase	24	73	522	619
Transfer from construction in progress	3,588	–	–	3,588
Transfer from investment properties, net	445	–	–	445
Acquisition of a subsidiary	2,789	–	–	2,789
Decrease	(141)	(95)	(224)	(460)
31 December 2025	33,210	1,090	6,730	41,030
Accumulated depreciation				
1 January 2024	(6,704)	(896)	(4,747)	(12,347)
Charge for the year	(812)	(66)	(523)	(1,401)
Transfer from investment properties, net	(336)	–	–	(336)
Decrease	–	85	230	315
31 December 2024	(7,852)	(877)	(5,040)	(13,769)
Charge for the year	(928)	(61)	(478)	(1,467)
Transfer from investment properties, net	(132)	–	–	(132)
Acquisition of a subsidiary	(126)	–	–	(126)
Decrease	85	92	216	393
31 December 2025	(8,953)	(846)	(5,302)	(15,101)
Provision for impairment loss				
1 January 2024	(9)	–	–	(9)
Charge for the year	(16)	–	–	(16)
31 December 2024	(25)	–	–	(25)
Transfer from investment properties, net	(45)	–	–	(45)
31 December 2025	(70)	–	–	(70)
Carrying amount				
31 December 2025	24,187	244	1,428	25,859
31 December 2024	18,628	235	1,392	20,255

As at 31 December 2025, the Group's motor vehicles and other equipment with a cost of approximately RMB 5,083 million (31 December 2024: RMB 4,662 million) are fully depreciated but still in use.

As at 31 December 2025, the Group was still in the process of applying for title certificates for its buildings with a carrying amount of RMB 1,942 million.

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

13. Construction in progress

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

31 December 2025									
Item	Budget	Opening balance	Increase in current year	Transfer to fixed assets in current year	Transfer to intangible assets in current year	Transfer to long-term prepaid expenses in current year	Disposal	Ending balance	% of project investment in budget
Zhejiang	2,645	1	623	–	–	–	–	624	24%
Jiangsu	1,133	21	216	–	–	–	–	237	21%
Sichuan	1,938	2	106	–	–	–	–	108	6%
Guangdong	1,370	5	90	–	–	–	–	95	7%
Chongqing	12	1	4	–	–	–	–	5	42%
Shanghai	1,638	1,061	133	(1,180)	(11)	–	–	3	73%
Gansu	3	–	2	–	–	–	–	2	67%
Shenzhen	6	–	3	(2)	–	–	–	1	50%
Hebei	22	5	5	(9)	–	–	–	1	45%
Others	4,640	1,393	1,042	(2,397)	(28)	–	–	10	52%
		2,489	2,224	(3,588)	(39)	–	–	1,086	

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

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

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

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

14. Right-of-use assets

	Buildings	Motor vehicles	Other equipment	Total
Cost				
1 January 2024	7,511	6	27	7,544
Increase	1,460	4	1	1,465
Decrease	(1,873)	(6)	(14)	(1,893)
31 December 2024	7,098	4	14	7,116
Increase	867	4	2	873
Decrease	(2,443)	(2)	(2)	(2,447)
31 December 2025	5,522	6	14	5,542
Accumulated depreciation				
1 January 2024	(4,165)	(5)	(9)	(4,179)
Charge for the year	(1,171)	(2)	(1)	(1,174)
Decrease	1,151	3	4	1,158
31 December 2024	(4,185)	(4)	(6)	(4,195)
Charge for the year	(947)	(2)	(2)	(951)
Decrease	1,377	2	1	1,380
31 December 2025	(3,755)	(4)	(7)	(3,766)
Carrying amount				
31 December 2025	1,767	2	7	1,776
31 December 2024	2,913	–	8	2,921

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

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

15. Intangible assets

	Land use rights	Software use rights	License	Others	Total
Cost					
1 January 2024	3,480	10,732	646	–	14,858
Increase	343	1,028	–	2	1,373
Transfer from construction in progress	–	43	–	–	43
Transfer from investment properties, net	25	–	–	–	25
Disposal	–	(6)	–	–	(6)
31 December 2024	3,848	11,797	646	2	16,293
Increase	26	1,153	–	–	1,179
Transfer from construction in progress	11	28	–	–	39
Transfer to investment properties, net	(88)	–	–	–	(88)
Disposal	(11)	(9)	–	–	(20)
31 December 2025	3,786	12,969	646	2	17,403
Accumulated amortisation					
1 January 2024	(243)	(7,483)	–	–	(7,726)
Charge for the year	(89)	(1,116)	–	–	(1,205)
Transfer from investment properties, net	(6)	–	–	–	(6)
Disposal	–	6	–	–	6
31 December 2024	(338)	(8,593)	–	–	(8,931)
Charge for the year	(92)	(1,129)	–	(1)	(1,222)
Transfer to investment properties, net	8	–	–	–	8
Disposal	7	9	–	–	16
31 December 2025	(415)	(9,713)	–	(1)	(10,129)
Provision for impairment loss					
1 January 2024 and 31 December 2024	–	(15)	–	–	(15)
Provision for impairment	(2)	–	–	–	(2)
31 December 2025	(2)	(15)	–	–	(17)
Carrying amount					
31 December 2025	3,369	3,241	646	1	7,257
31 December 2024	3,510	3,189	646	2	7,347

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

16. Goodwill

	31 December 2025			
	Opening balance	Increase	Decrease	Ending balance
Changjiang Pension	149	–	–	149
City Island	813	–	–	813
CPIC Fund	395	–	–	395
Borui Heming	15	–	–	15
Sub-total	1,372	–	–	1,372
Less: Provision for impairment	(15)	–	–	(15)
Net value	1,357	–	–	1,357

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

Provision for impairment of goodwill

	Opening balance	31 December 2025		Ending balance
		Increase Provision	Decrease Disposal	
Borui Heming	(15)	–	–	(15)

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

Fair value refers to the trading prices of similar assets in the market and is determined using appropriate valuation techniques. The present value of future cash flows is based on business plans approved by management and adjusted discount rates using the discounted cash flow method. Cash flows beyond the business plan period have been extrapolated using a stable growth rate and terminal value. As at 31 December 2025, discount rates used by the Group range from 10.5% to 15% and the growth rate is about 2%.

As at 31 December 2025, apart from the goodwill arising from the acquisition of Borui Heming, which has been impaired, there was no indication that the recoverable amount of other cash-generating units or groups of cash-generating units was less than their respective carrying amounts, thus no further provision for impairment of goodwill is required.

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

17. Deferred income tax assets and liabilities

	31 December 2025		31 December 2024	
	Deferred income tax	Temporary differences	Deferred income tax	Temporary differences
Deferred income tax assets				
Insurance contract liabilities/assets	37,442	149,768	50,712	202,848
Changes in fair value of financial instruments	269	1,076	169	676
Commission and brokerage expenses	695	2,780	853	3,412
Provision for asset impairment	722	2,888	624	2,496
Deductible losses	18,450	73,800	10,469	41,876
Lease liabilities	393	1,571	681	2,722
Others	2,103	8,412	2,578	10,312
Total	60,074	240,295	66,086	264,342
Deferred income tax liabilities				
Changes in fair value of financial instruments	(58,937)	(235,748)	(68,364)	(273,456)
Adjustment in fair value arising from acquisition of subsidiaries	(1,470)	(5,880)	(737)	(2,948)
Right-of-use assets	(444)	(1,776)	(730)	(2,921)
Others	(97)	(388)	(153)	(612)
Total	(60,948)	(243,792)	(69,984)	(279,937)

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

	31 December 2025		31 December 2024	
	Offsetting amount	Balance after offsetting	Offsetting amount	Balance after offsetting
Deferred income tax assets	(56,431)	3,643	(62,622)	3,464
Deferred income tax liabilities	56,431	(4,517)	62,622	(7,362)

Details of movements in deferred income tax assets and liabilities are as follows:

	Insurance contract liabilities/assets	Changes in fair value of financial instruments	Commission and brokerage expenses	Provision for asset impairment	Deductible losses	Adjustment in fair value arising from acquisition of subsidiaries	Others	Total
Balance of 1 January 2024	22,300	(21,942)	790	611	3,198	(797)	1,797	5,957
Recognised in profit or loss	(6,183)	(9,275)	63	86	7,271	60	580	(7,398)
Recognised in equity	34,716	(37,019)	–	(73)	–	–	(1)	(2,377)
Other changes of the year	(121)	41	–	–	–	–	–	(80)
Balance of 31 December 2024	50,712	(68,195)	853	624	10,469	(737)	2,376	(3,898)
Acquisition of a subsidiary	–	–	–	–	–	(763)	–	(763)
Recognised in profit or loss	(7,226)	(7,342)	(158)	65	7,981	30	(428)	(7,078)
Recognised in equity	(5,985)	16,832	–	33	–	–	7	10,887
Other changes of the year	(59)	37	–	–	–	–	–	(22)
Balance of 31 December 2025	37,442	(58,668)	695	722	18,450	(1,470)	1,955	(874)

As at 31 December 2025, the deductible temporary differences and deductible losses not recognised as deferred income tax assets by the Group amounted to RMB 50.8 billion (31 December 2024: RMB 31.1 billion).

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

18. Other assets

		31 December 2025	31 December 2024
Other receivables	(1)	11,406	12,694
Leasehold improvements	(2)	951	1,017
Others		3,699	2,803
Total		16,056	16,514

(1) Other receivables

	31 December 2025	31 December 2024
Receivable from securities sold but not settled	2,908	4,323
Due from external undertakings	3,563	3,344
Due from related parties*	1,772	1,772
Due from agents	323	314
Deposits	146	267
Co-insurance premium receivables	49	63
Prepaid tax	186	155
Others	2,794	2,787
Sub-total	11,741	13,025
Less: Provision for impairment	(335)	(331)
Net value	11,406	12,694

* As at 31 December 2025, the payments made by the Group on behalf of Shanghai Binjiang-Xiangrui Investment and Construction Co., Ltd. ("Binjiang-Xiangrui") for the purchase of land and related taxes and expenses amounted to approximately RMB 1,772 million (31 December 2024: RMB 1,772 million), which accounting for 15% (31 December 2024: 14%) of the total other receivables.

The category of other receivables is analysed below:

	31 December 2025			
	Ending balance	% of total balance	Provision for impairment	Provision Percentage
Provisions for impairment considered on the grouping basis	11,741	100%	(335)	3%

	31 December 2024			
	Ending balance	% of total balance	Provision for impairment	Provision Percentage
Provisions for impairment considered on the grouping basis	13,025	100%	(331)	3%

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

18. Other assets (continued)

(1) Other receivables (continued)

The aging of other receivables and related provisions for impairment are analysed as follows:

Aging	31 December 2025			
	Ending balance	% of total balance	Provision for impairment	Net value
Within 3 months (inclusive)	7,218	62%	(45)	7,173
3 months to 1 year (inclusive)	1,657	14%	(28)	1,629
1 to 3 years (inclusive)	759	6%	(116)	643
Over 3 years	2,107	18%	(146)	1,961
Total	11,741	100%	(335)	11,406

Aging	31 December 2024			
	Ending balance	% of total balance	Provision for impairment	Net value
Within 3 months (inclusive)	8,381	64%	(17)	8,364
3 months to 1 year (inclusive)	1,828	14%	(22)	1,806
1 to 3 years (inclusive)	649	5%	(91)	558
Over 3 years	2,167	17%	(201)	1,966
Total	13,025	100%	(331)	12,694

The top five other receivables of the Group are as follows:

	31 December 2025	31 December 2024
Total amount of the top five other receivables	2,649	2,499
Total provision for impairment	(22)	(13)
% of total other receivables	23%	19%

As at 31 December 2025, 67% of the aggregate balance of the Group's top five other receivables were outstanding for more than three years.

The account balance does not include any amount attributable to shareholders holding 5% or more of the voting rights of the Company.

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

18. Other assets (continued)

(2) Leasehold improvements

	Leasehold improvements
Cost	
At 1 January 2024	5,094
Additions	384
Transfer from construction in progress	2
Disposal	(2)
At 31 December 2024	5,478
Additions	316
Disposal	(3)
At 31 December 2025	5,791
Accumulated amortisation	
At 1 January 2024	(4,042)
Charge for the year	(421)
Disposal	2
At 31 December 2024	(4,461)
Charge for the year	(381)
Disposal	2
At 31 December 2025	(4,840)
Carrying amount	
At 31 December 2025	951
At 31 December 2024	1,017

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

19. Provision for impairment of assets

	31 December 2025				
	Opening balance	Charge for the year	Reversal	Derecognition and others	Ending balance
Impairment provision of term deposits	82	83	(28)	–	137
Impairment provision of restricted statutory deposits	2	–	–	–	2
Impairment provision of debt investments at fair value through other comprehensive income	4,220	932	(231)	(882)	4,039
Impairment provision of financial assets at amortised cost	1,597	408	(65)	–	1,940
Impairment provision of long-term equity investments	515	26	–	–	541
Impairment provision of other assets					
– Other receivables	331	53	(13)	(36)	335
– Debt assets	20	–	–	–	20
– Others	79	19	(3)	–	95
Provision for impairment of fixed assets	25	–	–	45	70
Provision for impairment of intangible assets	15	2	–	–	17
Provision for impairment of investment properties	374	–	–	(45)	329
Provision for impairment of other long-term assets	25	–	–	–	25
Provision for impairment of goodwill	15	–	–	–	15
Total	7,300	1,523	(340)	(918)	7,565

	31 December 2024				
	Opening balance	Charge for the year	Reversal	Derecognition and others	Ending balance
Impairment provision of term deposits	76	16	(10)	–	82
Impairment provision of restricted statutory deposits	2	1	(1)	–	2
Impairment provision of debt investments at fair value through other comprehensive income	3,929	626	(325)	(10)	4,220
Impairment provision of financial assets at amortised cost	1,377	368	(148)	–	1,597
Impairment provision of long-term equity investments	499	16	–	–	515
Impairment provision of other assets					
– Other receivables	319	61	(1)	(48)	331
– Debt assets	20	–	–	–	20
– Others	135	16	(72)	–	79
Provision for impairment of fixed assets	9	16	–	–	25
Provision for impairment of intangible assets	15	–	–	–	15
Provision for impairment of investment properties	–	374	–	–	374
Provision for impairment of other long-term assets	25	–	–	–	25
Provision for impairment of goodwill	15	–	–	–	15
Total	6,421	1,494	(557)	(58)	7,300

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

20. Securities sold under agreements to repurchase

	31 December 2025	31 December 2024
Securities – bonds		
Inter-bank market	195,923	158,860
Stock exchange	23,007	22,835
Total	218,930	181,695

As at 31 December 2025, the Group's bonds with par value of approximately RMB 206,540 million (31 December 2024: approximately RMB 169,426 million) were pledged for the inter-bank securities sold under agreements to repurchase.

As at 31 December 2025, the Group's bonds with par value of approximately RMB 23,003 million (31 December 2024: approximately RMB 22,826 million) were pledged for the stock exchange securities sold under agreements to repurchase.

Securities sold under agreements to repurchase are generally repurchased within 12 months from the date the securities are sold.

21. Employee benefits payable

	1 January 2025	Increase	Decrease	31 December 2025
Wages and salaries, bonus, allowances and subsidies	7,341	18,641	(17,453)	8,529
Staff welfare	10	870	(868)	12
Social security contributions	92	4,153	(4,184)	61
Housing funds	10	1,481	(1,483)	8
Labour union funds	57	363	(352)	68
Employee education funds	1,089	220	(90)	1,219
Deferred bonus to management	152	238	(242)	148
Early retirement benefits	1,418	986	(1,333)	1,071
Total	10,169	26,952	(26,005)	11,116

	1 January 2024	Increase	Decrease	31 December 2024
Wages and salaries, bonus, allowances and subsidies	6,789	18,339	(17,787)	7,341
Staff welfare	12	921	(923)	10
Social security contributions	107	4,090	(4,105)	92
Housing funds	14	1,416	(1,420)	10
Labour union funds	55	369	(367)	57
Employee education funds	965	204	(80)	1,089
Deferred bonus to management	173	235	(256)	152
Early retirement benefits	1,132	1,241	(955)	1,418
Total	9,247	26,815	(25,893)	10,169

The Group had no significant non-monetary benefits and compensation for termination of employment.

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

22. Taxes payable

	31 December 2025	31 December 2024
Corporate income tax	1,875	663
Unpaid VAT	571	562
Withholding individual income tax	152	155
Others	1,124	1,100
Total	3,722	2,480

23. Bonds payable

On 9 March 2023, CPIC Property issued a 10-year capital replenishment bond with a total face value of RMB 7.0 billion in the interbank market. CPIC Property has a conditional option to redeem the bond at the end of the fifth interest-bearing year. The capital replenishment bond pays interests at an initial coupon rate of 3.72% per annum. If CPIC Property does not exercise the early redemption option, the annual coupon rate for the next five years would increase to 4.72%.

On 3 April 2023, CPIC Property issued a 10-year capital replenishment bond with a total face value of RMB 3 billion in the interbank market. CPIC Property has a conditional option to redeem the bond at the end of the fifth interest-bearing year. The capital replenishment bond pays interests at an initial coupon rate of 3.55% per annum. If CPIC Property does not exercise the early redemption option, the annual coupon rate for the next five years would increase to 4.55%.

On 18 September 2025, the Company publicly issued the 5-year zero coupon convertible bonds due 2030 in the aggregate principal amount of HKD 15.556 billion on The Stock Exchange of Hong Kong Limited (the "Convertible Bonds"). Subject to the terms and conditions, the bondholders may exercise their rights to convert the Convertible Bonds into the Company's H-shares at the stipulated conversion price at any time on or after the 41st day after the issue date up to the close of business on the date falling seven working days prior to the maturity date. Under certain conditions, the Convertible Bonds have the cash settlement option, issuer's redemption option and bondholders' redemption option. The initial conversion price was HKD 39.04 per H share. The conversion price of the Convertible Bonds shall be adjusted in accordance with the adjustment mechanisms and calculation formulas stipulated in the terms by the Company.

Issuer	31 December 2024	Issuance	Amortisation of bond premium or discount	Interest accrued in the year	Interest payment/reimbursement in the year	Others	31 December 2025
The Company	–	12,447	94	–	–	(149)	12,392
CPIC Property	10,286	–	–	367	(367)	–	10,286
Total	10,286	12,447	94	367	(367)	(149)	22,678

24. Insurance contract liabilities/assets

	31 December 2025					
	Insurance contract assets (excluding assets for insurance acquisition cash flows)	Assets for insurance acquisition cash flows	Insurance contract assets	Insurance contract liabilities (excluding assets for insurance acquisition cash flows)	Assets for insurance acquisition cash flows	Insurance contract liabilities
Insurance contracts issued (including reinsurance contracts held)	–	–	–	2,466,607	–	2,466,607

	31 December 2024					
	Insurance contract assets (excluding assets for insurance acquisition cash flows)	Assets for insurance acquisition cash flows	Insurance contract assets	Insurance contract liabilities (excluding assets for insurance acquisition cash flows)	Assets for insurance acquisition cash flows	Insurance contract liabilities
Insurance contracts issued (including reinsurance contracts held)	22	–	22	2,229,514	–	2,229,514

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

24. Insurance contract liabilities/assets (continued)

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

	2025								
	Contracts not measured under the premium allocation approach				Contracts measured under the premium allocation approach				
	Liabilities for remaining coverage			Total	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component	Loss component	Liabilities for incurred claims		Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	Total
Insurance contract liabilities as at 1 January	2,055,501	7,484	29,564	2,092,549	54,346	6,686	73,889	2,044	136,965
Insurance contract assets as at 1 January	-	-	-	-	(1)	-	(21)	-	(22)
Net liabilities of insurance contracts as at 1 January	2,055,501	7,484	29,564	2,092,549	54,345	6,686	73,868	2,044	136,943
Contracts under the fair value approach	(5,089)	-	-	(5,089)	-	-	-	-	-
Contracts under the modified retrospective approach	(56,189)	-	-	(56,189)	(6)	-	-	-	(6)
Other contracts	(21,550)	-	-	(21,550)	(206,076)	-	-	-	(206,076)
Insurance revenue	(82,828)	-	-	(82,828)	(206,082)	-	-	-	(206,082)
Incurring claims and other expenses	-	(1,950)	34,408	32,458	-	-	154,327	1,349	155,676
Amortisation of insurance acquisition cash flows	22,071	-	-	22,071	49,487	-	-	-	49,487
Losses on onerous contracts and reversals of those losses	-	2,819	-	2,819	-	397	-	-	397
Changes in liabilities for incurred claims	-	-	(2,361)	(2,361)	-	-	(7,319)	(1,185)	(8,504)
Insurance service expenses	22,071	869	32,047	54,987	49,487	397	147,008	164	197,056
Insurance service result	(60,757)	869	32,047	(27,841)	(156,595)	397	147,008	164	(9,026)
Insurance finance expenses	75,619	60	718	76,397	861	-	885	-	1,746
Other changes recognised in other comprehensive income/(loss)	(118)	(1)	-	(119)	(6)	-	(17)	(2)	(25)
Total changes of other comprehensive income	14,744	928	32,765	48,437	(155,740)	397	147,876	162	(7,305)
Investment components	(67,552)	-	67,552	-	(11,284)	-	11,284	-	-
Premium received	297,032	-	-	297,032	231,250	-	-	-	231,250
Insurance acquisition cash flows paid	(18,658)	-	-	(18,658)	(48,561)	-	-	-	(48,561)
Claims and other insurance service expenses paid	-	-	(101,791)	(101,791)	-	-	(151,801)	-	(151,801)
Other cash flows	1,102	-	-	1,102	(10,152)	-	-	-	(10,152)
Total cash flows	279,476	-	(101,791)	177,685	172,537	-	(151,801)	-	20,736
Other movements	(362)	-	(595)	(957)	(597)	-	(884)	-	(1,481)
Net liabilities of insurance contracts as at 31 December	2,281,807	8,412	27,495	2,317,714	59,261	7,083	80,343	2,206	148,893
Insurance contract assets as at 31 December	-	-	-	-	-	-	-	-	-
Insurance contract liabilities as at 31 December	2,281,807	8,412	27,495	2,317,714	59,261	7,083	80,343	2,206	148,893

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

24. Insurance contract liabilities/assets (continued)

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

	2024								
	Contracts not measured under the premium allocation approach				Contracts measured under the premium allocation approach				
	Liabilities for remaining coverage			Total	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Liabilities for incurred claims		Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	
Insurance contract liabilities as at 1 January	1,709,879	8,279	28,951	1,747,109	51,521	7,715	64,420	1,855	125,511
Insurance contract assets as at 1 January	–	–	–	–	(3,480)	411	2,677	57	(335)
Net liabilities of insurance contracts as at 1 January	1,709,879	8,279	28,951	1,747,109	48,041	8,126	67,097	1,912	125,176
Contracts under the fair value approach	(4,848)	–	–	(4,848)	–	–	–	–	–
Contracts under the modified retrospective approach	(59,615)	–	–	(59,615)	–	–	–	–	–
Other contracts	(18,695)	–	–	(18,695)	(196,315)	–	–	–	(196,315)
Insurance revenue	(83,158)	–	–	(83,158)	(196,315)	–	–	–	(196,315)
Incurred claims and other expenses	–	(1,678)	34,110	32,432	–	–	151,668	1,176	152,844
Amortisation of insurance acquisition cash flows	21,926	–	–	21,926	48,365	–	–	–	48,365
Losses on onerous contracts and reversals of those losses	–	664	–	664	–	(1,459)	–	–	(1,459)
Changes in liabilities for incurred claims	–	–	(2,689)	(2,689)	–	–	(7,890)	(1,046)	(8,936)
Insurance service expenses	21,926	(1,014)	31,421	52,333	48,365	(1,459)	143,778	130	190,814
Insurance service result	(61,232)	(1,014)	31,421	(30,825)	(147,950)	(1,459)	143,778	130	(5,501)
Insurance finance expenses	227,341	219	1,408	228,968	974	–	1,765	–	2,739
Other changes recognised in other comprehensive income/(loss)	46	–	–	46	4	19	13	2	38
Total changes of other comprehensive income	166,155	(795)	32,829	198,189	(146,972)	(1,440)	145,556	132	(2,724)
Investment components	(62,645)	–	62,645	–	(12,542)	–	12,542	–	–
Premium received	264,362	–	–	264,362	222,761	–	–	–	222,761
Insurance acquisition cash flows paid	(21,597)	–	–	(21,597)	(46,715)	–	–	–	(46,715)
Claims and other insurance service expenses paid	–	–	(94,288)	(94,288)	–	–	(150,382)	–	(150,382)
Other cash flows	(231)	–	–	(231)	(9,600)	–	–	–	(9,600)
Total cash flows	242,534	–	(94,288)	148,246	166,446	–	(150,382)	–	16,064
Other movements	(422)	–	(573)	(995)	(628)	–	(945)	–	(1,573)
Net liabilities of insurance contracts as at 31 December	2,055,501	7,484	29,564	2,092,549	54,345	6,686	73,868	2,044	136,943
Insurance contract assets as at 31 December	–	–	–	–	(1)	–	(21)	–	(22)
Insurance contract liabilities as at 31 December	2,055,501	7,484	29,564	2,092,549	54,346	6,686	73,889	2,044	136,965

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

24. Insurance contract liabilities/assets (continued)

The analysis by measurement component of contracts not measured under the premium allocation approach is as follows:

	2025						
	Present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin			Subtotal	Total
			Contracts under the fair value approach	Contracts under the modified retrospective approach	Other contracts		
Insurance contract liabilities as at 1 January	1,725,632	21,551	14,419	287,604	43,343	345,366	2,092,549
Amortisation of contractual service margin	–	–	(1,447)	(21,713)	(4,084)	(27,244)	(27,244)
Changes in risk adjustment for non-financial risk	–	(1,022)	–	–	–	–	(1,022)
Experience adjustments	(33)	–	–	–	–	–	(33)
Changes that relate to current services	(33)	(1,022)	(1,447)	(21,713)	(4,084)	(27,244)	(28,299)
Contracts initially recognised in the year	(21,538)	1,807	–	–	21,129	21,129	1,398
Changes in estimates that adjust the contractual service margin	(10,229)	(436)	1,229	9,843	(407)	10,665	–
Changes in estimates that do not adjust the contractual service margin	1,383	38	–	–	–	–	1,421
Changes that relate to future services	(30,384)	1,409	1,229	9,843	20,722	31,794	2,819
Adjustments to liabilities for incurred claims	(2,090)	(271)	–	–	–	–	(2,361)
Changes that relate to past services	(2,090)	(271)	–	–	–	–	(2,361)
Insurance service result	(32,507)	116	(218)	(11,870)	16,638	4,550	(27,841)
Insurance finance expenses	68,925	544	551	4,471	1,906	6,928	76,397
Other movements of other comprehensive income/(loss)	(117)	–	–	–	(2)	(2)	(119)
Total changes of other comprehensive income	36,301	660	333	(7,399)	18,542	11,476	48,437
Premiums received	297,032	–	–	–	–	–	297,032
Insurance acquisition cash flows paid	(18,658)	–	–	–	–	–	(18,658)
Claims and other insurance service expenses paid	(101,791)	–	–	–	–	–	(101,791)
Other cash flows	1,102	–	–	–	–	–	1,102
Total cash flows	177,685	–	–	–	–	–	177,685
Other movements	(957)	–	–	–	–	–	(957)
Insurance contract liabilities as at 31 December	1,938,661	22,211	14,752	280,205	61,885	356,842	2,317,714

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

24. Insurance contract liabilities/assets (continued)

The analysis by measurement component of contracts not measured under the premium allocation approach is as follows: (continued)

	2024						
	Present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin			Subtotal	Total
			Contracts under the fair value approach	Contracts under the modified retrospective approach	Other contracts		
Insurance contract liabilities as at 1 January	1,401,980	19,403	13,905	288,518	23,303	325,726	1,747,109
Amortisation of contractual service margin	–	–	(1,465)	(22,876)	(2,495)	(26,836)	(26,836)
Changes in risk adjustment for non-financial risk	–	(1,015)	–	–	–	–	(1,015)
Experience adjustments	(949)	–	–	–	–	–	(949)
Changes that relate to current services	(949)	(1,015)	(1,465)	(22,876)	(2,495)	(26,836)	(28,800)
Contracts initially recognised in the year	(21,430)	2,552	–	–	19,741	19,741	863
Changes in estimates that adjust the contractual service margin	(19,210)	(1,049)	1,442	17,276	1,541	20,259	–
Changes in estimates that do not adjust the contractual service margin	(116)	(83)	–	–	–	–	(199)
Changes that relate to future services	(40,756)	1,420	1,442	17,276	21,282	40,000	664
Adjustments to liabilities for incurred claims	(2,427)	(262)	–	–	–	–	(2,689)
Changes that relate to past services	(2,427)	(262)	–	–	–	–	(2,689)
Insurance service result	(44,132)	143	(23)	(5,600)	18,787	13,164	(30,825)
Insurance finance expenses	220,488	2,005	537	4,686	1,252	6,475	228,968
Other movements of other comprehensive income/(loss)	45	–	–	–	1	1	46
Total changes of other comprehensive income	176,401	2,148	514	(914)	20,040	19,640	198,189
Premiums received	264,362	–	–	–	–	–	264,362
Insurance acquisition cash flows paid	(21,597)	–	–	–	–	–	(21,597)
Claims and other insurance service expenses paid	(94,288)	–	–	–	–	–	(94,288)
Other cash flows	(231)	–	–	–	–	–	(231)
Total cash flows	148,246	–	–	–	–	–	148,246
Other movements	(995)	–	–	–	–	–	(995)
Insurance contract liabilities as at 31 December	1,725,632	21,551	14,419	287,604	43,343	345,366	2,092,549

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

24. Insurance contract liabilities/assets (continued)

As of 31 December 2025, the Group expects that 64 % (31 December 2024: 64%) of the contractual service margin of insurance contracts that do not apply the premium allocation approach will be recognised in profit or loss within the next 10 years.

The impact on the balance sheet of the current period's initial recognition of insurance contracts that do not measure under the premium allocation approach is as follows:

	2025		
	Profitable contracts issued	Onerous contracts issued	Total
Estimates of present value of future cash outflows – insurance acquisition cash flows	16,193	2,158	18,351
Estimates of present value of future cash outflows – others	145,797	51,589	197,386
Subtotal of estimates of present value of future cash outflows	161,990	53,747	215,737
Estimates of present value of future cash inflows	(184,505)	(52,770)	(237,275)
Risk adjustment for non-financial risk	1,386	421	1,807
Contractual service margin	21,129	–	21,129
Impact of contracts initially recognised in the current year	–	1,398	1,398

	2024		
	Profitable contracts issued	Onerous contracts issued	Total
Estimates of present value of future cash outflows – insurance acquisition cash flows	18,573	3,816	22,389
Estimates of present value of future cash outflows – others	134,923	34,982	169,905
Subtotal of estimates of present value of future cash outflows	153,496	38,798	192,294
Estimates of present value of future cash inflows	(175,421)	(38,303)	(213,724)
Risk adjustment for non-financial risk	2,184	368	2,552
Contractual service margin	19,741	–	19,741
Impact of contracts initially recognised in the current year	–	863	863

The following table describes the composition of the assets or liabilities and their fair values of the underlying items corresponding to insurance contracts with direct participation in profit-sharing features:

	31 December 2025	31 December 2024
Financial assets at fair value through profit or loss	348,864	331,707
Debt investments at fair value through other comprehensive income	744,340	722,348
Equity investments at fair value through other comprehensive income	50,915	53,972
Others	80,925	53,338
	1,225,044	1,161,365

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

25. Reinsurance contract liabilities/assets

The analysis of reinsurance contract assets for remaining coverage and reinsurance contract assets for incurred claims is as follows:

	2025								
	Contracts not measured under the premium allocation method				Contracts measured under the premium allocation method				
	Assets for remaining coverage			Total	Assets for remaining coverage		Assets for incurred claims		
	Excluding loss-recovery component	Loss-recovery component	Assets for incurred claims		Excluding loss-recovery component	Loss-recovery component	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	Total
Reinsurance contract assets as at 1 January	14,345	446	456	15,247	3,152	880	26,379	423	30,834
Reinsurance contract liabilities as at 1 January	–	–	–	–	–	–	–	–	–
Net assets of reinsurance contracts as at 1 January	14,345	446	456	15,247	3,152	880	26,379	423	30,834
Allocation of reinsurance premiums	(612)	–	–	(612)	(14,813)	–	–	–	(14,813)
Amounts recoverable for claims and other related expenses incurred during the year	–	(36)	465	429	–	–	15,845	260	16,105
Recognition and reversals of loss-recovery component	–	14	–	14	–	(4)	–	–	(4)
Changes in fulfillment cash flows related to reinsurance contracts assets for incurred claims	–	–	(134)	(134)	–	–	(2,018)	(202)	(2,220)
Effect of changes in non-performance of reinsurers	–	–	–	–	–	–	2	–	2
Recoveries of insurance service expenses from reinsurers	–	(22)	331	309	–	(4)	13,829	58	13,883
Reinsurance service results	(612)	(22)	331	(303)	(14,813)	(4)	13,829	58	(930)
Reinsurance finance income for reinsurance contracts held	534	15	3	552	209	–	165	–	374
Other changes recognised in other comprehensive income/(loss)	(34)	(1)	–	(35)	(1)	–	(13)	(1)	(15)
Total changes in other comprehensive income	(112)	(8)	334	214	(14,605)	(4)	13,981	57	(571)
Investment components	(154)	–	154	–	(5,540)	–	5,540	–	–
Reinsurance premiums paid	248	–	–	248	20,869	–	–	–	20,869
Amounts received from recoveries of claims and other related expenses incurred	–	–	(242)	(242)	–	–	(17,988)	–	(17,988)
Other cash flows	(1)	–	–	(1)	(864)	–	–	–	(864)
Total cash flows	247	–	(242)	5	20,005	–	(17,988)	–	2,017
Other changes	–	–	–	–	–	–	–	–	–
Reinsurance contract assets as at 31 December	14,326	438	702	15,466	3,012	876	27,912	480	32,280

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

25. Reinsurance contract liabilities/assets (continued)

The analysis of reinsurance contract assets for remaining coverage and reinsurance contract assets for incurred claims is as follows: (continued)

	2024								
	Contracts not measured under the premium allocation method				Contracts measured under the premium allocation method				
	Assets for remaining coverage			Total	Assets for remaining coverage		Assets for incurred claims		Total
	Excluding loss-recovery component	Loss-recovery component	Assets for incurred claims		Excluding loss-recovery component	Loss-recovery component	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	
Reinsurance contract assets as at 1 January	11,035	419	617	12,071	2,514	1,201	23,603	365	27,683
Reinsurance contract liabilities as at 1 January	-	-	-	-	-	-	-	-	-
Net assets of reinsurance contracts as at 1 January	11,035	419	617	12,071	2,514	1,201	23,603	365	27,683
Allocation of reinsurance premiums	(565)	-	-	(565)	(15,326)	-	-	-	(15,326)
Amounts recoverable for claims and other related expenses incurred during the year	-	(36)	(82)	(118)	-	-	17,356	257	17,613
Recognition and reversals of loss-recovery component	-	48	-	48	-	(322)	-	-	(322)
Changes in fulfillment cash flows related to reinsurance contracts assets for incurred claims	-	-	49	49	-	-	(2,593)	(200)	(2,793)
Effect of changes in non-performance of reinsurers	-	-	-	-	-	-	(11)	-	(11)
Recoveries of insurance service expenses from reinsurers	-	12	(33)	(21)	-	(322)	14,752	57	14,487
Reinsurance service results	(565)	12	(33)	(586)	(15,326)	(322)	14,752	57	(839)
Reinsurance finance income for reinsurance contracts held	1,199	15	5	1,219	238	-	614	-	852
Other changes recognised in other comprehensive income/(loss)	23	-	-	23	(1)	1	11	1	12
Total changes in other comprehensive income	657	27	(28)	656	(15,089)	(321)	15,377	58	25
Investment components	(359)	-	359	-	(5,655)	-	5,655	-	-
Reinsurance premiums paid	2,022	-	-	2,022	21,950	-	-	-	21,950
Amounts received from recoveries of claims and other related expenses incurred	-	-	(492)	(492)	-	-	(18,256)	-	(18,256)
Other cash flows	990	-	-	990	(568)	-	-	-	(568)
Total cash flows	3,012	-	(492)	2,520	21,382	-	(18,256)	-	3,126
Other changes	-	-	-	-	-	-	-	-	-
Reinsurance contract assets as at 31 December	14,345	446	456	15,247	3,152	880	26,379	423	30,834

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

25. Reinsurance contract liabilities/assets (continued)

The analysis by measurement component of contracts not measured under the premium allocation approach is as follows:

	2025						Total
	Present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margins			Subtotal	
			Contracts under the fair value approach	Contracts under the modified retrospective approach	Other contracts		
Reinsurance contract assets as at 1 January	12,407	186	2,206	–	448	2,654	15,247
Amortisation of contractual service margin	–	–	(171)	–	(72)	(243)	(243)
Changes in risk adjustment for non-financial risk	–	(2)	–	–	–	–	(2)
Experience adjustments	62	–	–	–	–	–	62
Changes that relate to current services	62	(2)	(171)	–	(72)	(243)	(183)
Reinsurance contracts initially recognised in the year	(53)	5	–	–	48	48	–
Changes in estimates that adjust the contractual service margin	(286)	59	57	–	170	227	–
Recognition and reversals of loss-recovery component	–	–	1	–	13	14	14
Changes that relate to future services	(339)	64	58	–	231	289	14
Adjustments to reinsurance amortisation of assets for incurred claims	(127)	(7)	–	–	–	–	(134)
Changes related to past services	(127)	(7)	–	–	–	–	(134)
Insurance service result	(404)	55	(113)	–	159	46	(303)
Reinsurance finance income for reinsurance contracts held	456	5	78	–	13	91	552
Other changes of other comprehensive income/(loss)	(35)	–	–	–	–	–	(35)
Total changes of other comprehensive income	17	60	(35)	–	172	137	214
Reinsurance premiums paid	248	–	–	–	–	–	248
Amounts received from recoveries of claims and other related expenses incurred	(242)	–	–	–	–	–	(242)
Other cash flows	(1)	–	–	–	–	–	(1)
Total cash flows	5	–	–	–	–	–	5
Other changes	–	–	–	–	–	–	–
Reinsurance contract assets at 31 December	12,429	246	2,171	–	620	2,791	15,466

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

25. Reinsurance contract liabilities/assets (continued)

The analysis by measurement component of contracts not measured under the premium allocation approach is as follows: (continued)

	2024						
	Present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margins			Subtotal	Total
			Contracts under the fair value approach	Contracts under the modified retrospective approach	Other contracts		
Reinsurance contract assets as at 1 January	9,234	188	2,431	–	218	2,649	12,071
Amortisation of contractual service margin	–	–	(171)	–	(63)	(234)	(234)
Changes in risk adjustment for non-financial risk	–	–	–	–	–	–	–
Experience adjustments	(449)	–	–	–	–	–	(449)
Changes that relate to current services	(449)	–	(171)	–	(63)	(234)	(683)
Reinsurance contracts initially recognised in the year	(38)	7	–	–	31	31	–
Changes in estimates that adjust the contractual service margin	(50)	(21)	(144)	–	215	71	–
Recognition and reversals of loss-recovery component	–	–	9	–	39	48	48
Changes that relate to future services	(88)	(14)	(135)	–	285	150	48
Adjustments to reinsurance amortisation of assets for incurred claims	55	(6)	–	–	–	–	49
Changes related to past services	55	(6)	–	–	–	–	49
Insurance service result	(482)	(20)	(306)	–	222	(84)	(586)
Reinsurance finance income for reinsurance contracts held	1,112	18	81	–	8	89	1,219
Other changes of other comprehensive income/(loss)	23	–	–	–	–	–	23
Total changes of other comprehensive income	653	(2)	(225)	–	230	5	656
Reinsurance premiums paid	2,022	–	–	–	–	–	2,022
Amounts received from recoveries of claims and other related expenses incurred	(492)	–	–	–	–	–	(492)
Other cash flows	990	–	–	–	–	–	990
Total cash flows	2,520	–	–	–	–	–	2,520
Other changes	–	–	–	–	–	–	–
Reinsurance contract assets at 31 December	12,407	186	2,206	–	448	2,654	15,247

As of 31 December 2025, the Group expects that 69% (31 December 2024: 62%) of the contractual service margin of reinsurance contracts that do not apply the premium allocation approach will be recognised in profit or loss within the next 10 years.

The impact of reinsurance contracts that do not initially recognised under the premium allocation approach on the balance sheet is as follows:

	2025	2024
Estimates of present value of future cash inflows	182	1,120
Estimates of present value of future cash outflows	(235)	(1,158)
Risk adjustment for non-financial risk	5	7
Contractual service margin	48	31
Impact of contracts initially recognised during the year	–	–

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

26. Other liabilities

		31 December 2025	31 December 2024
Other payables	(1)	45,044	41,086
Accrued expenses		2,473	2,456
Insurance security fund		322	401
Dividends payable		13	4
Others		4,751	4,040
Total		52,603	47,987

As of 31 December 2025, other liabilities included a one-year bank loan of HKD 150 million by CPIC Life (H.K), equivalent to approximately RMB 135 million, with an interest rate of 0.55% above the one-month Hong Kong Interbank Offered Rate.

(1) Other payables

		31 December 2025	31 December 2024
Payables related to asset-backed securities		19,741	16,098
Payables to third-party investors of consolidated structured entities		15,655	17,391
Payables for construction and purchasing office building		1,964	889
Payables to be claimed by customers		1,884	1,587
Co-insurance payable		1,250	1,184
Payables for securities purchased but not settled		960	1,430
Payables for purchases		928	846
Deposits		795	807
Compulsory automobile insurance rescue fund		271	300
Reimbursement payables		38	367
Others		1,558	187
Total		45,044	41,086

The account balance does not include any amount attributable to shareholders holding 5% or more of the voting rights of the Company.

27. Issued capital

Shares of the Company as well as the percentages of shareholding are shown below.

	1 January 2025		Increase of number of shares		31 December 2025	
	Number of shares	Percentage of shareholding	Newly issued	Others	Number of shares	Percentage of shareholding
I. Shares with trading restrictions						
Shares held by domestic non-state owned legal persons	–	0%	–	–	–	0%
Sub-total	–	0%	–	–	–	0%
II. Shares without trading restrictions						
Ordinary shares denominated in RMB	6,844	71%	–	–	6,844	71%
Foreign shares listed overseas	2,776	29%	–	–	2,776	29%
Sub-total	9,620	100%	–	–	9,620	100%
III. Total	9,620	100%	–	–	9,620	100%

As at 31 December 2025, the number of shares which the Company issued and fully paid at RMB 1 per share was 9,620 million.

As at 31 December 2024, the number of shares which the Company issued and fully paid at RMB 1 per share was 9,620 million.

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

28. Capital reserves

	31 December 2025	31 December 2024
Capital premium	79,008	79,008
Impact of capital injection to subsidiaries, etc.	2,105	2,105
Impact of equity transactions with non-controlling interests	(131)	(131)
Impact of other changes in the equity of investees accounted for using the equity method	336	352
Redistribution of cumulative changes in fair value of available-for-sale financial assets when purchasing equity from non-controlling interests	(1,413)	(1,413)
Impact of phased business combinations	28	28
Impact of capital invested by other equity instrument holders	(3)	(3)
Others	2	2
Total	79,932	79,948

Capital reserves mainly represent share premiums from issuance of shares and the deemed disposal of an equity interest in CPIC Life to certain foreign investors in December 2005, and the subsequent repurchase of the shares mentioned above in the same subsidiary by the Company in April 2007. In addition, the Company issued GDRs and listed on the LSE in 2020 which also increased the capital reserves.

29. Surplus reserves

	Statutory surplus reserve (the "SSR")
1 January 2024 and 31 December 2024	5,114
Appropriations	–
31 December 2025	5,114

30. General reserves

In accordance with relevant regulations, general risk provisions should be made to cover catastrophic risks or losses as incurred by companies engaged in the insurance, banking, trust, securities, futures, fund management, leasing and financial guarantee businesses. Companies undertaking insurance activities are required to set aside 10% of their net profit to general reserves, while companies undertaking asset management activities are required to set aside 10% of their management fee income to the risk reserves until the balance reaches 1% of the balance of products under management.

In accordance with relevant regulations, as part of the profit distribution and as presented in their annual financial statements, the Group's subsidiaries engaged in the above-mentioned businesses make appropriations to their general reserves on the basis of their annual net profit, year-end risk assets or management fee income from products under management where appropriate. Such general reserves cannot be used for dividends distribution or conversion to capital.

	General reserves
1 January 2024	25,462
Appropriations	4,466
31 December 2024	29,928
Appropriations	5,492
31 December 2025	35,420

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

31. Profit distribution and retained profits

According to the Articles of Association of the Company, the amount of retained profits available for distribution of the Company should be the amount determined under CASs, or determined under CASs if permissible by local rules where the Company is listed. According to the Articles of Association of the Company and applicable laws and regulations, the Company's profit distribution is made the following order:

- (1) Making up for losses brought forward from prior years;
- (2) Appropriating to SSR at 10% of the net profit;
- (3) Making appropriation to the discretionary surplus reserve ("DSR") in accordance with the resolution of the Shareholders' Meeting; and
- (4) Paying dividends to shareholders.

The Company can cease the appropriation to SSR when SSR accumulates to more than 50% of the registered capital. The SSR may be used to make up for losses, if any, and, subject to the approval of the Shareholders' Meeting, may also be converted into registered capital to make to fund an issue of new shares to shareholders on a proportionate basis. However, the conversion of SSR to capital should not bring the retained SSR to below 25% of the registered capital.

The balance of SSR reached 50% of the respective registered capital. The Company does not set aside SSR in 2025.

After making necessary appropriations to the SSR, the Company and its subsidiaries in the PRC may also appropriate a portion of their net profit to the DSR upon the approval of the Shareholders' Meetings. Subject to the approval of the shareholders, the DSR may be used to offset accumulated losses, if any, and may be converted into registered capital. The Company does not set aside DSR in 2025.

Pursuant to the resolution of the 10th meeting of the 21st Board of Directors of the Company held on 26 March 2026, a final dividend of approximately RMB 11,063 million (equivalent to annual cash dividend of RMB 1.15 per share (including tax)) was proposed. The profit distribution plan is subject to the approval of the Shareholders' Meeting.

Of the Group's retained profits in the consolidated financial statements, RMB 26,901 million as at 31 December 2025 (31 December 2024: RMB 25,745 million) represents the Company's share of its subsidiaries' surplus reserve fund.

32. Non-controlling interests

	31 December 2025	31 December 2024
CPIC Property	1,039	950
CPIC Life*	22,773	22,693
Ruiyongjing Real Estate	4,558	–
Changjiang Pension	1,895	1,611
CPIC Fund	633	638
PAAIC	1,044	1,031
Pacific Care Home at Dali	139	141
Total	32,081	27,064

* On 5 December 2023, CPIC Life publicly issued unsecured perpetual capital bonds with a total face value of RMB 12,000 million in the interbank market. On 14 June 2024, CPIC Life publicly issued unsecured perpetual capital bonds with a total face value of RMB 8,000 million in the interbank market. The duration of the bond is aligned with the duration of CPIC Life considered as going concern. CPIC Life shall have the right to redeem the bond in whole or in part at face value five years after the date of issue on each interest payment date (including the fifth interest payment date after the date of issue). These perpetual bonds were classified as equity instrument. Therefore, as of 31 December 2025, non-controlling interests of the Group included the balance of aforementioned other equity instrument issued by CPIC Life (including the cumulative distributable dividends attributable to the holders of these other equity instruments for the year) amounting to RMB 20,134 million (31 December 2024: RMB 20,134 million).

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

33. Insurance revenue

	2025	2024
Insurance contracts not measured under the premium allocation approach		
Amounts relating to the changes in the liability for remaining coverage	60,757	61,232
Amortisation of contractual service margin	27,244	26,836
Changes in the risk adjustment for non-financial risk	1,144	1,245
Insurance service expenses expected to be incurred in the period	31,284	31,394
Experience adjustments for premium receipts relating to current and past services	1,085	1,757
Amortisation of insurance acquisition cash flows	22,071	21,926
Subtotal of insurance contracts not measured under the premium allocation approach	82,828	83,158
Insurance contracts measured under the premium allocation approach	206,082	196,315
Total of insurance revenue	288,910	279,473

34. Interest income

	2025	2024
Interest income of debt investments at fair value through other comprehensive income	49,819	46,196
Interest income of term deposits	5,937	5,924
Interest income of financial assets at amortised cost	2,256	3,063
Interest income of restricted statutory deposits	201	236
Interest income of securities purchased under agreements to resell	186	142
Others	433	430
Total	58,832	55,991

35. Investment income

	2025	2024
Realised gains/(losses)		
Financial instruments held for trading and other financial instruments at fair value through profit or loss	23,144	(1,733)
Debt investments at fair value through other comprehensive income	2,203	3,041
Long-term equity investments	1,603	–
Derivatives	(17)	3
Financial assets at amortised cost	3	27
Gains during the holding period		
Financial instruments held for trading and other financial instruments at fair value through profit or loss	18,251	20,331
Dividend income from equity investments at fair value through other comprehensive income that terminated	1,017	590
Dividend income from equity investments at fair value through other comprehensive income that still hold	6,359	5,188
Share of profits/(losses) of associates and joint ventures	94	(540)
Total	52,657	26,907

As at the balance sheet date, there was no significant restriction on the repatriation of the Group's investment income.

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

36. Gains arising from changes in fair value

	2025	2024
Bond investments	(7,757)	10,378
Fund investments	10,511	7,577
Derivatives	(546)	(66)
Stock investments	26,631	23,091
Others	1,093	(3,267)
Total	29,932	37,713

37. Other operating income

	2025	2024
Income from management fee	3,214	2,352
Rental income from investment properties	740	699
Others	825	759
Total	4,779	3,810

38. Gains on disposal of assets

	2025	2024
Gains on disposal of fixed assets	90	2

39. Net investment return and insurance finance income/(expenses)

	2025	2024
Net investment return		
Investment return recognised in the profit or loss		
Interest income	57,280	54,160
Investment income	50,655	25,419
Gains arising from changes in fair value	29,360	36,441
Impairment losses on financial assets	(1,045)	(507)
Impairment losses on other assets	(27)	(406)
Subtotal	136,223	115,107
Investment return recognised in other comprehensive income/(loss)	(66,971)	147,376
Total	69,252	262,483

	2025	2024
Insurance finance income/(expenses) from insurance contracts issued		
Changes in fair value of underlying items of insurance contracts with direct participation features	(37,190)	(111,489)
Interest accreted on insurance contracts and effect of changes in interest rates and other financial assumptions	(40,920)	(120,216)
Net foreign exchange gains/(losses)	(33)	(2)
Total	(78,143)	(231,707)
Represented by:		
Amounts recognised in profit or loss	(101,835)	(92,520)
Amounts recognised in other comprehensive income/(loss)	23,692	(139,187)
Reinsurance finance income/(expenses) from reinsurance contracts held	926	2,071
Represented by:		
Amounts recognised in profit or loss	881	2,103
Amounts recognised in other comprehensive income/(loss)	45	(32)

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

40. Interest expenses

	2025	2024
Securities sold under agreements to repurchase	3,272	2,112
Debt	469	374
Interest expenses on lease liabilities	58	88
Others	365	154
Total	4,164	2,728

41. Taxes and surcharges

	2025	2024
City maintenance and construction tax	426	379
Educational surcharge	313	279
Others	553	485
Less: Insurance acquisition cash flows incurred in the year	(685)	(663)
Other insurance fulfilment cash flows incurred in the year	(39)	(41)
Total	568	439

42. Operating and administrative expenses

The Group's operating and administrative fee details by items are as follows:

	2025	2024
Payroll and welfare benefits	23,517	23,998
Advertising expenses (including business publicity expenses)	7,028	6,150
Professional service fees	6,567	6,036
Outsourcing service fees	3,008	3,381
Insurance security funds withdrawal	2,342	2,241
General office and travel expenses	2,181	2,108
Depreciation of fixed assets	1,227	1,229
Amortisation of intangible assets	1,167	1,153
Depreciation of right-of-use assets	920	1,047
Property management fees	800	812
Consulting fees	681	637
Labour costs	548	567
Amortisation of other long-term assets	415	446
Compulsory automobile rescue fund	106	153
Rent for short-term and low-value asset leases	50	58
Finance report and internal control audit fees	27	26
Other audit service fees	14	12
Others	5,795	6,091
Subtotal	56,393	56,145
Less: Insurance acquisition cash flows incurred in the year	(36,325)	(35,271)
Other insurance fulfilment cash flows incurred in the year	(13,050)	(12,635)
Total	7,018	8,239

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

43. Impairment losses on financial assets

	2025	2024
Impairment loss of debt investments at fair value through other comprehensive income	701	301
Impairment loss of financial assets at amortised cost	343	220
Impairment loss of term deposits	55	6
Impairment loss of others	56	4
Total	1,155	531

44. Other operating expenses

	2025	2024
Interest expenses for policyholders' investment contract liabilities	86	46
Depreciation of investment properties	628	396
Others	1,006	664
Total	1,720	1,106

45. Non-operating income

	2025	2024
Custody fees of entrusted operation	–	5
Government subsidies unrelated to ordinary activities	5	9
Others	188	72
Total	193	86

46. Non-operating expenses

	2025	2024
Charitable donations and commercial sponsorship	72	65
Government fines & confiscations and liquidated damages	51	53
Overdue tax payment and fines	138	18
Others	38	98
Total	299	234

47. Income tax

	2025	2024
Current income tax	3,591	1,724
Deferred income tax	7,078	7,398
Total	10,669	9,122

The relationship between income tax and total profit is shown below:

	2025	2024
Total profit	66,068	55,563
Taxes calculated at the statutory tax rate of 25%	16,517	13,891
Income tax adjustment for prior years	131	(428)
Non-taxable income	(11,000)	(9,051)
Non-deductible expenses	710	408
Others	4,311	4,302
Income tax calculated at applicable tax rates	10,669	9,122

The income tax of the Group is provided at applicable tax rate in accordance with the estimated taxable income obtained in Mainland China. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

48. Other comprehensive income/(loss)

	Other comprehensive income/(loss) in balance sheet			Other comprehensive income/(loss) in income statement						
	1 January 2025	Attributable to the Company – net of tax	31 December 2025	Amount incurred before income tax	Less: Recognised in other comprehensive income/(loss) in previous period but transferred to profit or loss in current year	Less: Recognised in other comprehensive income/(loss) in previous period but transferred to retained profits in current year	Less: Income tax	Attributable to the Company – net of tax	Attributable to non-controlling interests – net of tax	
Other comprehensive income/(loss) that will not be reclassified to profit or loss	5,191	6,697	11,888	9,023	–	66	(2,256)	6,697	136	
Changes in the fair value of equity investments at fair value through other comprehensive income	7,457	6,871	14,328	9,500	–	(112)	(2,375)	6,871	142	
Insurance finance income/(expenses) for insurance contracts issued that will not be reclassified to profit or loss	(2,266)	(174)	(2,440)	(477)	–	178	119	(174)	(6)	
Other comprehensive income/(loss) that will be reclassified to profit or loss	9,726	(39,004)	(29,278)	(50,678)	(2,142)	–	13,143	(39,004)	(673)	
Share of other comprehensive income/(loss) that will be reclassified to profit or loss of investees accounted for using the equity method	(97)	(22)	(119)	(29)	–	–	7	(22)	–	
Changes in the fair value of debt instruments at fair value through other comprehensive income	181,397	(56,641)	124,756	(75,391)	(1,437)	–	19,207	(56,641)	(980)	
Changes in provisions for credit risks of debt instruments at fair value through other comprehensive income	3,260	(96)	3,164	749	(880)	–	33	(96)	(2)	
Exchange differences on translation of foreign operations	83	(45)	38	(46)	–	–	–	(45)	(1)	
Insurance finance income/(expenses) for insurance contracts issued that will be reclassified to profit or loss	(174,881)	17,756	(157,125)	23,994	175	–	(6,104)	17,756	309	
Insurance finance income/(expenses) for reinsurance contracts held that will be reclassified to profit or loss	(36)	44	8	45	–	–	–	44	1	
Total	14,917	(32,307)	(17,390)	(41,655)	(2,142)	66	10,887	(32,307)	(537)	

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

48. Other comprehensive income/(loss) (continued)

	Other comprehensive income/(loss) in balance sheet			Other comprehensive income/(loss) in income statement					
	1 January 2024	Attributable to the Company – net of tax	31 December 2024	Amount incurred before income tax	Less: Recognised in other comprehensive income/(loss) in previous period but transferred to profit or loss in current year	Less: Recognised in other comprehensive income/(loss) in previous period but transferred to retained profits in current year	Less: Income tax	Attributable to the Company – net of tax	Attributable to non- controlling interests – net of tax
Other comprehensive income/(loss) that will not be reclassified to profit or loss	263	4,928	5,191	6,367	–	239	(1,592)	4,928	86
Changes in the fair value of equity investments at fair value through other comprehensive income	1,653	5,804	7,457	8,047	–	(124)	(2,012)	5,804	107
Insurance finance income/(expenses) for insurance contracts issued that will not be reclassified to profit or loss	(1,390)	(876)	(2,266)	(1,680)	–	363	420	(876)	(21)
Other comprehensive income/(loss) that will be reclassified to profit or loss	7,729	1,997	9,726	3,693	(883)	–	(785)	1,997	28
Share of other comprehensive income/(loss) that will be reclassified to profit or loss of investees accounted for using the equity method	(100)	3	(97)	4	–	–	(1)	3	–
Changes in the fair value of debt instruments at fair value through other comprehensive income	78,160	103,237	181,397	144,731	(4,702)	–	(35,007)	103,237	1,785
Changes in provisions for credit risks of debt instruments at fair value through other comprehensive income	3,045	215	3,260	303	(10)	–	(73)	215	5
Exchange differences on translation of foreign operations	60	23	83	23	–	–	–	23	–
Insurance finance income/(expenses) for insurance contracts issued that will be reclassified to profit or loss	(73,431)	(101,450)	(174,881)	(141,336)	3,829	–	34,296	(101,450)	(1,761)
Insurance finance income/(expenses) for reinsurance contracts held that will be reclassified to profit or loss	(5)	(31)	(36)	(32)	–	–	–	(31)	(1)
Total	7,992	6,925	14,917	10,060	(883)	239	(2,377)	6,925	114

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

49. Earnings per share

(1) Basic earnings per share

Basic earnings per share was calculated by dividing the net profit of the current period attributable to the shareholders of the parent by the weighted average number of ordinary shares issued by the Company.

	2025	2024
Consolidated net profit for the year attributable to shareholders of the parent	53,505	44,960
Weighted average number of ordinary shares in issue (million shares)	9,620	9,620
Basic earnings per share (RMB Yuan)	5.56	4.67

(2) Diluted earnings per share

Assuming the HKD 15,556 million zero coupon convertible bonds issued by the Company in 2025 have been converted, diluted earnings per share is calculated by dividing the adjusted consolidated net profit for the year attributable to shareholders of the parent by the adjusted weighted average number of ordinary shares in issue. For the year ended 2024, there were no dilutive potential ordinary shares.

	2025	2024
Consolidated net profit for the year attributable to shareholders of the parent	53,505	44,960
Add: Interest expense and exchange gains/(losses) related to convertible bonds (after tax), net	(41)	–
Add: Gains from changes in fair value of the conversion right of the convertible bonds (after tax)	442	–
Adjusted consolidated net profit for the year attributable to shareholders of the parent	53,906	44,960
Weighted average number of ordinary shares in issue (million shares)	9,620	9,620
Add: Weighted average number of ordinary shares assuming full conversion of the convertible bonds (million shares)	114	–
Adjusted weighted average number of ordinary shares in issue (million shares)	9,734	9,620
Diluted earnings per share (RMB Yuan)	5.54	4.67

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

50. Notes to items in consolidated statement of cash flow

(1) Significant payments related to other operating activities are listed below:

	2025	2024
Surrenders	25,406	25,559
Advertising expenses (including business publicity expenses)	7,028	6,150
Professional service fees	6,567	6,036
Outsourcing service fees	3,008	3,381
Insurance Security Fund	2,342	2,241
Office and travel expenses	2,181	2,108
Property management fees	800	812
Consulting fees	681	637
Labour costs	548	567
Entrusted management fees	189	457
Vehicle usage fees	65	75
Short-term and low-value asset lease expenses	50	58

(2) Significant receipts related to other financing activities are listed below:

	2025	2024
Cash proceeds from the issue of asset-backed securities	19,600	16,000
Cash received related to non-controlling interests of consolidated structured entities, net	432	58

(3) Significant payments related to other financing activities are listed below:

	2025	2024
Cash paid for principal elements of lease payments	1,522	1,606
Cash paid for non-controlling interests of consolidated structured entities, net	2,144	4,414

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

51. Cash and cash equivalents

	31 December 2025	31 December 2024
Cash:		
Cash at bank readily available for payments	60,824	27,556
Other cash balances readily available for payments	1,674	1,215
Cash equivalents:		
Investments with an initial term within 3 months	24,508	10,902
Total	87,006	39,673

52. Supplementary information to the cash flow statements

(1) Reconciliation of net profit to cash flows from operating activities:

	2025	2024
Net profit	55,399	46,441
Add: Impairment losses on financial assets	1,155	531
Impairment losses on other assets	28	406
Depreciation of fixed assets and investment properties	2,095	1,801
Depreciation of right-of-use assets	951	1,174
Amortisation of intangible assets	1,222	1,205
Amortisation of other long-term assets	436	465
Net gains on disposal of fixed assets, intangible assets and other long-term assets	(90)	(2)
Investment income	(52,657)	(26,907)
Interest income	(58,832)	(55,991)
Gains arising from changes in fair value	(29,932)	(37,713)
Interest expenses	4,164	2,728
Exchange losses	238	64
Deferred income tax	7,078	7,398
Changes in insurance contract liabilities/assets, net	260,807	218,020
Changes in reinsurance contract liabilities/assets, net	(1,620)	(6,359)
Increase in operating receivables	(44)	(1,497)
Increase in operating payables	5,125	2,640
Net cash flows from operating activities	195,523	154,404

(2) Net increase in cash and cash equivalents:

	2025	2024
Cash at the end of year	62,498	28,771
Less: Cash at the beginning of year	(28,771)	(30,932)
Cash equivalents at the end of year	24,508	10,902
Less: Cash equivalents at the beginning of year	(10,902)	(2,808)
Net increase in cash and cash equivalents	47,333	5,933

VI. NOTES TO THE FINANCIAL STATEMENTS (continued)

52. Supplementary information to the cash flow statements (continued)

(3) The changes in major liabilities related to financing activities are as follows:

	2025			
	Bonds payable	Securities sold under agreements to repurchase	Lease liabilities	Others
Balance at the beginning of year	10,286	181,695	2,722	16,136
Cash activities	12,080	33,992	(1,522)	5,066
Non-cash activities	312	3,243	371	981
Balance at the end of year	22,678	218,930	1,571	22,183

VII. SEGMENT INFORMATION

The Group presents segment information based on its major operating segments.

For management purpose, the Group is organised into business units based on their products and services. Different operating segments provide products and services with different risks and rewards.

The Group's operating segments are listed as follows:

- The life and health insurance segment (mainly including CPIC Life, CPIC Health and CPIC Life (H.K.)) offers a wide range of life and health insurance in RMB and foreign currencies;
- The property and casualty insurance segment (including CPIC Property, PAAIC and CPIC H.K.) provides a wide range of property and casualty insurance in RMB and foreign currencies;
- The asset management segment (including CPIC Asset Management, Changjiang Pension, CPIC Investment (H.K.), CPIC Fund, CPIC Capital and CPIC Zhiyuan) provides asset-management services;
- Except for the above business segments, other business segments have no material impact on the Group's operating results and are therefore not presented separately.

Intersegment sales and transfers are measured based on the actual transaction price.

More than 99% of the Group's revenue is derived from its operations in Mainland China. More than 99% of the Group's assets are located in Mainland China.

In 2025, the scale premium of the top five external customers amounted to 0.60% (in 2024: 0.52%) of the Group's total scale premium.

VII. SEGMENT INFORMATION (continued)

Items	2025				Total
	Life and health insurance	Property and casualty insurance	Asset management	Others and eliminations	
Insurance revenue	89,367	200,058	–	(515)	288,910
Interest income	52,699	4,414	242	1,477	58,832
Investment income	46,231	2,656	65	3,705	52,657
Including: Share of profits/(losses) of associates and joint ventures	1,444	29	3	(1,382)	94
Gains on derecognition of financial assets measured at amortised cost.	–	3	–	–	3
Other income	45	103	18	28	194
Gains arising from changes in fair value	26,207	2,584	101	1,040	29,932
Exchange losses	(109)	(25)	–	(104)	(238)
Other operating income	1,090	306	4,420	(1,037)	4,779
Gains on disposal of assets	68	21	–	1	90
Operating income	215,598	210,117	4,846	4,595	435,156
Insurance service expenses	(59,648)	(192,433)	–	38	(252,043)
Allocation of reinsurance premiums	(1,093)	(14,885)	–	553	(15,425)
Less: Recoveries of insurance service expenses from reinsurers	494	13,828	–	(130)	14,192
Insurance finance expenses for insurance contracts issued	(99,182)	(1,999)	–	(654)	(101,835)
Less: Reinsurance finance income for reinsurance contracts held	490	402	–	(11)	881
Others	(7,039)	(2,307)	(2,245)	(3,161)	(14,752)
Operating expenses	(165,978)	(197,394)	(2,245)	(3,365)	(368,982)
Operating profit	49,620	12,723	2,601	1,230	66,174
Add: Non-operating income	29	133	–	31	193
Less: Non-operating expenses	(129)	(119)	(6)	(45)	(299)
Profit before tax	49,520	12,737	2,595	1,216	66,068
Less: Income tax	(7,165)	(2,773)	(615)	(116)	(10,669)
Net profit for the year	42,355	9,964	1,980	1,100	55,399
Supplementary information:					
Capital expenditure	646	1,196	101	2,781	4,724
Depreciation and amortisation	1,752	1,465	212	1,275	4,704
Impairment losses on financial assets	684	382	34	55	1,155
As at 31 December 2025					
Long-term equity investments	143,744	231	8	(129,367)	14,616
Financial assets*	2,383,600	161,183	9,889	161,041	2,715,713
Reinsurance contract assets	15,646	32,879	–	(779)	47,746
Term deposits	141,382	31,320	–	14,608	187,310
Others	69,839	31,384	4,957	73,202	179,382
Segment assets	2,754,211	256,997	14,854	118,705	3,144,767
Insurance contract liabilities	2,314,906	152,475	–	(774)	2,466,607
Bonds payable	–	10,286	–	12,392	22,678
Securities sold under agreements to repurchase	210,497	1,043	1,159	6,231	218,930
Others	54,907	22,823	2,789	21,809	102,328
Segment liabilities	2,580,310	186,627	3,948	39,658	2,810,543

* Financial assets include financial assets at fair value through profit or loss, derivative financial assets, financial assets at amortised cost, debt investments at fair value through other comprehensive income and equity investments at fair value through other comprehensive income.

VII. SEGMENT INFORMATION (continued)

Items	2024				Total
	Life and health insurance	Property and casualty insurance	Asset management	Others and eliminations	
Insurance revenue	86,043	193,983	–	(553)	279,473
Interest income	49,095	4,725	231	1,940	55,991
Investment income	25,506	1,731	23	(353)	26,907
Including: Share of (losses)/profits of associates and joint ventures	(16)	26	2	(552)	(540)
Gains on derecognition of financial assets measured at amortised cost	–	27	–	–	27
Other income	42	70	82	63	257
Gains arising from changes in fair value	30,321	2,039	60	5,293	37,713
Exchange gains/(losses)	11	(103)	–	28	(64)
Other operating income	1,179	295	3,312	(976)	3,810
Gains on disposal of assets	1	1	–	–	2
Operating income	192,198	202,741	3,708	5,442	404,089
Insurance service expenses	(56,147)	(187,358)	–	358	(243,147)
Allocation of reinsurance premiums	(668)	(15,816)	–	593	(15,891)
Less: Recoveries of insurance service expenses from reinsurers	426	14,119	–	(79)	14,466
Insurance finance expenses for insurance contracts issued	(87,794)	(3,271)	–	(1,455)	(92,520)
Less: Reinsurance finance income for reinsurance contracts held	1,218	912	–	(27)	2,103
Others	(6,677)	(1,868)	(2,185)	(2,659)	(13,389)
Operating expenses	(149,642)	(193,282)	(2,185)	(3,269)	(348,378)
Operating profit	42,556	9,459	1,523	2,173	55,711
Add: Non-operating income	15	52	–	19	86
Less: Non-operating expenses	(78)	(106)	(1)	(49)	(234)
Profit before tax	42,493	9,405	1,522	2,143	55,563
Less: Income tax	(6,364)	(1,769)	(348)	(641)	(9,122)
Net profit for the year	36,129	7,636	1,174	1,502	46,441
Supplementary information:					
Capital expenditure	797	615	105	2,150	3,667
Depreciation and amortisation	1,962	1,521	233	885	4,601
Impairment losses on financial assets	251	232	24	24	531
As at 31 December 2024					
Long-term equity investments	115,822	236	9	(93,547)	22,520
Financial assets*	2,180,866	146,875	8,697	145,617	2,482,055
Insurance contract assets	–	22	–	–	22
Reinsurance contract assets	15,573	31,677	–	(1,169)	46,081
Term deposits	134,818	30,286	254	8,460	173,818
Others	45,150	27,867	4,406	32,988	110,411
Segment assets	2,492,229	236,963	13,366	92,349	2,834,907
Insurance contract liabilities	2,092,386	138,275	–	(1,147)	2,229,514
Bonds payable	–	10,286	–	–	10,286
Securities sold under agreements to repurchase	175,850	3,112	834	1,899	181,695
Others	52,558	20,536	2,748	19,089	94,931
Segment liabilities	2,320,794	172,209	3,582	19,841	2,516,426

* Financial assets include financial assets at fair value through profit or loss, derivative financial assets, financial assets at amortised cost, debt investments at fair value through other comprehensive income and equity investments at fair value through other comprehensive income.

VIII. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS

1. Cash at bank and on hand

	Currency	31 December 2025		RMB
		Original currency	Exchange rate	
Bank deposits	RMB	907	1.00000	907
	USD	474	7.02880	3,329
	HKD	15,600	0.90322	14,090
	Sub-total			18,326
Other cash balances	RMB	13	1.00000	13
Total				18,339

	Currency	31 December 2024		RMB
		Original currency	Exchange rate	
Bank deposits	RMB	616	1.00000	616
	USD	632	7.18840	4,540
	HKD	2	0.92604	1
	Sub-total			5,157
Other cash balances	RMB	6	1.00000	6
Total				5,163

As of 31 December 2025, the Company's cash at bank and on hand deposited overseas amounted equivalent to RMB 66 million (31 December 2024: amounted equivalent to RMB 52 million).

2. Securities purchased under agreements to resell

	31 December 2025	31 December 2024
Securities – bonds		
Inter-bank market	189	–
Stock exchange	117	–
Sub-total	306	–
Less: Impairment provisions	–	–
Total	306	–

3. Term deposits

Term to maturity	31 December 2025	31 December 2024
Within 1 year (inclusive)	507	2,877
1 to 2 years (inclusive)	551	507
2 to 3 years (inclusive)	663	548
3 to 4 years (inclusive)	2,551	519
4 to 5 years (inclusive)	5,866	2,550
Less: Impairment provisions	(6)	(4)
Total	10,132	6,997

VIII. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (continued)

4. Financial assets at fair value through profit or loss

	31 December 2025	31 December 2024
Listed	2,988	2,462
Unlisted	23,323	20,263
Total	26,311	22,725
Bonds	12,920	9,402
Finance bonds	12,920	9,400
Enterprise bonds	–	2
Stocks	2,344	1,686
Funds	2,898	3,381
Investment in asset management products	3,047	3,820
Unlisted equity shares investments	5,102	4,436
Total	26,311	22,725

5. Financial assets at amortised cost

	31 December 2025	31 December 2024
Unlisted	6,418	8,341
Subtotal	6,418	8,341
Less: Impairment provisions	(91)	(40)
Net value	6,327	8,301
Debt investment plans	4,983	6,855
Others	1,435	1,486
Subtotal	6,418	8,341
Less: Impairment provisions	(91)	(40)
Net value	6,327	8,301

6. Debt investments at fair value through other comprehensive income

	31 December 2025	31 December 2024
Listed	3,281	3,940
Unlisted	15,504	17,789
Total	18,785	21,729
Bonds	18,785	21,729
Government bonds	13,856	14,467
Finance bonds	1,894	1,108
Enterprise bonds	3,035	6,154
Total	18,785	21,729
Including:		
Amortised cost	17,903	20,340
Accumulated changes in fair value	882	1,389

As at 31 December 2025, the impairment provision for the Company's debt investment at fair value through other comprehensive income is RMB 72 million (31 December 2024: RMB 73 million).

VIII. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (continued)

7. Equity investments at fair value through other comprehensive income

	31 December 2025	31 December 2024
Stocks	2,057	1,809
Perpetual bonds	102	104
Others	2,557	2,726
Total	4,716	4,639
Including:		
Cost	4,185	4,423
Accumulated changes in fair value	531	216

The equity instruments at fair value through other comprehensive income, designated by the Company, are the non-trading equity investments with the primary objective of being held for a long time or obtain dividends during the holding period.

For the year ended 31 December 2025, the Company disposed equity investments at fair value through other comprehensive income of RMB 139 million (2024: RMB 357 million) because of the optimisation of asset allocation and asset and liability management. Due to the sale of the above equity investments, RMB 17 million (2024: RMB -14 million) transferred from other comprehensive income/(loss) to retained profits.

For the year ended 31 December 2025, the Company has recognised dividend income of RMB 158 million (2024: 150 million) from the above equity investments. Relevant disclosures are included in Note VIII 15.

8. Long-term equity investments

	31 December 2025	31 December 2024
Subsidiaries		
CPIC Property	20,424	20,424
CPIC Life	42,366	42,366
CPIC Asset Management	1,360	1,360
CPIC H.K.	–	240
CPIC Real Estate	115	115
CPIC Investment (H.K.)	21	21
CPIC Online Services	200	200
CPIC Health	3,081	3,081
CPIC Technology	700	700
Consolidated structured entities	1,695	1,561
Associate		
HTCP CAPITAL LPF	502	145
Total	70,464	70,213

The Company does not have any other items that substantially constitute net investment in subsidiaries.

VIII. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (continued)

9. Investment properties

	Buildings
Cost:	
1 January 2024	5,004
Transfer to fixed assets, net	(1,112)
Transfer to intangible assets, net	(30)
31 December 2024	3,862
Transfer to fixed assets, net	(15)
Others	(43)
31 December 2025	3,804
Accumulated depreciation:	
1 January 2024	(1,881)
Charge for the year	(124)
Transfer to fixed assets, net	267
Transfer to intangible assets, net	7
31 December 2024	(1,731)
Charge for the year	(121)
Transfer to fixed assets, net	(14)
Others	20
31 December 2025	(1,846)
Carrying amount:	
31 December 2025	1,958
31 December 2024	2,131

The fair values of investment properties of the Company as at 31 December 2025 amounted to RMB 5,226 million (31 December 2024: RMB 5,401 million), which were estimated by the Company based on the independent appraisers' valuations. The Company leases part of its investment properties to CPIC Property, CPIC Life, Changjiang Pension, CPIC Senior Living Investment, Pacific Medical & Healthcare and CPIC Technology, and charges rentals based on the areas occupied by the respective entities. These properties are categorised as fixed assets of the Group in the consolidated balance sheet.

10. Other assets

	31 December 2025	31 December 2024
Receivables from subsidiaries	197	300
Leasehold improvements	47	48
Dividends receivable	1	–
Others	249	213
Total	494	561

11. Derivative financial liabilities

	31 December 2025	31 December 2024
Conversion right of convertible bonds	2,306	–

VIII. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (continued)

12. Securities sold under agreements to repurchase

	31 December 2025	31 December 2024
Securities – bonds		
Inter-bank market	700	910
Total	700	910

As at 31 December 2025, the Company's bond investments of approximately RMB 737 million (31 December 2024: RMB 958 million) were pledged for inter-bank securities sold under agreements to repurchase.

13. Other liabilities

	31 December 2025	31 December 2024
Payables to subsidiaries	169	174
Payables for construction and purchasing office buildings	–	6
Others	463	600
Total	632	780

14. Capital reserves

	31 December 2025	31 December 2024
Capital premium	79,008	79,008
Asset evaluation appreciation	301	301
Others	3	3
Total	79,312	79,312

15. Investment income

	2025	2024
Realised gains/(losses)		
Financial instruments held for trading and other financial instruments at fair value through profit or loss	280	(4)
Debt investments at fair value through other comprehensive income	51	44
Derivative instruments	(11)	–
Gains during the holding period		
Financial instruments held for trading and other financial instruments at fair value through profit or loss	483	430
Dividend income from derecognised equity investments at fair value through other comprehensive income	17	10
Dividend income from equity investments at fair value through other comprehensive income held	141	140
Dividend income from subsidiaries and structured entities within the scope of consolidation	10,624	9,284
Share of profits of associates and joint ventures	23	5
Total	11,608	9,909

VIII. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (continued)

16. Other comprehensive income/(loss)

	Other comprehensive income/(loss) in balance sheet				Other comprehensive income/(loss) in income statement			
	1 January 2025	Attributable to the Company – net of tax	31 December 2025	Amount incurred before income tax	Less: Recognised in other comprehensive income/(loss) in previous period but transferred to profit or loss in current year	Less: Recognised in other comprehensive income/(loss) in previous period but transferred to retained profits in current year	Less: Income tax	Attributable to the Company – net of tax
Other comprehensive income/(loss) that will not be reclassified to profit or loss	161	236	397	337	–	(17)	(84)	236
Changes in the fair value of equity investments at fair value through other comprehensive income	161	236	397	337	–	(17)	(84)	236
Other comprehensive income/(loss) that will be reclassified to profit or loss	1,099	(386)	713	(461)	(53)	–	128	(386)
Share of other comprehensive income/(loss) that will be reclassified to profit or loss of investees accounted for using the equity method	2	(5)	(3)	(6)	–	–	1	(5)
Changes in the fair value of debt instruments at fair value through other comprehensive income	1,041	(380)	661	(454)	(53)	–	127	(380)
Changes in provisions for credit risks of debt instruments at fair value through other comprehensive income	56	(1)	55	(1)	–	–	–	(1)
Total	1,260	(150)	1,110	(124)	(53)	(17)	44	(150)

	Other comprehensive income/(loss) in balance sheet				Other comprehensive income/(loss) in income statement			
	1 January 2024	Attributable to the Company – net of tax	31 December 2024	Amount incurred before income tax	Less: Recognised in other comprehensive income/(loss) in previous period but transferred to profit or loss in current year	Less: Recognised in other comprehensive income/(loss) in previous period but transferred to retained profits in current year	Less: Income tax	Attributable to the Company – net of tax
Other comprehensive income/(loss) that will not be reclassified to profit or loss	(76)	237	161	297	–	14	(74)	237
Changes in the fair value of equity investments at fair value through other comprehensive income	(76)	237	161	297	–	14	(74)	237
Other comprehensive income/(loss) that will be reclassified to profit or loss	499	600	1,099	849	(50)	–	(199)	600
Share of other comprehensive income/(loss) that will be reclassified to profit or loss of investees accounted for using the equity method	–	2	2	2	–	–	–	2
Changes in the fair value of debt instruments at fair value through other comprehensive income	440	601	1,041	851	(50)	–	(200)	601
Changes in provisions for credit risks of debt instruments at fair value through other comprehensive income	59	(3)	56	(4)	–	–	1	(3)
Total	423	837	1,260	1,146	(50)	14	(273)	837

VIII. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (continued)

17. Supplementary information to the cash flow statements

(1) Reconciliation of net profit to cash flows from operating activities:

	2025	2024
Net profit	11,537	10,817
Add: Impairment losses on financial assets	48	25
Depreciation of fixed assets and investment properties	330	316
Depreciation of right-of-use assets	64	77
Amortisation of intangible assets	107	82
Amortisation of other long-term assets	27	26
Investment income	(11,608)	(9,909)
Gains arising from changes in fair value	(255)	(818)
Interest income	(1,416)	(1,665)
Interest expenses	118	33
Exchange losses/(gains)	119	(28)
Deferred income tax	39	261
Decrease/(increase) in operating receivables	129	(145)
Decrease in operating payables	(32)	(155)
Net cash flows used in operating activities	(793)	(1,083)

(2) Net increase in cash and cash equivalents:

	2025	2024
Cash at the end of year	18,339	5,163
Less: Cash at the beginning of year	(5,163)	(6,286)
Cash equivalents at the end of year	306	–
Less: Cash equivalents at the beginning of year	–	–
Net increase/(decrease) in cash and cash equivalents	13,482	(1,123)

IX. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

1. Major related parties

During the reporting period, the Company's major related parties comprise:

- (1) Subsidiaries of the Company;
- (2) Investors who exert significant influence on the Company;
- (3) Joint ventures and associates of the Company;
- (4) Key management personnel of the Company and close family members of such individuals;
- (5) Enterprise annuity fund established by the Group; and
- (6) Legal entities or other organisations other than the Company and its holding subsidiaries, in which the Company's associated natural persons serve as directors and senior management personnel.

Except for being controlled by the state together with the Company, an enterprise that has no other related party relations with the Company is not a related party to the Company.

2. Related party relationships

- (1) Related parties controlled by the Company

Related parties controlled by the Company are mainly subsidiaries of the Company. Their basic information and relationships with the Company are set out in Note V.

- (2) The movements of registered capital and the percentages of the equity or shares held by the Company are as follows:

Name of investee	Registered capital			Shares or equity held		
	1 January 2025	Movements for the current year	31 December 2025	1 January 2025	Movements for the current year	31 December 2025
CPIC Property	19,948	–	19,948	98.50%	–	98.50%
CPIC Life	8,628	–	8,628	98.29%	–	98.29%
CPIC Asset Management	2,100	–	2,100	99.67%	–	99.67%
Changjiang Pension	3,000	–	3,000	61.10%	–	61.10%
CPIC H.K.	HKD 250 million	–	HKD 250 million	100.00%	(1.5%)	98.50%
CPIC Real Estate	115	–	115	100.00%	–	100.00%
CPIC Investment (H.K.)	HKD 200 million	–	HKD 200 million	99.71%	–	99.71%
City Island	USD 50,000	–	USD 50,000	98.29%	–	98.29%
Great Winwick Limited	USD 50,000	–	USD 50,000	98.29%	–	98.29%
Great Winwick (Hong Kong) Limited	HKD 10,000	–	HKD 10,000	98.29%	–	98.29%
Newscott Investments Limited	USD 50,000	–	USD 50,000	98.29%	–	98.29%
Newscott (Hong Kong) Investments Limited	HKD 10,000	–	HKD 10,000	98.29%	–	98.29%
Xin Hui Property	USD 15,600 thousand	–	USD 15,600 thousand	98.29%	–	98.29%
He Hui Property	USD 46,330 thousand	–	USD 46,330 thousand	98.29%	–	98.29%
CPIC Online Services	200	–	200	100.00%	–	100.00%
Tianjin Trophy	354	–	354	98.29%	–	98.29%
CPIC Senior Living Investment	5,000	–	5,000	98.29%	–	98.29%
CPIC Health	3,600	–	3,600	99.74%	–	99.74%
PAAIC	1,080	–	1,080	66.76%	–	66.76%
Pacific Medical & Healthcare	1,000	1,200	2,200	98.29%	–	98.29%
CPIC Fund	150	–	150	50.83%	–	50.83%

IX. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

2. Related party relationships (continued)

(2) The movements of registered capital and the percentages of the equity or shares held by the Company are as follows: (continued)

Name of investee	Registered capital			Shares or equity held		
	1 January 2025	Movements for the current year	31 December 2025	1 January 2025	Movements for the current year	31 December 2025
Pacific Insurance Agency	50	–	50	100.00%	–	100.00%
Chengdu Project Company	1,000	83	1,083	98.29%	–	98.29%
Hangzhou Project Company	1,200	–	1,200	98.29%	–	98.29%
Xiamen Project Company	900	–	900	98.29%	–	98.29%
Pacific Care Home at Chengdu	60	–	60	98.29%	–	98.29%
Nanjing Project Company	702	–	702	98.29%	–	98.29%
Pacific Care Home at Dali	608	–	608	74.70%	–	74.70%
Shanghai (Putuo) Project Company	250	–	250	98.29%	–	98.29%
Pacific Care Home at Hangzhou	60	–	60	98.29%	–	98.29%
Wuhan Project Company	980	–	980	98.29%	–	98.29%
CPIC Capital	100	–	100	99.67%	–	99.67%
Pacific Care Home at Shanghai (Chongming)	1,253	–	1,253	98.29%	–	98.29%
Pacific Care Home at Shanghai (Putuo)	30	–	30	98.29%	–	98.29%
Borui Heming	52	–	52	98.29%	–	98.29%
CPIC Life (H.K.)	HKD 1,000 million	HKD 3,000 million	HKD 4,000 million	98.29%	–	98.29%
Qingdao Project Company	227	–	227	98.29%	–	98.29%
Pacific Care Home at Xiamen	40	–	40	98.29%	–	98.29%
Zhengzhou Project Company	650	–	650	98.29%	–	98.29%
Beijing Project Company	800	–	800	98.29%	–	98.29%
CPIC Technology	700	–	700	100.00%	–	100.00%
Xinbaoyu	3,650	–	3,650	98.46%	–	98.46%
CPIC Technology Wuhan	100	–	100	100.00%	–	100.00%
Sanya Project Company	490	–	490	98.29%	–	98.29%
Pacific Care Home at Nanjing	30	–	30	98.29%	–	98.29%
Pacific Care Home at Shanghai (Jing'an)	426	–	426	98.29%	–	98.29%
Pacific Care Home at Wuhan	30	–	30	98.29%	–	98.29%
Pacific Care Home at Suzhou	30	–	30	98.29%	–	98.29%
Pacific Care Home at Beijing	30	–	30	98.29%	–	98.29%
Pacific Care Home at Zhengzhou	45	–	45	98.29%	–	98.29%
Xiamen Rehabilitation Hospital	160	–	160	98.29%	–	98.29%
Guangzhou Project Company	830	–	830	98.29%	–	98.29%
Suzhou Project Company	300	–	300	98.29%	–	98.29%
Jinan Rehabilitation Hospital	260	–	260	98.29%	–	98.29%
Ruiyongjing Real Estate	14,050	–	14,050	68.80%	–	68.80%
Pacific Nanshanju	10	(4)	6	55.04%	43.25%	98.29%
Pacific Care Home at Sanya	–	30	30	–	98.29%	98.29%
CPIC Zhiyuan	–	10	10	–	99.67%	99.67%

IX. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

2. Related party relationships (continued)

(3) Other major related parties

Name of entity	Relationship with the Company
Hwabao Investments Co., Ltd.	Shareholder with over 5% voting rights of the Company
Shenergy (Group) Company Limited	Shareholder with over 5% voting rights of the Company
Shanghai State-Owned Assets Operation Co., Ltd.	Shareholder with over 5% voting rights of the Company
China Baowu Steel Group Corporation Limited	Parent company of shareholders holding over 5% voting rights of the Company
Shanghai International Group Co., Ltd.	Parent company of shareholders holding over 5% voting rights of the Company
Baoshan Iron & Steel Co., Ltd.	Subsidiary of parent company of shareholders holding over 5% voting rights of the Company
Baowu Carbon Technology Co., Ltd.	Subsidiary of parent company of shareholders holding over 5% voting rights of the Company
Shanghai Baoxin Software Co., Ltd.	Subsidiary of parent company of shareholders holding over 5% voting rights of the Company
Taiyuan Iron & Steel (Group) Co., Ltd.	Subsidiary of parent company of shareholders holding over 5% voting rights of the Company
Hwabao WP Fund Management Co., Ltd.	Subsidiary of parent company of shareholders holding over 5% voting rights of the Company
Shanghai International Group Asset Management Co., Ltd.	Subsidiary of parent company of shareholders holding over 5% voting rights of the Company
Hainan Shenergy New Energy Co., Ltd.	Subsidiary of shareholders holding over 5% voting rights of the Company
Shanghai Gas Co., Ltd.	Subsidiary of shareholders holding over 5% voting rights of the Company
Shenergy Company Limited	Subsidiary of shareholders holding over 5% voting rights of the Company
Shanghai LNG Company Ltd.	Subsidiary of shareholders holding over 5% voting rights of the Company
Binjiang-Xiangrui	Joint venture of the Company
Euler Hermes	Joint venture of the Company
Shanghai Juche Information Technology Co., Ltd. (“Juche”)	Associate of the Company
Zhongdao Automobile Rescue Industry Co., Ltd. (“Zhongdao”)	Associate of the Company
Shanghai Shantai Healthcare and Technology Company Limited (“Shantai Healthcare”)	Associate of the Company
Shanghai Guangci Memorial Hospital Co., Ltd. (“Guangci Hospital”)	Associate of the Company
The Company’s enterprise annuity plan	Enterprise annuity fund established by the Group
CPIC Property’s enterprise annuity plan	Enterprise annuity fund established by the Group
CPIC Life’s enterprise annuity plan	Enterprise annuity fund established by the Group
CPIC Asset Management’s enterprise annuity plan	Enterprise annuity fund established by the Group
CPIC Online Services’ enterprise annuity plan	Enterprise annuity fund established by the Group
CPIC Health’s enterprise annuity plan	Enterprise annuity fund established by the Group
CPIC Senior Living Investment’s enterprise annuity plan	Enterprise annuity fund established by the Group
PAAIC’s enterprise annuity plan	Enterprise annuity fund established by the Group
CPIC Real Estate’s enterprise annuity plan	Enterprise annuity fund established by the Group
Pacific Medical & Healthcare’s enterprise annuity plan	Enterprise annuity fund established by the Group
CPIC Fund’s enterprise annuity plan	Enterprise annuity fund established by the Group
Pacific Insurance Agency enterprise annuity plan	Enterprise annuity fund established by the Group
CPIC Technology enterprise annuity plan	Enterprise annuity fund established by the Group

IX. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

2. Related party relationships (continued)

(3) Other major related parties (continued)

Name of entity	Relationship with the Company
CPIC Capital enterprise annuity plan	Enterprise annuity fund established by the Group
Orient Securities Company Limited ("Orient Securities")	Company of which the Group's related natural persons serve as directors or senior management personnel in the past 12 months
Swiss Reinsurance Company Ltd	Company of which the Group's related natural persons serve as directors or senior management personnel in the past 12 months
Hwabao Trust Co., Ltd.	Company of which the Group's related natural persons serve as directors or senior management personnel

3. Major transactions with related parties

3.1 Major transactions between the Group and related parties

The transaction amount for the period was calculated since the entity was identified as a related party of the Group.

(1) Sale of insurance contracts

	2025	2024
Orient Securities	26	21
Baoshan Iron & Steel Co., Ltd.	25	18
Shenergy Company Limited	10	10
Hainan Shenergy New Energy Company Limited	5	11
China Baowu Steel Group Corporation Limited	5	1
Shanghai LNG Company Ltd.	3	4
Shanghai Gas Co., Ltd.	3	4
Shanghai Baoxin Software Co., Ltd.	3	2
Shanghai International Group Co., Ltd.	2	2
Taiyuan Iron & Steel (Group) Co., Ltd.	2	2
Shanghai International Group Asset Management Co., Ltd.	1	1
Shanghai State-Owned Assets Operation Co., Ltd.	1	1
Baowu Carbon Technology Co., Ltd.	1	1
Total	87	78

Sale of insurance contracts to shareholders who individually own more than 5% of voting rights of the Company and the shareholders' parent company was RMB 8 million for the year ended 2025 (For the year ended 2024: RMB 4 million).

The Group's above related party transactions were entered into based on normal commercial terms during the normal course of insurance business. The proportion of the scale premium of related parties to the total scale premium of the Group's was less than 1% for both year ended 2025 and 2024.

IX. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

3. Major transactions with related parties (continued)

3.1 Major transactions between the Group and related parties (continued)

(2) Fund subscription and redemption transactions

	2025	2024
Hwabao WP Fund Management Co., Ltd. ^{Note1}	890	490

(3) Transaction of asset management products

	2025	2024
Hwabao Trust Co., Ltd. ^{Note1}	70	230

(4) Transaction of selling and buying bonds

	2025	2024
Orient Securities	1,066	61
Hwabao Investments Co., Ltd. ^{Note2}	–	40
Shanghai International Group Co., Ltd.	–	120
Total	1,066	221

(5) Distribution of cash dividends

	2025	2024
Shenergy (Group) Company Limited	1,513	1,427
Hwabao Investments Co., Ltd.	1,387	1,310
Shanghai State-Owned Assets Operation Co., Ltd.	705	665
Total	3,605	3,402

Distribution of cash dividends to shareholders who individually own more than 5% of voting rights of the Company was RMB 3,605 million in 2025 (2024: RMB 3,402 million).

Note1: The subscription and redemption transactions of funds between the Group and Hwabao WP Fund Management Co., Ltd., and the asset management products transactions between the Group and Hwabao Trust Co., Ltd. constitute continuing connected transactions as stipulated under Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and are subject to the requirements for reporting and announcement but exempt from the independent shareholders' approval requirements. The Group has complied with the applicable requirements under Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Note2: The transaction of selling and buying bonds between the Group and Hwabao Investments Co., Ltd. constitute connected transactions under Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and are fully exempt from the reporting, announcement, annual review and independent shareholders' approval requirements.

(6) Premiums ceded to reinsurers (transaction amount)

	2025	2024
Swiss Reinsurance Company Ltd	3,424	3,489

(7) Expense recoveries from reinsurers (recovered amount)

	2025	2024
Swiss Reinsurance Company Ltd	1,022	827

(8) Claim recoveries from reinsurers (recovered amount)

	2025	2024
Swiss Reinsurance Company Ltd	2,266	2,211

IX. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

3. Major transactions with related parties (continued)

3.1 Major transactions between the Group and related parties (continued)

(9) Remuneration of key management

	2025	2024
Salary and other benefits ^{Note3}	24	35

Note3: Regarding the disclosed remuneration of key management in the table above, the final remuneration for certain relevant personnel of the Company during their tenure in 2025 is still under confirmation. Pursuant to relevant policies and subject to assessment and confirmation by the competent authority, the total remuneration of the Company's key management personnel for the year ended 31 December 2024 amounted to RMB 35 million.

(10) The related transactions between the Group and the established enterprise annuity fund during the years are as follows:

	2025	2024
Contribution to the enterprise annuity plan	741	749

(11) The major related transactions between the Group and joint ventures during the years are as follows:

	2025	2024
Binjiang-Xiangrui		
Fees for leasing office buildings of Binjiang-Xiangrui	76	80
Ruiyongjing Real Estate ^{Note4}		
Fees for leasing office buildings of Ruiyongjing Real Estate	59	122
Grant loans	347	332
Loan interests	151	292
Euler Hermes		
Purchase service	24	22

Note4: Ruiyongjing Real Estate has become a subsidiary of the Group since 30 June 2025.

(12) The major related transactions between the Group and associates during the years are as follows:

	2025	2024
Purchase service		
Shantai Healthcare	638	203
Zhongdao	216	214
Juche	113	143
Guangci Hospital	–	7
Total	967	567

3.2 Major transactions between the Company and related parties

(1) The major related transactions between the Company and subsidiaries during the years are as follows:

	2025	2024
Purchase of insurance contracts		
CPIC Health	6	6
CPIC Property	5	5
Total	11	11
Rental income from office building		
CPIC Property	95	95
CPIC Technology	30	31
CPIC Life	11	11
Changjiang Pension	7	9
CPIC Senior Living Investment	4	4
Pacific Medical & Healthcare	4	3
CPIC Health	2	2
CPIC Asset Management	2	2
Total	155	157

IX. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

3. Major transactions with related parties (continued)

3.2 Major transactions between the Company and related parties (continued)

(1) The major related transactions between the Company and subsidiaries during the years are as follows:
(continued)

	2025	2024
Income from shared centre services		
CPIC Property	51	49
CPIC Life	45	43
CPIC Health	5	4
CPIC Asset Management	4	5
CPIC Senior Living Investment	2	1
CPIC Technology	1	2
CPIC Online Services	1	1
CPIC Capital	1	1
Pacific Medical & Healthcare	1	1
Total	111	107
Rental income from equipment leasing		
CPIC Technology	126	96
Asset management fee		
CPIC Asset Management	30	27
Technology service fee		
CPIC Technology	334	289
Commission fee		
CPIC Real Estate	11	10
Medical examination fee		
CPIC Health	3	3
Rental fee		
CPIC Life	2	2
CPIC Property	3	3
Xinbaoyu	2	2
Total	7	7
Publicity expenses		
CPIC Technology	1	1
Consulting service fee		
CPIC Capital	6	5
CPIC Asset Management	1	1
Total	7	6
Text Messaging Service fee		
CPIC Technology	2	2
Dividend income from subsidiaries		
CPIC Life	6,869	6,869
CPIC Property	3,144	1,965
CPIC Asset Management	382	369
CPIC Technology	24	11
CPIC Real Estate	18	49
Total	10,437	9,263

IX. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

3. Major transactions with related parties (continued)

3.2 Major transactions between the Company and related parties (continued)

(1) The major related transactions between the Company and subsidiaries during the years are as follows:
(continued)

The rent of the office building charged by the Company from CPIC Property, CPIC Technology, CPIC Life, Changjiang Pension, CPIC Senior Living Investment, Pacific Medical & Healthcare, CPIC Health and CPIC Asset Management is determined at the price negotiated by both parties. The shared service centre fee charged by the Company from CPIC Property, CPIC Life, CPIC Asset Management, CPIC Health, CPIC Technology, CPIC Senior Living Investment, CPIC Online Services, CPIC Capital and Pacific Medical & Healthcare, is based on the cost of the service provider and distributed in the proportion mutually agreed by both parties. The equipment rental fee charged by the Company from CPIC Technology is determined at the price negotiated by both parties. The asset management fee charged by CPIC Asset Management to the Company is determined by considering the type of entrusted assets, the size of the entrusted assets and the actual operating costs. The technology service fee charged by CPIC Technology to the Company is determined at the price negotiated by both parties. The commission fee charged by CPIC Real Estate to the Company is determined at the price negotiated by both parties.

The medical examination fee incurred between the Company and CPIC Health is determined at the price negotiated by both parties. The rental fees of the office building incurred among the Company, CPIC Property, CPIC Life and Xinbaoyu is determined at the price negotiated by both parties. The publicity expenses charged by CPIC Technology to the Company are determined at the price negotiated by both parties. The consulting service fee charged by CPIC Capital and CPIC Asset Management to the Company is determined at the price negotiated by both parties. The text messaging service fee charged by CPIC Technology to the Company is determined at the price negotiated by both parties.

(2) The major related transactions between the Company and other related parties of the Group during the years are as follows:

	2025	2024
Fees for leasing office buildings		
Binjiang-Xiangrui	53	55

4. Receivables from and payables to related parties

(1) Receivables and payables between the Company and its subsidiaries are as follows:

	31 December 2025	31 December 2024
Other receivables		
CPIC Life	95	101
CPIC Technology	48	42
CPIC Property	45	149
Changjiang Pension	7	2
CPIC Health	3	3
CPIC Asset Management	3	3
CPIC Senior Living Investment	1	1
CPIC Online Services	1	1
Total	203	302
Other payables		
CPIC Technology	123	135
CPIC Asset Management	33	29
Xinbaoyu	6	4
CPIC Real Estate	4	5
CPIC Capital	3	5
CPIC Property	–	1
Total	169	179

IX. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

4. Receivables from and payables to related parties (continued)

(2) Receivables and payables between the Group and its joint ventures are as follows:

	31 December 2025	31 December 2024
Other receivables		
Binjiang-Xiangrui	1,772	1,772
Other payables		
Binjiang-Xiangrui	354	318

The receivable due from Binjiang-Xiangrui is interest-free with no determined maturity date. As at 31 December 2024, the balance of receivables and payables between CPIC and Ruiyongjing Real Estate included other receivables of RMB 124 million and debt investments at fair value through other comprehensive income of RMB 6,120 million. Ruiyongjing Real Estate became a subsidiary of the Group on 30 June 2025.

(3) Receivables and payables between the Group and other related parties arising from reinsurance are as follows:

	31 December 2025	31 December 2024
Swiss Reinsurance Company Ltd reinsurance receivables	689	1,366
Swiss Reinsurance Company Ltd reinsurance payables	590	863

X. CONTINGENCIES

In light of the nature of the insurance business, the Group makes estimates for contingencies and legal proceedings in the ordinary course of business, both in the capacity as plaintiff or defendant in litigation and as claimant or respondent in arbitration proceedings. Legal proceedings mostly involve claims on the Group's insurance policies. Provisions have been made for the probable losses to the Group, including those claims where directors can reasonably estimate the outcome of the litigations taking into account legal advice, if any. No provision is made for contingencies and legal proceedings when the outcome cannot be reasonably estimated or the probability of loss is extremely low.

In addition to the legal proceedings of the above natures, as at 31 December 2025, the Group was the defendant in certain pending litigations. Provisions were made for the possible losses based on estimates by the Group and the Group would only be contingently liable for any claim that is in excess of the provision made. No provision was made for contingencies and legal proceedings when the outcome cannot be reasonably estimated by the management or the probability of loss is extremely low.

XI. COMMITMENTS

1. Major projects with capital commitments

		31 December 2025	31 December 2024
Capital commitments			
Contracted, but not provided for	(1)(2)(3)(4)(5)	15,807	18,858
Authorised, but not contracted for	(1)	2,779	2,101
		18,586	20,959

XI. COMMITMENTS (continued)

1. Major projects with capital commitments (continued)

As at 31 December 2025, major projects with capital commitments are as follows:

- (1) CPIC Life and CPIC Senior Living Investment obtained the use rights of 15 parcels of land located at Wenjiang District in Chengdu, Sichuan, etc., and set up 15 project companies named Chengdu Project Company, etc., accordingly as the owners of the land use rights to parcels of land and construction development subjects for the construction project "CPIC Home". As at 31 December 2025, the cumulative amount incurred amounted to approximately RMB 422 million to projects still in progress. Of the balance, approximately RMB 1,556 million was disclosed as a capital commitment contracted but not provided for and approximately RMB 788 million was disclosed as a capital commitment authorised but not contracted for.
- (2) CPIC Life and a third party jointly established Taijiashan. The total investment of this project is approximately RMB 5,050 million. Among which CPIC Life subscribed capital contribution of RMB 5,000 million, accounted for 99.01% of the capital. As at 31 December 2025, CPIC Life has cumulatively made a capital contribution of RMB 3,150 million. Of the balance, RMB 1,850 million was disclosed as a capital commitment contracted but not provided for.
- (3) As of 31 December 2025, the Company, CPIC Life and CPIC Capital together subscribed to 90.90% of the shares of CPIC Health Fund. As of 31 December 2025, CPIC Health Fund has invested in 28 equity investment funds (excluding consolidated structured entities included in the scope of the Group), with a total subscribed contribution of RMB 6,327 million, paid-in contribution of approximately RMB 5,061 million, and uncontributed capital of approximately RMB 1,266 million, which are listed as capital commitments contracted but not provided for.
- (4) As of 31 December 2025, CPIC Life and CPIC Capital together subscribed to 99.98% of the shares of China Pacific Changhang. As of 31 December 2025, China Pacific Changhang has invested in 3 unlisted equities and 31 equity investment funds (excluding consolidated structured entities included in the scope of the Group), with a total subscribed contribution of approximately RMB 9,344 million, paid-in contribution of approximately RMB 6,818 million, and uncontributed capital of approximately RMB 2,526 million, which are listed as capital commitments contracted but not provided for.
- (5) As of 31 December 2025, CPIC Life and CPIC Capital together subscribed to 99.99% of the shares in Nanjing Taobao Xinhui Zhiyuan Equity Investment Fund Management Partnership (Limited Partnership) ("Xinhui Zhiyuan"). As of 31 December 2025, Xinhui Zhiyuan had invested in 9 equity investment funds (excluding consolidated structured entities included in the scope of the Group), with a total subscribed contribution of RMB 7,145 million, paid-in contribution of approximately RMB 3,606 million, and uncontributed capital of approximately RMB 3,539 million, which were presented as capital commitments contracted but not provided for.

2. Operating lease rental receivables

The Group leases its investment properties under various rental agreements. Future minimum lease receivables under non-cancellable operating leases are as follows:

	31 December 2025	31 December 2024
Within 1 year (inclusive)	757	583
1 to 2 years (inclusive)	675	318
2 to 3 years (inclusive)	462	187
3 to 5 years (inclusive)	507	105
More than 5 years	151	51
	2,552	1,244

XII. RISK MANAGEMENT

1. Insurance risk

(1) Category of insurance risk and concentration of insurance risk

The risk under an insurance contract arises from the possibility of occurrence of an insured event and the uncertainty of the amount as well as time of any resulting claim. The major risk the Group faces under such contracts is that the actual claims payments and the costs of claims settlement exceed the carrying amount of insurance contract reserves, which are affected by factors such as claim frequency, severity of claim, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Group is to ensure that sufficient reserves are available to cover these liabilities.

Insurance risk could occur due to any of the following factors:

Occurrence risk – the possibility that the number of insured events will differ from that expected;

Severity risk – the possibility that the cost of the events will differ from that expected;

Development risk – the possibility that changes may occur in the amount of an insurer's obligation at the end of the contract period.

The above risk exposure is mitigated by the diversification across a large portfolio of insurance contracts. The variability of risks is also reduced by careful selection and implementation of underwriting strategy and guidelines, as well as the use of reinsurance arrangements.

The businesses of the Group mainly comprise long-term life insurance contracts (mainly including life insurance and long-term health insurance), short-term life insurance contracts (mainly including short-term health insurance and accident insurance) and property and casualty insurance contracts. For contracts where death is the insured risk, the significant factors that could increase the overall frequency of claims are epidemics, widespread changes in lifestyle and natural disasters, resulting in earlier or more claims than expected. For contracts where survival is the insured risk, the most significant factor is continued improvement in medical science and social conditions that would increase longevity. For property and casualty insurance contracts, claims are often affected by natural disasters, calamities, terrorist attacks, etc.

Currently, the Group's insurance risk does not vary significantly in relation to the locations of the risks insured by the Group whilst undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis.

There would be no significant mitigating terms and conditions that reduce the insured risk accepted for contracts with fixed and guaranteed benefits and fixed future premiums. Meanwhile, insurance risk is also affected by the policyholders' rights to terminate the contract, to pay reduced premiums, to refuse to pay premiums or to avail the guaranteed annuity option. Thus, the resultant insurance risk is subject to the policyholders' behaviour and decisions.

In order to manage insurance risks more effectively, the Group manages insurance risks through reinsurance to reduce the effect of potential losses to the Group. Three major types of reinsurance agreements, ceding on a quota share basis or a surplus basis or excess reinsurance, are usually used to cover insurance liability risk, with retention limits varying by product line and territory. The reinsurance contract basically covers all insurance contracts with risk liability. Although the Group has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders. The Group's placement of reinsurance is diversified such that neither it is dependent on a single reinsurer nor are the operations of the Group substantially dependent upon any single reinsurance contract.

(2) Assumptions and sensitivities

Long-term life insurance contracts

Assumptions

Material judgement is required in choosing discount rate assumption, insurance incident occurrence rate assumption (mainly including mortality and morbidity), surrender rate assumption, expense assumption and policy dividend assumption relating to long-term life insurance contracts. These measurement assumptions are based on current information available at the balance sheet date.

XII. RISK MANAGEMENT (continued)

1. Insurance risk (continued)

(2) Assumptions and sensitivities (continued)

Long-term life insurance contracts (continued)

Sensitivities

As the relationship between the various assumptions cannot be reliably measured, the Group uses sensitivity analysis to assess the pre-tax impact on profit and shareholders' equity resulting from reasonable and possible movements in a single assumption, while holding other key assumptions constant, for the insurance contract liabilities of the Group's long-term life insurance contracts as follows:

	31 December 2025		
	Changes in assumptions	Impact on profit before tax (Gross of reinsurance)	Impact on equity before tax (Gross of reinsurance)
Mortality rate	+10%	(96)	(1,032)
	-10%	(306)	751
Morbidity rate	+10%	(1,994)	(4,506)
	-10%	1,654	4,283
Expenses	+10%	(848)	(1,428)
	-10%	838	1,419
Policy dividend	+5%	(953)	(953)
Surrender rate	+10%	1,649	1,733
	-10%	(1,667)	(1,317)

	31 December 2024		
	Changes in assumptions	Impact on profit before tax (Gross of reinsurance)	Impact on equity before tax (Gross of reinsurance)
Mortality rate	+10%	(125)	(831)
	-10%	(248)	552
Morbidity rate	+10%	(1,968)	(4,471)
	-10%	1,598	4,212
Expenses	+10%	(921)	(1,509)
	-10%	914	1,502
Policy dividend	+5%	(993)	(993)
Surrender rate	+10%	1,652	2,795
	-10%	(1,673)	(2,528)

Reinsurance contracts do not have significant influence on the Group's long-term life insurance contracts, therefore the pre-tax impact on profit and shareholder's equity of net of reinsurance is similar to the above sensitivity analysis.

XII. RISK MANAGEMENT (continued)

1. Insurance risk (continued)

(2) Assumptions and sensitivities (continued)

Property and casualty and short-term life insurance contracts

Assumptions

The calculation for liability for incurred claims is based on the Group's past claim development experience, including assumptions in respect of average claim costs, claim expenses, inflation factors and number of claims for each accident period. Additional qualitative judgement is used to assess the extent to which past trends may not apply in the future (for example, changes in external factors such as one-off events, public attitudes to claims, market factors such as economic conditions, judicial decisions and government legislation, as well as changes in internal factors such as portfolio mix, policy conditions and claims handling procedures).

Other key assumptions include risk adjustment for non-financial risk, delays in settlement, etc.

Sensitivities

Changes in above key assumptions will affect the liability for incurred claims for property and casualty and short-term life insurance. The sensitivity of certain variables including legislative change, uncertainty in the estimation process, etc., is not possible to quantify.

The Group uses sensitivity analysis to assess the pre-tax impact of changes in liabilities for incurred claims of the Group's property and casualty and short-term life insurance on profit and shareholder's equity, assuming reasonable and possible variations in the claim ratio assumption while keeping other assumptions constant, as follows:

	31 December 2025				
	Changes in assumption	Impact on profit before tax		Impact on equity before tax	
		Gross of reinsurance	Net of reinsurance	Gross of reinsurance	Net of reinsurance
Loss ratio	+5%	(4,521)	(3,091)	(4,521)	(3,091)
	-5%	4,521	3,091	4,521	3,091

	31 December 2024				
	Changes in assumption	Impact on profit before tax		Impact on equity before tax	
		Gross of reinsurance	Net of reinsurance	Gross of reinsurance	Net of reinsurance
Loss ratio	+5%	(4,119)	(2,718)	(4,119)	(2,718)
	-5%	4,119	2,718	4,119	2,718

XII. RISK MANAGEMENT (continued)

1. Insurance risk (continued)

(2) Assumptions and sensitivities (continued)

Property and casualty and short-term life insurance contracts (continued)

Sensitivities (continued)

The table below presents the claim reserves of gross of reinsurance for the property and casualty insurance of the Group:

	Property and casualty insurance (Accident year)					Total
	2021	2022	2023	2024	2025	
Gross of reinsurance						
Undiscounted estimate of ultimate claim cost as of:						
Accident year	101,908	109,894	128,386	145,848	146,571	
One year later	98,801	104,854	126,694	142,715		
Two years later	98,681	101,343	126,012			
Three years later	97,587	98,621				
Four years later	96,661					
Cumulative claims payments	(95,682)	(95,463)	(119,806)	(125,596)	(97,667)	
Sub-total	979	3,158	6,206	17,119	48,904	76,366
Adjustment for previous years, unallocated loss adjustment expenses, risk adjustment for non-financial risk, discounting and other impacts						8,733
Liability for incurred claims						85,099

The table below presents the claim reserves of net of reinsurance for the property and casualty insurance of the Group:

	Property and casualty insurance (Accident year)					Total
	2021	2022	2023	2024	2025	
Net of reinsurance						
Undiscounted estimate of ultimate claim cost as of:						
Accident year	89,762	96,915	111,921	125,153	128,158	
One year later	87,173	93,658	111,798	124,245		
Two years later	87,049	90,463	111,168			
Three years later	86,009	87,450				
Four years later	85,007					
Cumulative claims payments	(84,369)	(85,305)	(106,473)	(111,144)	(87,827)	
Sub-total	638	2,145	4,695	13,101	40,331	60,910
Adjustment for previous years, unallocated loss adjustment expenses, risk adjustment for non-financial risk, discounting and other impacts						(2,358)
Liability for incurred claims, net						58,552
Total asset for incurred claims						26,547
Liability for incurred claims						85,099

XII. RISK MANAGEMENT (continued)

1. Insurance risk (continued)

(2) Assumptions and sensitivities (continued)

Property and casualty and short-term life insurance contracts (continued)

Sensitivities (continued)

The table below presents the claim reserves of gross of reinsurance for short-term life insurance contracts of the Group:

	Short-term life insurance (Accident year)					Total
	2021	2022	2023	2024	2025	
Gross of reinsurance						
Undiscounted estimate of ultimate claim cost as of:						
Accident year	4,913	4,075	4,548	4,532	4,636	
One year later	4,547	3,801	4,383	4,236		
Two years later	4,408	3,782	4,309			
Three years later	4,385	3,756				
Four years later	4,388					
Cumulative claims payments	(4,388)	(3,750)	(4,200)	(3,908)	(3,187)	
Sub-total	–	6	109	328	1,449	1,892
Adjustment for previous years, unallocated loss adjustment expenses, risk adjustment for non-financial risk, discounting and other impacts						3,424
Liability for incurred claims						5,316

The table below presents the claim reserves of net of reinsurance for short-term life insurance contracts of the Group:

	Short-term life insurance (Accident year)					Total
	2021	2022	2023	2024	2025	
Net of reinsurance						
Undiscounted estimate of ultimate claim cost as of:						
Accident year	3,967	3,436	4,300	4,370	4,400	
One year later	3,733	3,240	4,145	4,066		
Two years later	3,626	3,232	4,099			
Three years later	3,601	3,190				
Four years later	3,604					
Cumulative claims payments	(3,604)	(3,184)	(3,991)	(3,776)	(3,032)	
Sub-total	–	6	108	290	1,368	1,772
Adjustment for previous years, unallocated loss adjustment expenses, risk adjustment for non-financial risk, discounting and other impacts						3,247
Liability for incurred claims, net						5,019
Total asset for incurred claims						297
Liability for incurred claims						5,316

XII. RISK MANAGEMENT (continued)

2. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk principally comprises three types of risks, namely interest rate risk arising from market interest rates, price risk arising from market prices and currency risk arising from foreign exchange rates.

The following policies and procedures are in place to mitigate the Group's exposure to market risk:

- A market risk policy of the Group setting out the assessment and determination of what constitutes market risk for the Group. Compliance with the policy is monitored and exposures and breaches are reported to the risk management committee of the Group. The policy is reviewed regularly by the management of the Group for pertinence and for changes in the risk environment.

(1) Currency risk

Currency risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in foreign exchange rates.

Since the Group operates principally in Mainland China, the Group has only limited exposure to currency risk, which arises primarily from certain insurance policies denominated in foreign currencies, bank deposits and common stocks, etc. denominated in the foreign currency.

The following tables summarise the Group's financial assets and financial liabilities by major currency:

	31 December 2025				Total
	RMB	USD (in RMB)	HKD (in RMB)	Other currencies (in RMB)	
Cash at bank and on hand	39,528	5,433	17,825	3	62,789
Derivative financial assets	–	3	–	2	5
Securities purchased under agreements to resell	24,512	–	–	–	24,512
Term deposits	186,491	819	–	–	187,310
Financial investments:					
Financial assets at fair value through profit or loss	693,299	17,906	2,956	707	714,868
Financial assets at amortised cost	52,601	–	–	–	52,601
Debt investments at fair value through other comprehensive income	1,767,510	4,568	–	–	1,772,078
Equity investments at fair value through other comprehensive income	175,989	–	172	–	176,161
Restricted statutory deposits	6,900	–	–	–	6,900
Others	12,242	342	21	–	12,605
Sub-total	2,959,072	29,071	20,974	712	3,009,829

XII. RISK MANAGEMENT (continued)

2. Market risk (continued)

(1) Currency risk (continued)

The following tables summarise the Group's financial assets and financial liabilities by major currency: (continued)

	31 December 2025				Total
	RMB	USD (in RMB)	HKD (in RMB)	Other currencies (in RMB)	
Derivative financial liabilities	2	61	2,306	3	2,372
Securities sold under agreements to repurchase	218,565	365	–	–	218,930
Bonds payable	10,286	–	12,392	–	22,678
Commission and brokerage payable	5,786	–	49	–	5,835
Lease liabilities	1,547	–	24	–	1,571
Long-term borrowings	154	–	–	–	154
Others	47,138	420	175	–	47,733
Sub-total	283,478	846	14,946	3	299,273
Net value	2,675,594	28,225	6,028	709	2,710,556

	31 December 2024				Total
	RMB	USD (in RMB)	HKD (in RMB)	Other currencies (in RMB)	
Cash at bank and on hand	23,259	5,822	274	2	29,357
Derivative financial assets	13	1	–	12	26
Securities purchased under agreements to resell	10,905	–	–	–	10,905
Term deposits	172,829	989	–	–	173,818
Financial investments:					
Financial assets at fair value through profit or loss	648,416	16,648	1,579	556	667,199
Financial assets at amortised cost	64,844	–	–	–	64,844
Debt investments at fair value through other comprehensive income	1,606,358	1,614	–	–	1,607,972
Equity investments at fair value through other comprehensive income	141,933	1	80	–	142,014
Restricted statutory deposits	6,851	–	–	–	6,851
Others	13,348	148	19	–	13,515
Sub-total	2,688,756	25,223	1,952	570	2,716,501

	31 December 2024				Total
	RMB	USD (in RMB)	HKD (in RMB)	Other currencies (in RMB)	
Derivative financial liabilities	2	94	–	–	96
Securities sold under agreements to repurchase	181,695	–	–	–	181,695
Bonds payable	10,286	–	–	–	10,286
Commission and brokerage payable	5,926	–	16	–	5,942
Lease liabilities	2,710	–	12	–	2,722
Others	42,242	249	163	–	42,654
Sub-total	242,861	343	191	–	243,395
Net value	2,445,895	24,880	1,761	570	2,473,106

XII. RISK MANAGEMENT (continued)

2. Market risk (continued)

(1) Currency risk (continued)

The following tables summarise the Group's insurance contract assets/liabilities and reinsurance contract assets/liabilities by major currency:

	31 December 2025			
	RMB	USD (in RMB)	HKD (in RMB)	Total
Reinsurance contract assets	43,699	3,407	640	47,746
Insurance contract liabilities	2,455,378	10,213	1,016	2,466,607

	31 December 2024			
	RMB	USD (in RMB)	HKD (in RMB)	Total
Insurance contract assets	22	–	–	22
Reinsurance contract assets	38,803	6,838	440	46,081
Insurance contract liabilities	2,216,147	12,561	806	2,229,514

Exchange rates used by the Group by major currencies:

	31 December 2025		31 December 2024	
	USD	HKD	USD	HKD
Exchange rate	7.02880	0.90322	7.18840	0.92604

Sensitivities

The analysis below is performed for reasonably possible movements in foreign exchange rate with all other variables held constant, for the following financial instruments, showing the pre-tax impact on profit and shareholder's equity.

Sensitivity analysis below shows changes in spot and forward exchange rates and reflects the pre-tax impact on profit and shareholder's equity arising from monetary financial assets and liabilities, insurance contract assets/liabilities and reinsurance contract assets/liabilities denominated in foreign currency as at the dates indicated.

USD, HKD and other currencies to RMB exchange rate	31 December 2025	
	Impact on profit before tax	Impact on equity before tax
+5%	1,163	1,172
-5%	(1,163)	(1,172)

USD, HKD and other currencies to RMB exchange rate	31 December 2024	
	Impact on profit before tax	Impact on equity before tax
+5%	1,052	1,056
-5%	(1,052)	(1,056)

The impact on equity arising from monetary financial assets and liabilities, insurance contract assets/liabilities and reinsurance contract assets/liabilities denominated in foreign currency shown above is the total impact from both profit before tax and fair value change.

XII. RISK MANAGEMENT (continued)

2. Market risk (continued)

(2) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Floating rate instruments expose the Group to cash flow interest risk, whereas fixed interest rate instruments expose the Group to fair value interest risk.

The Group's interest risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and floating rate instruments. The policy also requires it to manage the maturity of interest-bearing financial assets and interest-bearing financial liabilities. Interest on floating rate instruments is generally repriced once a year. Interest on fixed rate instruments is priced on initial recognition of related financial instruments and remains constant until maturity date.

The Group is not exposed to significant concentration risks.

The tables below summarise major interest-bearing financial instruments of the Group by contractual/estimated re-pricing date or maturity date. Other financial instruments not included in the following tables are interest free and not exposed to interest rate risk:

	31 December 2025						Total
	Within 1 year	1 to 3 years	3 to 5 years	Over 5 years	Floating rate	Non-interest bearing	
Financial assets:							
Cash at bank and on hand	4,081	–	–	–	58,705	3	62,789
Securities purchased under agreements to resell	24,508	–	–	–	–	4	24,512
Term deposits	40,271	69,522	73,579	–	–	3,938	187,310
Financial investments:							
Financial assets at fair value through profit or loss	13,616	24,098	26,377	243,185	–	4,245	311,521
Financial assets at amortised cost	6,411	3,264	13,585	28,904	8	429	52,601
Debt investments at fair value through other comprehensive income	34,755	58,799	149,100	1,515,661	–	13,763	1,772,078
Restricted statutory deposits	2,598	3,733	362	–	–	207	6,900
Financial liabilities:							
Securities sold under agreements to repurchase	218,819	–	–	–	–	111	218,930
Long-term borrowings	62	92	–	–	–	–	154
Bonds payable	–	10,000	–	–	–	12,678	22,678

XII. RISK MANAGEMENT (continued)

2. Market risk (continued)

(2) Interest rate risk (continued)

The tables below summarise major interest-bearing financial instruments of the Group by contractual/estimated re-pricing date or maturity date. Other financial instruments not included in the following tables are interest free and not exposed to interest rate risk: (continued)

	31 December 2024						Total
	Within 1 year	1 to 3 years	3 to 5 years	Over 5 years	Floating rate	Non-interest bearing	
Financial assets:							
Cash at bank and on hand	221	–	–	–	29,128	8	29,357
Securities purchased under agreements to resell	10,902	–	–	–	–	3	10,905
Term deposits	24,490	74,059	71,603	–	–	3,666	173,818
Financial investments:							
Financial assets at fair value through profit or loss	10,092	16,759	10,742	236,655	–	4,272	278,520
Financial assets at amortised cost	15,282	5,851	5,886	37,246	8	571	64,844
Debt investments at fair value through other comprehensive income	66,406	55,822	78,225	1,394,875	–	12,644	1,607,972
Restricted statutory deposits	579	4,898	1,225	–	–	149	6,851
Financial liabilities:							
Securities sold under agreements to repurchase	181,567	–	–	–	–	128	181,695
Bonds payable	–	–	9,999	–	–	287	10,286

Interest rates on floating rate bonds/liabilities are re-priced when the benchmark interest rates are adjusted.

Sensitivities

The analysis below is performed for reasonably possible movements in interest rate with all other variables held constant, for the following financial instruments, showing the pre-tax impact on profit and shareholder's equity. Since almost all financial instruments of the Group that bear interest rate risks are financial instruments denominated in RMB, the sensitivity analysis below only shows the pre-tax impact of RMB financial instruments on the Group's profit and shareholder's equity when RMB interest rate changes.

Sensitivities on fixed-rate financial instruments

As at the balance sheet date, the Group's fixed-rate financial instruments exposed to interest rate risk mainly include financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. The following tables show the pre-tax impact of fair value change of debt investments on profit and shareholder's equity.

Change in RMB interest rate	31 December 2025	
	Impact on profit before tax	Impact on equity before tax
+50 basis points	(5,655)	(92,353)
–50 basis points	5,953	103,356

Change in RMB interest rate	31 December 2024	
	Impact on profit before tax	Impact on equity before tax
+50 basis points	(4,446)	(77,481)
–50 basis points	4,669	86,912

The above impact on equity represents adjustments to profit before tax and changes in fair value of fixed-rate financial instruments.

XII. RISK MANAGEMENT (continued)

2. Market risk (continued)

(2) Interest rate risk (continued)

Sensitivities (continued)

Sensitivities on floating-rate financial instruments

The following tables show the pre-tax impact that floating-rate financial assets and liabilities have on the Group's profit and shareholder's equity due to changes in interest rate as at the balance sheet date.

Change in RMB interest rate	31 December 2025	
	Impact on profit before tax	Impact on equity before tax
+50 basis points	294	294
-50 basis points	(294)	(294)

Change in RMB interest rate	31 December 2024	
	Impact on profit before tax	Impact on equity before tax
+50 basis points	146	146
-50 basis points	(146)	(146)

Sensitivities on insurance contract liabilities

The following tables show the pre-tax impact that insurance contract liabilities have on the Group's profit and shareholder's equity due to changes in interest rate as at the balance sheet date.

Change in RMB interest rate	31 December 2025	
	Impact on profit before tax	Impact on equity before tax
+50 basis points	2,137	90,538
-50 basis points	(4,076)	(104,677)

Change in RMB interest rate	31 December 2024	
	Impact on profit before tax	Impact on equity before tax
+50 basis points	2,427	84,733
-50 basis points	(4,680)	(98,663)

(3) Price risk

Price risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), regardless of whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Group's price risk policy requires it to manage such risk by setting and monitoring investment objectives, adopting related strategies and managing fluctuations arising from price risk in operating performance.

Financial investments exposed to market price risk mainly consist of stocks and equity investment funds under financial assets at fair value through profit or loss and equity investments at fair value through other comprehensive income.

XII. RISK MANAGEMENT (continued)

2. Market risk (continued)

(3) Price risk (continued)

Assuming that the market price of listed stocks and equity investment funds rises or falls by 10% (based on the book value as at the balance sheet date, taking into account the impact on listed equities and securities investment funds and insurance contract liabilities) and other variables remain unchanged, the pre-tax impact of the above financial instruments on the Group's profit and shareholder's equity based at the end of the reporting date is as follows.

Changes in equity prices	31 December 2025			
	Impact on investments	Impact on insurance contract liabilities	Impact on profit before tax	Impact on equity before tax
+10%	55,047	25,989	17,271	29,058
-10%	(55,047)	(25,970)	(17,291)	(29,077)

Changes in equity prices	31 December 2024			
	Impact on investments	Impact on insurance contract liabilities	Impact on profit before tax	Impact on equity before tax
+10%	48,932	25,418	14,717	23,514
-10%	(48,932)	(25,392)	(14,742)	(23,540)

3. Credit risk

Credit risk is the risk that one party to a financial instrument or an insurance contract will cause a financial loss to the other party by failing to discharge an obligation.

The Group is exposed to credit risks primarily associated with deposit arrangements with commercial banks, financial assets at amortised cost, debt investments at fair value through other comprehensive income, securities purchased under agreements to resell, reinsurance contract assets and other assets.

Due to the restriction of The National Administration of Financial Regulation, majority of the Group's financial assets are government bonds, government institutional bonds, enterprise bonds, term deposits, debt investment plans and wealth management products. Term deposits are placed with national commercial banks or comparatively sound financial institutions, and most of enterprise bonds, debt investment plans and wealth management products are guaranteed by qualified institutions. Hence, the related credit risk of the investment should be regarded as relatively low. Meanwhile, the Group will perform credit assessments and risk appraisals for each investment before signing contracts and determine to invest in those programs released by highly rated issuers and project initiators.

For securities purchased under agreements to resell and policy loans, there is a security pledge, and the maturity period is less than one year. Premium receivables from life insurance are mainly renew premium within grace period. Hence, the related credit risk should not have significant impact on the Group's consolidated financial statements. The Group grants a short credit period and arranges instalment payment to reduce the property and casualty insurance businesses credit risk. The Group performs regular credit assessment of the reinsurance companies. Reinsurance of the Group is mainly entered into with highly rated reinsurance companies.

The Group mitigates credit risk by utilising credit control policies, undertaking credit analysis on potential investments, and imposing aggregate counterparty exposure limits.

XII. RISK MANAGEMENT (continued)

3. Credit risk (continued)

Measurement of expected credit loss

In accordance with the new accounting standard for financial instruments, the Group applies the “expected credit loss model” to measure the impairment of financial assets such as financial assets at amortised cost and debt investments at fair value through other comprehensive income.

Criteria for judging significant changes in credit risk

Under the new financial instruments accounting standard, the Group assesses at each balance sheet date whether the credit risk of the relevant financial instruments has changed significantly since its initial recognition when considering the credit risk stages of financial assets. When determining the impairment stage of financial assets, the Group fully considers all reasonable and well-founded information, including forward-looking information, that reflects whether there has been a significant change in its credit risk. The main factors to be considered are regulatory and operating environment, internal and external credit rating, solvency, operating capacity, etc. The Group based on individual financial instruments or portfolios of financial instruments with similar credit risk characteristics to determine the stage classification of financial instruments by comparing the credit risks of the financial instruments at the reporting date with initial recognition.

The Group sets quantitative and qualitative criteria to determine whether the credit risk of financial instruments has changed significantly since the initial recognition, mainly including changes in the debtor’s probability of default (“PD”), changes in credit risk classification, and other circumstances indicating significant changes in credit risk. In determining whether the credit risk of a financial instrument has changed significantly since the initial recognition, the Group considers overdue more than 30 days as one of the criteria for a significant increase in credit risk in accordance with the requirements of the Standard.

Definition of financial assets that are credit-impaired

The criteria adopted by the Group in determining whether credit impairment has incurred are consistent with internal credit risk management objectives for the relevant financial instruments, taking into account quantitative and qualitative indicators. When assessing whether a debtor has incurred credit impairment, the Group mainly considers the following factors:

- The debtor is more than 90 days overdue after the due date of payment in the contract;
- Internal credit rating is a default rating;
- For economic or contractual reasons related to the debtor’s financial difficulties, the creditor gives the debtor concessions that the creditor would not otherwise consider;
- Significant financial difficulties of the issuer or debtor;
- Breach of contract by the debtor, such as default or overdue payment of interest or principal;
- The debtor is likely to go bankrupt or other financial restructuring;
- Financial difficulties of the issuer or debtor lead to the disappearance of an active market for that financial asset;
- Purchase or originate a financial asset at a significant discount that reflects the fact that a credit loss has occurred.

Credit impairment of financial assets may be caused by a combination of multiple events, not necessarily by individually identifiable events.

XII. RISK MANAGEMENT (continued)

3. Credit risk (continued)

Measurement of expected credit loss (continued)

Parameters of the expected credit loss measurement

The models, parameters and assumptions used in measuring expected credit loss are described as follows:

Impairment provisions are measured in terms of expected credit losses over the next 12 months or throughout the lifetime of the assets, based on whether there has been a significant increase in credit risk and whether the asset has undergone credit impairment. The expected credit loss is the result of discounting the product of the company's exposure at default ("EAD"), PD and rate of loss given default ("LGD") under reasonable and evidence-based forward-looking information that can be obtained without undue cost or effort.

- i) EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months or over the remaining lifetime;
- ii) PD is the likelihood that the debtor will not be able to meet its payment obligations in the next 12 months or throughout the remaining lifetime;
- iii) LGD is the Group's expectation of the percentage of loss on the EAD will be lost. LGD varies depending on the type of counterparty, the manner and priority of recourse, and the availability of collateral or other credit support.

When assessing whether the credit risk of a financial instrument has increased significantly since its initial recognition, the Group takes into account changes in the risk of default over the expected lifetime of the financial instruments. The lifetime PD is derived from the 12-month PD based on the maturity information. Impairment for assets assessed on a collective basis is based on observable historical data and on the assumption that assets with the same credit rating and in the same portfolio for collective assessment are in the same situation. The above analysis is based on industry experience and supported by historical data.

Credit risk exposure

Without regard to the impact of guarantees or other credit enhancement methods, the carrying amount of financial assets in the Group's balance sheet reflects its maximum credit risk exposure at the balance sheet date.

The following table sets out the credit risk exposure of financial instruments under the scope of the expected credit loss assessment:

	31 December 2025			Maximum credit risk exposure
	Stage 1	Stage 2	Stage 3	
Cash at bank and on hand	62,789	–	–	62,789
Securities purchased under agreements to resell	24,512	–	–	24,512
Term deposits	175,894	11,416	–	187,310
Financial Investments:	1,814,586	7,836	2,257	1,824,679
Financial assets at amortised cost	51,301	618	682	52,601
Debt investments at fair value through other comprehensive income	1,763,285	7,218	1,575	1,772,078
Restricted statutory deposits	6,900	–	–	6,900
Others	12,222	294	89	12,605
Total	2,096,903	19,546	2,346	2,118,795

XII. RISK MANAGEMENT (continued)

3. Credit risk (continued)

Credit risk exposure (continued)

The following table sets out the credit risk exposure of financial instruments under the scope of the expected credit loss assessment: (continued)

	31 December 2024			Maximum credit risk exposure
	Stage 1	Stage 2	Stage 3	
Cash at bank and on hand	29,357	–	–	29,357
Securities purchased under agreements to resell	10,905	–	–	10,905
Term deposits	172,113	1,705	–	173,818
Financial Investments:	1,663,534	6,321	2,961	1,672,816
Financial assets at amortised cost	62,770	1,517	557	64,844
Debt investments at fair value through other comprehensive income	1,600,764	4,804	2,404	1,607,972
Restricted statutory deposits	6,851	–	–	6,851
Others	13,235	210	70	13,515
Total	1,895,995	8,236	3,031	1,907,262

As at December 31, 2025 and December 31, 2024, the collateral for the financial assets that have suffered credit impairment is mainly equity.

The Group closely monitors collateral for financial assets that have undergone credit impairment.

The following table sets out the maximum exposure to credit risk of insurance contracts at the end of reporting period:

	31 December 2025	31 December 2024
Insurance contracts issued	109,029	112,950
Reinsurance contracts held	47,746	46,081

The Group assesses the credit standing of ceded reinsurance recipients on the timely basis, including financial performance, solvency level, etc., and then select those companies with high credit qualifications to carry out reinsurance business. At the end of the year, there was no material change in the credit standing of the Group's ceded reinsurance recipients.

The following tables explain the changes in the gross carrying amount and impairment provision of the main financial assets for the year:

Gross carrying amount	2025							Write-offs	31 December
	Stage	1 January	Net increase/ (decrease) (Note)	Stages transfers					
				Transfer between Stage 1 and Stage 2	Transfer between Stage 1 and Stage 3	Transfer between Stage 2 and Stage 3			
Financial assets at amortised cost	Stage 1	62,800	(11,038)	(421)	–	–	–	51,341	
	Stage 2	1,657	(800)	421	–	(642)	–	636	
	Stage 3	1,984	(62)	–	–	642	–	2,564	
Debt investments at fair value through other comprehensive income	Stage 1	1,600,764	169,141	(6,620)	–	–	–	1,763,285	
	Stage 2	4,804	(4,332)	6,620	–	126	–	7,218	
	Stage 3	2,404	(703)	–	–	(126)	–	1,575	

XII. RISK MANAGEMENT (continued)

3. Credit risk (continued)

Credit risk exposure (continued)

The following tables explain the changes in the gross carrying amount and impairment provision of the main financial assets for the year: (continued)

		2025						
		Stages transfers					Write-offs	31 December
Impairment provision	Stage	1 January	Net increase/ (decrease) (Note)	Transfer between Stage 1 and Stage 2	Transfer between Stage 1 and Stage 3	Transfer between Stage 2 and Stage 3		
Financial assets at amortised cost	Stage 1	30	19	(9)	–	–	–	40
	Stage 2	140	377	9	–	(508)	–	18
	Stage 3	1,427	(53)	–	–	508	–	1,882
Debt investments at fair value through other comprehensive income	Stage 1	209	113	(8)	–	–	–	314
	Stage 2	115	117	8	–	(83)	–	157
	Stage 3	3,896	(411)	–	–	83	–	3,568

Note: Changes in current year due to purchase, purchased credit-impaired or derecognition except write-offs.

		2024						
		Stages transfers					Write-offs	31 December
Gross carrying amount	Stage	1 January	Net increase/ (decrease) (Note)	Transfer between Stage 1 and Stage 2	Transfer between Stage 1 and Stage 3	Transfer between Stage 2 and Stage 3		
Financial assets at amortised cost	Stage 1	81,334	(17,001)	(1,533)	–	–	–	62,800
	Stage 2	156	(32)	1,533	–	–	–	1,657
	Stage 3	2,221	(237)	–	–	–	–	1,984
Debt investments at fair value through other comprehensive income	Stage 1	1,243,368	362,513	(5,117)	–	–	–	1,600,764
	Stage 2	1,147	(1,460)	5,117	–	–	–	4,804
	Stage 3	2,920	(516)	–	–	–	–	2,404

XII. RISK MANAGEMENT (continued)

3. Credit risk (continued)

Credit risk exposure (continued)

The following tables explain the changes in the gross carrying amount and impairment provision of the main financial assets for the year: (continued)

Impairment provision	2024							31 December
	Stage	1 January	Net increase/ (decrease) (Note)	Stages transfers			Write-offs	
				Transfer between Stage 1 and Stage 2	Transfer between Stage 1 and Stage 3	Transfer between Stage 2 and Stage 3		
Financial assets at amortised cost	Stage 1	43	126	(139)	–	–	–	30
	Stage 2	1	–	139	–	–	–	140
	Stage 3	1,333	94	–	–	–	–	1,427
Debt investments at fair value through other comprehensive income	Stage 1	222	(7)	(6)	–	–	–	209
	Stage 2	11	98	6	–	–	–	115
	Stage 3	3,696	200	–	–	–	–	3,896

Note: Changes in current year due to purchase, purchased credit-impaired or derecognition except write-offs.

The Group internally grades the financial instruments based on the credit quality and risk characteristics. The credit rating of the financial instruments could further be classified as "low risk", "medium risk", "high risk" and "default" according to the internal rating scale. "Low risk" means that the asset quality is good, there is sufficient evidence to show that the asset is not expected to have default, or there is no reason to suspect that the asset had incurred default. "Medium risk" means that the asset quality is acceptable or there are factors revealing potential negative impact on the asset quality, but there is no sufficient reason to suspect that the asset had incurred default. "High risk" means that there are factors revealing significant adverse impact on the asset quality, but there is no event indicating incurred default. The criteria of "default" are consistent with those of "credit-impaired".

The following table analyses the credit risk's stages of financial assets at amortised cost and debt investments at fair value through other comprehensive income within the scope of ECLs. The net carrying value of the following financial assets disclosed at the balance sheet is their maximum exposure to credit risk:

	31 December 2025			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECLs	Lifetime ECLs	Lifetime ECLs	
Financial assets at amortised cost				
Credit level				
Low	51,341	–	–	51,341
Medium	–	636	–	636
High	–	–	–	–
Default	–	–	2,564	2,564
Total carrying amount	51,341	636	2,564	54,541
Impairment provisions	(40)	(18)	(1,882)	(1,940)
Net carrying amount	51,301	618	682	52,601

XII. RISK MANAGEMENT (continued)

3. Credit risk (continued)

Credit risk exposure (continued)

The following table analyses the credit risk's stages of financial assets at amortised cost and debt investments at fair value through other comprehensive income within the scope of ECLs. The net carrying value of the following financial assets disclosed at the balance sheet is their maximum exposure to credit risk: (continued)

	31 December 2024			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECLs	Lifetime ECLs	Lifetime ECLs	
Financial assets at amortised cost				
Credit level				
Low	62,599	25	–	62,624
Medium	201	1,632	–	1,833
High	–	–	–	–
Default	–	–	1,984	1,984
Total carrying amount	62,800	1,657	1,984	66,441
Impairment provisions	(30)	(140)	(1,427)	(1,597)
Net carrying amount	62,770	1,517	557	64,844

	31 December 2025			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECLs	Lifetime ECLs	Lifetime ECLs	
Debt investments at fair value through other comprehensive income				
Credit level				
Low	1,760,428	–	–	1,760,428
Medium	2,857	7,218	–	10,075
High	–	–	–	–
Default	–	–	1,575	1,575
Net carrying amount	1,763,285	7,218	1,575	1,772,078

XII. RISK MANAGEMENT (continued)

3. Credit risk (continued)

Credit risk exposure (continued)

The following table analyses the credit risk's stages of financial assets at amortised cost and debt investments at fair value through other comprehensive income within the scope of ECLs. The net carrying value of the following financial assets disclosed at the balance sheet is their maximum exposure to credit risk: (continued)

	31 December 2024			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECLs	Lifetime ECLs	Lifetime ECLs	
Debt investments at fair value through other comprehensive income				
Credit level				
Low	1,597,629	167	–	1,597,796
Medium	3,135	4,637	579	8,351
High	–	–	–	–
Default	–	–	1,825	1,825
Net carrying amount	1,600,764	4,804	2,404	1,607,972

4. Liquidity risk

Liquidity risk is the risk of capital shortage in the performance of repaying maturing debts or fulfilling other payment obligations.

Liquidity risk may result from the surrender, reduction or early termination of insurance contracts in other forms, the indemnity and payment, and the daily expenses of the Group.

When surrender, reduction or other forms of early termination happens, the Group determines the amounts that are payable on demand to policyholders in accordance with the terms of insurance contracts, which are usually the unearned premiums or the cash values of the relevant part of contracts, after deducting the applicable early termination fees. The Group seeks to manage its liquidity risk by setting out guidelines on asset allocation, portfolio limit structures and the maturity profiles of assets, in order to match the maturities of investment assets with the maturities of corresponding insurance liabilities, to provide funds for the Group to fulfil payment obligations in a timely manner.

The following policies and procedures are in place to mitigate the Group's exposure to liquidity risk:

- Setting up a liquidity risk policy for the assessment and determination of what constitutes liquidity risk for the Group. Compliance with the policy is monitored, and exposures and breaches of the policy are reported to the risk management committee of the Group. The policy is regularly reviewed by the management of the Group for pertinence and for changes in the risk environment;
- Setting up emergency fund plans which specify the sources of emergency funds, the minimum amount of daily reserve funds, and the specific events that would trigger such plans.

XII. RISK MANAGEMENT (continued)

4. Liquidity risk (continued)

The tables below summarise the maturity profiles of the main financial assets and financial liabilities of the Group based on undiscounted contractual cash flows and remaining maturity of expected cash flows:

	31 December 2025					Total
	On demand/ Overdue	Within 1 year	1 to 5 years	Over 5 years	Undated	
Financial assets:						
Cash at bank and on hand	58,708	4,081	–	–	–	62,789
Derivative financial assets	–	5	–	–	–	5
Securities purchased under agreements to resell	–	24,516	–	–	–	24,516
Term deposits	–	45,131	153,587	–	–	198,718
Financial investments:						
Financial assets at fair value through profit or loss	388	28,880	90,239	317,599	399,340	836,446
Financial assets at amortised cost	–	9,292	24,025	40,432	–	73,749
Debt investments at fair value through other comprehensive income	–	100,965	452,076	2,541,911	–	3,094,952
Equity investments at fair value through other comprehensive income	–	–	–	–	192,297	192,297
Restricted statutory deposits	–	2,756	4,310	–	–	7,066
Others	964	7,445	4,606	25	2	13,042
Sub-total	60,060	223,071	728,843	2,899,967	591,639	4,503,580
Financial liabilities:						
Derivative financial liabilities	2,306	66	–	–	–	2,372
Securities sold under agreements to repurchase	–	219,015	–	–	–	219,015
Bonds payable	–	367	23,125	–	–	23,492
Commission and brokerage payable	1,580	3,870	354	31	–	5,835
Lease liabilities	–	633	926	216	–	1,775
Long-term borrowings	–	64	94	–	–	158
Others	1,011	45,057	1,665	–	–	47,733
Sub-total	4,897	269,072	26,164	247	–	300,380
Net amount	55,163	(46,001)	702,679	2,899,720	591,639	4,203,200

XII. RISK MANAGEMENT (continued)

4. Liquidity risk (continued)

The tables below summarise the maturity analysis of the main financial assets and financial liabilities of the Group based on undiscounted contractual cash flows and remaining maturity of expected cash flows: (continued)

	31 December 2024					Total
	On demand/ Overdue	Within 1 year	1 to 5 years	Over 5 years	Undated	
Financial assets:						
Cash at bank and on hand	29,136	221	–	–	–	29,357
Derivative financial assets	–	13	13	–	–	26
Securities purchased under agreements to resell	–	10,905	–	–	–	10,905
Term deposits	–	26,288	160,777	–	–	187,065
Financial investments:						
Financial assets at fair value through profit or loss	388	29,170	63,209	306,695	366,452	765,914
Financial assets at amortised cost	–	17,996	19,883	49,370	–	87,249
Debt investments at fair value through other comprehensive income	–	120,725	331,984	2,187,048	–	2,639,757
Equity investments at fair value through other comprehensive income	–	–	–	–	164,475	164,475
Restricted statutory deposits	–	739	6,534	–	–	7,273
Others	1,107	7,857	4,934	45	2	13,945
Sub-total	30,631	213,914	587,334	2,543,158	530,929	3,905,966
Financial liabilities:						
Derivative financial liabilities	–	14	82	–	–	96
Securities sold under agreements to repurchase	–	181,748	–	–	–	181,748
Bonds payable	–	367	11,101	–	–	11,468
Commission and brokerage payable	923	4,385	608	26	–	5,942
Lease liabilities	–	846	1,447	692	–	2,985
Others	714	40,240	1,700	–	–	42,654
Sub-total	1,637	227,600	14,938	718	–	244,893
Net amount	28,994	(13,686)	572,396	2,542,440	530,929	3,661,073

The tables below summarise the maturity analysis of the Group's insurance contract liabilities' present value of the future cash flows as at the balance sheet date. The maturity analysis does not include the parts of insurance contract liabilities that relate to remaining coverage under the premium allocation approach:

	31 December 2025						Total
	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	
Present value of the future cash flows of insurance contract liabilities	(13,153)	8,322	44,129	65,037	57,540	1,857,129	2,019,004

	31 December 2024						Total
	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	
Present value of the future cash flows of insurance contract liabilities	(4,195)	(28,617)	29,908	43,158	67,489	1,691,778	1,799,521

XII. RISK MANAGEMENT (continued)

4. Liquidity risk (continued)

As at the balance sheet date, the cash flows of lease contracts that have been signed by the Group but have not yet been executed are listed below by maturity date:

	As at 31 December 2025				Total
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	
Future contractual cash flows not included in lease liabilities	30	27	36	2	95

	As at 31 December 2024				Total
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	
Future contractual cash flows not included in lease liabilities	33	26	45	7	111

The table below summarises the expected utilisation or settlement of assets and liabilities:

	As at 31 December 2025		Total
	Current	Non-current	
Assets:			
Cash at bank and on hand	62,789	–	62,789
Derivative financial assets	5	–	5
Securities purchased under agreements to resell	24,512	–	24,512
Term deposits	41,081	146,229	187,310
Financial investments:			
Financial assets at fair value through profit or loss	406,738	308,130	714,868
Financial assets at amortised cost	6,452	46,149	52,601
Debt investments at fair value through other comprehensive income	35,130	1,736,948	1,772,078
Equity investments at fair value through other comprehensive income	142,365	33,796	176,161
Restricted statutory deposits	2,702	4,198	6,900
Reinsurance contract assets	24,017	23,729	47,746
Others	8,171	4,434	12,605
Total	753,962	2,303,613	3,057,575
Liabilities:			
Derivative financial liabilities	2,372	–	2,372
Securities sold under agreements to repurchase	218,930	–	218,930
Bonds payable	–	22,678	22,678
Insurance contract liabilities	86,728	2,379,879	2,466,607
Commission and brokerage payable	5,449	386	5,835
Lease liabilities	723	848	1,571
Long-term borrowings	62	92	154
Others	46,068	1,665	47,733
Total	360,332	2,405,548	2,765,880

XII. RISK MANAGEMENT (continued)

4. Liquidity risk (continued)

The table below summarises the expected utilisation or settlement of assets and liabilities: (continued)

	As at 31 December 2024		
	Current	Non-current	Total
Assets:			
Cash at bank and on hand	29,357	–	29,357
Derivative financial assets	13	13	26
Securities purchased under agreements to resell	10,905	–	10,905
Term deposits	25,296	148,522	173,818
Financial investments:			
Financial assets at fair value through profit or loss	383,995	283,204	667,199
Financial assets at amortised cost	15,430	49,414	64,844
Debt investments at fair value through other comprehensive income	66,871	1,541,101	1,607,972
Equity investments at fair value through other comprehensive income	103,727	38,287	142,014
Restricted statutory deposits	626	6,225	6,851
Insurance contract assets	22	–	22
Reinsurance contract assets	21,524	24,557	46,081
Others	9,106	4,409	13,515
Total	666,872	2,095,732	2,762,604
Liabilities:			
Derivative financial liabilities	14	82	96
Securities sold under agreements to repurchase	181,695	–	181,695
Bonds payable	–	10,286	10,286
Insurance contract liabilities	60,975	2,168,539	2,229,514
Commission and brokerage payable	5,308	634	5,942
Lease liabilities	797	1,925	2,722
Others	40,854	1,800	42,654
Total	289,643	2,183,266	2,472,909

5. Operational risk

Operation risk is the risk of loss arising from existed issues on internal procedures, employees and information system failure, and impacts from the external events. When controls fail to perform, operational risk can affect the steady development and reputation of the company, give rise to legal or regulatory matters, or lead to financial loss to the Group.

The Group is exposed to many types of operational risks, including inadequate, or failure to obtain, proper authorisations or supporting documentation to comply with operational and informational system procedures that prevent frauds or errors by employees.

Through the establishment and implementation of internal control manuals, continuous optimisation of information systems, and monitoring and response to potential risks, the Group has established a long-term internal control mechanism to mitigate the impact of operational risks on the Group.

The following internal control measures are in place to mitigate the Group's exposure to operational risk:

- Setting up effective segregation of duties, access controls, authorisation and reconciliation procedures and user and authority controls for information system;
- Adopting supervisory measures such as compliance checks, risk investigations and internal audits;
- Regularly carrying out risk and internal control self-assessment and implementing rectification of defects;
- Implementing staff education and appraisals.

XII. RISK MANAGEMENT (continued)

6. Mismatching risk of assets and liabilities

Mismatching risk of assets and liabilities is the risk due to the Group's inability to match its assets with its liabilities on the basis of duration, cash flow and investment return. Under the current regulatory and market environment, the Group is lack of investment in assets with a duration of sufficient length to match the duration of its medium and long-term life insurance liabilities. When the current regulatory and market environment permits, the Group will increase the profile of securities with fixed investment returns and lengthen the duration of its assets to narrow the gap of duration and investment returns of the existing assets and liabilities.

In order to further enhance the management of matching of assets and liabilities, the board of directors of the Group has the Strategy and Investment Decision & ESG Committee and Risk Management Committee to make significant decisions on asset-liability management. Besides, the Executive Management Committee of the Group has an asset-liability working group which is responsible for providing professional support for asset-liability management and matching.

7. Capital management risk

Capital management risk primarily refers to the risk of insufficient solvency as a result of the operation and administration of the Company or certain external events.

It is the Group's objective to maintain a strong credit rating and adequate solvency in order to support its business objectives and to maximise shareholder value. The specific measures are as follows:

- Managing its capital requirements by assessing shortfalls between reported and targeted capital levels on a regular basis;
- Stepping up efforts to maintain multiple sources of financing in order to meet solvency margin needs arising from future expansion in business activities;
- Continuously and proactively adjusting the portfolio of insurance business, optimising asset allocation and improving asset quality to enhance operating performance and the profitability.

The table below summarises the core capital, actual capital and minimum required capital of the Group and its major insurance subsidiaries determined according to solvency supervision rules:

CPIC Group	31 December 2025	31 December 2024
Core capital	450,600	358,078
Actual capital	596,647	503,745
Minimum required capital	218,444	197,079
Core solvency margin ratio	206%	182%
Comprehensive solvency margin ratio	273%	256%

CPIC Life	31 December 2025	31 December 2024
Core capital	292,993	213,418
Actual capital	425,176	345,510
Minimum required capital	186,103	164,313
Core solvency margin ratio	157%	130%
Comprehensive solvency margin ratio	228%	210%

XII. RISK MANAGEMENT (continued)

7. Capital management risk (continued)

The table below summarises the core capital, actual capital and minimum required capital of the Group and its major insurance subsidiaries determined according to solvency supervision rules: (continued)

CPIC Property	31 December 2025	31 December 2024
Core capital	63,335	58,153
Actual capital	76,143	70,698
Minimum required capital	31,203	31,852
Core solvency margin ratio	203%	183%
Comprehensive solvency margin ratio	244%	222%

CPIC Health	31 December 2025	31 December 2024
Core capital	3,763	3,294
Actual capital	4,566	4,040
Minimum required capital	2,094	1,716
Core solvency margin ratio	180%	192%
Comprehensive solvency margin ratio	218%	235%

PAAIC	31 December 2025	31 December 2024
Core capital	2,929	2,868
Actual capital	3,182	3,153
Minimum required capital	917	940
Core solvency margin ratio	319%	305%
Comprehensive solvency margin ratio	347%	335%

XIII. STRUCTURED ENTITIES

The Group uses structured entities in the normal course of business for a number of purposes, for example, structured transactions for institutions, to provide finance to public and private section infrastructure projects, and to generate fees for managing assets on behalf of third-party investors. These structured entities are operated based on the contracts. Refer to Note III 6 for the Group's consolidation consideration related to structured entities.

The following table shows the total assets of the Group's unconsolidated structured entities and the amount of funding provided by the Group to these unconsolidated structured entities. The table also shows the Group's maximum exposure to the unconsolidated structured entities representing the Group's maximum possible risk exposure that could occur as a result of the Group's arrangements with structured entities. The maximum exposure is contingent in nature and approximates the sum of funding provided by the Group.

XIII. STRUCTURED ENTITIES (continued)

As at 31 December 2025, the size of unconsolidated structured entities and the Group's funding and maximum exposure are shown below:

	31 December 2025				
	Size	Funding provided by the Group	The Group's maximum exposure	Carrying amount of the Group's investment	Interest held by the Group
Pension funds and endowment insurance products managed by the Group	342,052	–	–	–	Management fee
Insurance asset management products managed by the Group	338,922	119,947	121,133	121,133	Investment income and management fee
Securities investment funds managed by the Group	119,152	3,009	3,182	3,182	Investment income and management fee
Private equity investment fund managed by the Group	33,431	15,066	16,945	16,945	Investment income and management fee
Insurance asset management products managed by third parties	Note 1	141,569	144,578	144,578	Investment income
Trust products managed by third parties	Note 1	20,574	20,430	20,430	Investment income
Bank wealth management products and asset management products managed by third parties	Note 1	5,343	5,376	5,376	Investment income
Securities investment funds managed by third parties	Note 1	72,109	83,040	83,040	Investment income
Total		377,617	394,684	394,684	

Note 1: These structured entities are sponsored by third party financial institutions and the information related to size of these structured entities was not publicly available.

The Group's interests in unconsolidated structured entities are included in the investment in asset management products, debt investment plans and funds under financial assets at fair value through profit or loss, debt investment plans and trust products under financial assets at amortised cost, debt investment plans and trust products under debt investments at fair value through other comprehensive income and long-term equity investments.

XIV. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value estimates are made at a specific point in time based on relevant market information and information about financial instruments. When an active market exists, such as an authorised securities exchange, the market value is the best reflection of the fair value of financial instruments. For financial instruments where there is no active market, fair value is determined using valuation techniques (Note III 28).

The Group's financial assets mainly include cash at bank and on hand, derivative financial assets, securities purchased under agreements to resell, term deposits, financial assets at fair value through profit or loss, financial assets at amortised cost, debt investments at fair value through other comprehensive income, equity investments at fair value through other comprehensive income, and restricted statutory deposits, etc.

The Group's financial liabilities mainly include long-term borrowings, derivative financial liabilities, securities sold under agreements to repurchase and bonds payable, etc.

XIV. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (continued)

Fair value of financial assets and liabilities not carried at fair value

The following table summarises the carrying values and estimated fair values of financial assets at amortised cost, long-term borrowings and bonds payable (31 December 2024: financial assets at amortised cost and bonds payable) whose fair values are not presented in the consolidated balance sheet.

	31 December 2025		31 December 2024	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets:				
Financial assets at amortised cost	52,601	56,812	64,844	70,062
Financial liabilities:				
Long-term borrowings	154	154	–	–
Bonds payable	22,678	23,103	10,286	10,758

The carrying amounts of other financial assets and financial liabilities approximate their fair values.

XV. FAIR VALUE MEASUREMENT

Determination of fair value and fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy. The fair value hierarchy prioritises the inputs to valuation techniques used to measure fair value into three broad levels. The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

The levels of the fair value hierarchy are as follows:

- (1) Fair value is based on quoted prices (unadjusted) in active markets for identical assets or liabilities (“Level 1”);
- (2) Fair value is based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (“Level 2”); and
- (3) Fair value is based on inputs for the asset or liability that are not based on observable market data (unobservable inputs) (“Level 3”).

The level of fair value calculation is determined by the lowest level input with material significance in the overall calculation. As such, the significance of the input should be considered from an overall perspective in the calculation of fair value.

For Level 2 financial instruments, valuations are generally obtained from third party pricing services for identical or comparable assets, or through the use of valuation methodologies using observable market inputs, or recent quoted market prices. Valuation service providers typically gather, analyse and interpret information related to market transactions and other key valuation model inputs from multiple sources, and through the use of widely accepted internal valuation models, provide a theoretical quote on various securities. Debt securities traded among Chinese interbank market are classified as Level 2 when they are valued at recent quoted prices from Chinese interbank market or from valuation service providers. Substantially most financial instruments classified within Level 2 of the fair value hierarchy of the Group are debt investments denominated in RMB. Fair value of debt investments denominated in RMB is determined based upon the valuation results by the China Central Depository & Clearing Co., Ltd. All significant inputs are observable in the market.

XV. FAIR VALUE MEASUREMENT (continued)

Determination of fair value and fair value hierarchy (continued)

For Level 3 financial instruments, prices are determined using valuation methodologies such as discounted cash flow models and other similar techniques. Determination to classify fair value measures within Level 3 of the valuation hierarchy is generally based on the significance of the unobservable factors to the overall fair value measurement, and valuation methodologies such as discounted cash flow models and other similar techniques. The Group's valuation team may choose to apply internally developed valuation method to the assets or liabilities being measured, determine the main inputs for valuation, and analyse the change of the valuation and report it to management. Key inputs involved in internal valuation services are not based on observable market data. They reflect assumptions made by management based on judgements and experiences.

For assets and liabilities that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities:

	31 December 2025			
	Level 1	Level 2	Level 3	Total fair value
Assets measured at fair value				
Term deposits measured at fair value	–	–	139,269	139,269
Financial assets at fair value through profit or loss				
– Stocks	211,735	–	1,073	212,808
– Funds	78,318	6,569	–	84,887
– Bonds	6,989	264,976	388	272,353
– Others	16,140	13,985	114,695	144,820
	313,182	285,530	116,156	714,868
Debt investments at fair value through other comprehensive income				
– Bonds	4,364	1,557,090	3,123	1,564,577
– Others	–	377	207,124	207,501
	4,364	1,557,467	210,247	1,772,078
Equity investments at fair value through other comprehensive income				
– Stocks	124,846	–	–	124,846
– Preferred stocks	–	8,705	–	8,705
– Others	1,335	12,508	28,767	42,610
	126,181	21,213	28,767	176,161
Derivative financial assets	–	5	–	5
Liabilities measured at fair value				
Derivative financial liabilities	–	66	2,306	2,372
Assets for which fair values are disclosed				
Financial assets at amortised cost (Note XIV)	–	21,689	35,123	56,812
Investment properties (Note VI 11)	–	–	32,305	32,305
Liabilities for which fair values are disclosed (Note XIV)				
Long-term borrowings	–	–	154	154
Bonds payable	–	–	23,103	23,103

XV. FAIR VALUE MEASUREMENT (continued)

Determination of fair value and fair value hierarchy (continued)

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities: (continued)

	31 December 2024			Total fair value
	Level 1	Level 2	Level 3	
Assets measured at fair value				
Term deposits measured at fair value	–	–	132,893	132,893
Financial assets at fair value through profit or loss				
– Stocks	178,823	–	190	179,013
– Funds	63,249	7,223	–	70,472
– Bonds	8,902	265,045	388	274,335
– Others	15,117	4,939	123,323	143,379
	266,091	277,207	123,901	667,199
Debt investments at fair value through other comprehensive income				
– Bonds	1,538	1,341,350	3,107	1,345,995
– Others	–	851	261,126	261,977
	1,538	1,342,201	264,233	1,607,972
Equity investments at fair value through other comprehensive income				
– Stocks	71,506	–	4,546	76,052
– Preferred stocks	–	12,642	–	12,642
– Others	547	18,878	33,895	53,320
	72,053	31,520	38,441	142,014
Derivative financial assets	–	26	–	26
Liabilities measured at fair value				
Derivative financial liabilities	–	96	–	96
Assets for which fair values are disclosed				
Financial assets at amortised cost (Note XIV)	–	25,765	44,297	70,062
Investment properties (Note VI 11)	–	–	14,169	14,169
Liabilities for which fair values are disclosed (Note XIV)				
Bonds payable	–	–	10,758	10,758

For the year ended 31 December 2025, due to changes in the availability of unadjusted quoted prices in active markets, the Group transferred certain bonds between Level 1 and Level 2. For the year ended 31 December 2025, bonds with a carrying amount of approximately RMB 0.49 million were transferred from Level 1 to Level 2, and no bonds were transferred from Level 2 to Level 1. For the year ended 31 December 2024, bonds with a carrying amount of approximately RMB 223 million were transferred from Level 1 to Level 2, and no bonds were transferred from Level 2 to Level 1.

XV. FAIR VALUE MEASUREMENT (continued)

Valuation techniques

The fair value of the unquoted debt investments is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities, with appropriate adjustment where applicable.

The fair value of the equity investments has been determined using valuation techniques such as discounted cash flow method, comparison method of listed companies, recent transaction prices of the same or similar instruments, etc., with appropriate adjustments have been made where applicable, for example, for lack of liquidity using option pricing models. The valuation requires management to use parameters as unobservable inputs to the model, major assumptions include the expected time-to-market of unlisted equity investments, and the major parameters include discount rate, etc.

The fair value of investment properties is determined using discounted cash flow method with unobservable inputs including estimated rental value per square metre per month and discount rate, etc. This method involves the projection of a series of cash flows from valuation date to economic life maturity date. To this projected cash flow series, a market-derived discount rate is applied to establish the present value of the income stream associated with the asset.

As at 31 December 2025, the major unobservable parameters of the Group's major Level 3 financial instruments are as follows:

Valuation method	Unobservable inputs	Range	Impact on fair value
Discounted cash flow	Discount rate	1.40%-47.66%	Fair value is inversely proportional to the discount rate
Comparable company analysis	Liquidity discount	0.00%-31.17%	Fair value is inversely proportional to the liquidity discount
Market Approach	Recent transaction price	Not applicable	Fair value is directly proportional to the recent transaction price

As at 31 December 2024, the major unobservable parameters of the Group's major Level 3 financial instruments are as follows:

Valuation method	Unobservable inputs	Range	Impact on fair value
Discounted cash flow	Discount rate	1.45%-39.06%	Fair value is inversely proportional to the discount rate
Comparable company analysis	Liquidity discount	0.00%-30.00%	Fair value is inversely proportional to the liquidity discount

XVI. EVENTS AFTER THE BALANCE SHEET DATE

The Group does not have significant post balance sheet events.

XVII. OTHER IMPORTANT EVENT

1. Directors' and supervisors' remuneration

(in RMB thousand)	2025	2024
Fees	1,646	1,600
Other remuneration		
– Salaries, allowances and other short-term benefits ^{Note1}	5,396	6,565
– Contributions to defined contribution plans	1,433	1,311
– Deferred bonus ^{Note2}	–	–
– Other emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the company or its subsidiary undertaking	–	–
Sub-total	6,829	7,876
Total	8,475	9,476

Note1: The total remuneration of the above-mentioned directors and supervisors for the year 2024 has been restated based on the final outcome in 2025.

Note2: In order to motivate senior management and certain key employees, the Group operates deferred bonus plans.

XVII. OTHER IMPORTANT EVENT (continued)

1. Directors' and supervisors' remuneration (continued)

(1) Independent non-executive directors

Included in the fees is an amount of RMB 1,646 thousand paid to independent non-executive directors for the year ended 31 December 2025 (2024: RMB 1,600 thousand). There were no other emoluments payable to the independent non-executive directors during the year ended 31 December 2025.

(in RMB thousand)	2025						Total
	Fees	Deferred bonus	Salaries, allowances and other short-term benefits	Contributions to defined contribution plans	Other emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the company or its subsidiary undertaking		
LAM Tyng Yih, Elizabeth	350	–	–	–	–	350	
JIANG Xuping	350	–	–	–	–	350	
LIU Xiaodan ¹	117	–	–	–	–	117	
CHIN Hung-i, David	300	–	–	–	–	300	
LO Yuen Man, Elaine	300	–	–	–	–	300	
CHEN Xin ²	229	–	–	–	–	229	
	1,646	–	–	–	–	1,646	

¹ In April 2025, Ms. LIU Xiaodan ceased to serve as the independent non-executive director.

² In April 2025, Ms. CHEN Xin started to serve as the independent non-executive director.

(in RMB thousand)	2024						Total
	Fees	Deferred bonus	Salaries, allowances and other short-term benefits	Contributions to defined contribution plans	Other emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the company or its subsidiary undertaking		
LAM Tyng Yih, Elizabeth	350	–	–	–	–	350	
CHEN Jizhong	–	–	–	–	–	–	
JIANG Xuping	350	–	–	–	–	350	
LIU Xiaodan	350	–	–	–	–	350	
CHIN Hung-i, David	250	–	–	–	–	250	
LO Yuen Man, Elaine	300	–	–	–	–	300	
	1,600	–	–	–	–	1,600	

XVII. OTHER IMPORTANT EVENT (continued)

1. Directors' and supervisors' remuneration (continued)

(2) Executive directors and non-executive directors

(in RMB thousand)	2025				Total
	Deferred bonus	Salaries, allowances and other short-term benefits	Contributions to defined contribution plans	Other emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the company or its subsidiary undertaking	
Executive directors:					
FU Fan ¹	–	874	361	–	1,235
ZHAO Yonggang ¹	–	1,015	360	–	1,375
Non-executive directors:					
HUANG Dinan	–	–	–	–	–
LU Qiaoling	–	300	–	–	300
WANG Tayu	–	300	–	–	300
CHEN Ran	–	300	–	–	300
ZHOU Donghui	–	–	–	–	–
XIE Weiqing ²	–	–	–	–	–
CAI Qiang ³	–	100	–	–	100
John Robert Dacey	–	200	–	–	200
WANG Yuhua ⁴	–	–	–	–	–
	–	3,089	721	–	3,810

¹ The final amount of remuneration of Mr. FU Fan and Mr. ZHAO Yonggang is yet to be reviewed and approved. The final remuneration will be disclosed when confirmed.

² In June 2025, Mr. XIE Weiqing ceased to serve as non-executive director of the Company due to work-related reasons.

³ In April 2025, Mr. CAI Qiang ceased to serve as non-executive director of the Company due to work changes.

⁴ In December 2025, Ms. WANG Yuhua served as non-executive director of the Company.

XVII. OTHER IMPORTANT EVENT (continued)

1. Directors' and supervisors' remuneration (continued)

(2) Executive directors and non-executive directors (continued)

(in RMB thousand)	2024				Total
	Deferred bonus	Salaries, allowances and other short-term benefits	Contributions to defined contribution plans	Other emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the company or its subsidiary undertaking	
Executive directors:					
KONG Qingwei	–	140	31	–	171
FU Fan	–	1,680	365	–	2,045
ZHAO Yonggang	–	1,015	366	–	1,381
Non-executive directors:					
HUANG Dinan	–	–	–	–	–
CHEN Ran	–	300	–	–	300
WU Junhao	–	–	–	–	–
WANG Tayu	–	300	–	–	300
ZHOU Donghui	–	–	–	–	–
John Robert Dacey	–	–	–	–	–
LU Qiaoling	–	300	–	–	300
XIE Weiqing	–	–	–	–	–
CAI Qiang	–	75	–	–	75
	–	3,810	762	–	4,572

Note: The total remuneration of the above-mentioned executive directors and non-executive directors for the year 2024 has been restated based on the final outcome in 2025.

Pursuant to the resolution of the 2018 annual general meeting, the allowance for each of the existing directors (excluding executive directors) is RMB 300,000 (before tax) per year. The 2018 annual general meeting also resolved to grant an additional allowance of RMB 50,000 (before tax) per year to each of those directors who take the role of chairman in special committees established under the board of directors. Mr. HUANG Dinan, Mr. ZHOU Donghui, Mr. XIE Weiqing and Ms. WANG Yuhua, the non-executive director, waived the allowance during 2025. Mr. John Robert Dacey, the non-executive director, waived the allowance for the period from January to April 2025. Except for Mr. HUANG Dinan, Mr. ZHOU Donghui, Mr. XIE Weiqing, Ms. WANG Yuhua and Mr. John Robert Dacey, there was no other arrangement under which a director waived or agreed to waive any remuneration during 2025 (2024: Mr. HUANG Dinan, Mr. WU Junhao, Mr. XIE Weiqing, Mr. ZHOU Donghui, Mr. John Robert Dacey and Mr. CHEN Jizhong).

XVII. OTHER IMPORTANT EVENT (continued)

1. Directors' and supervisors' remuneration (continued)

(3) Supervisors

(in RMB thousand)	2025				Total
	Deferred bonus	Salaries, allowances and other short-term benefits	Contributions to defined contribution plans	Other emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the company or its subsidiary undertaking	
ZHU Yonghong ²	–	–	–	–	–
ZHOU Liyun ^{1,3}	–	779	360	–	1,139
GU Qiang ³	–	1,528	352	–	1,880
DONG Zhiqiang ³	–	–	–	–	–
		2,307	712	–	3,019

¹ The final amount of remuneration of Ms ZHOU Liyun are yet to be reviewed and approved. The final remuneration will be disclosed when confirmed.

² In August 2025, Mr. ZHU Yonghong ceased to serve as supervisor of the Company due to work changes.

³ In December 2025, following the approval by the NFRA of the Company's revised Articles of Association, the Company's Board of Supervisors was officially dissolved, Ms. ZHOU Liyun, Mr. GU Qiang and Mr. DONG Zhiqiang ceased to serve as supervisors of the Company.

(in RMB thousand)	2024				Total
	Deferred bonus	Salaries, allowances and other short-term benefits	Contributions to defined contribution plans	Other emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the company or its subsidiary undertaking	
ZHU Yonghong	–	–	–	–	–
JI Zhengrong	–	243	62	–	305
ZHOU Liyun	–	504	122	–	626
LU Ning	–	–	–	–	–
DONG Zhiqiang	–	–	–	–	–
GU Qiang	–	2,008	365	–	2,373
	–	2,755	549	–	3,304

Note: The total remuneration of the above-mentioned supervisors for the year 2024 has been restated based on the final outcome in 2025.

Pursuant to the resolution of the 2018 annual general meeting, the allowance for each of the existing supervisors (excluding employees' representative supervisors) is RMB 300,000 (before tax) per year. Mr. ZHU Yonghong and Mr. DONG Zhiqiang, the supervisor, had waived allowance during 2025. Except for Mr. ZHU Yonghong and Mr. DONG Zhiqiang, the supervisor, there was no other arrangement under which a supervisor waived or agreed to waive any remuneration during 2025 (2024: ZHU Yonghong, LU Ning and DONG Zhiqiang).

XVII. OTHER IMPORTANT EVENT (continued)

1. Directors' and supervisors' remuneration (continued)

(4) Directors' retirement benefits

There were no retirement benefits paid to directors during 2025 and 2024.

(5) Directors' termination benefits

There were no termination benefits paid to directors during 2025 and 2024.

(6) Consideration provided to third parties for making available directors' services

There were no payments to third parties for making available directors' services during 2025 and 2024.

(7) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

There were no loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors entered into by the company or subsidiary undertaking of the Company during 2025 and 2024.

(8) Directors' material interests in transactions, arrangements or contracts

There were no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

2. Five highest paid individuals

The five individuals whose remuneration were the highest for the year ended 31 December 2025 in the Group include no director (2024: no director) whose emoluments were reflected in the analysis presented in Note XVII 1.

The number of non-directors, highest paid individuals whose remuneration fell within the following bands is set out below:

	2025	2024
HKD 3,500,001 to HKD 4,000,000	–	1
HKD 4,000,001 to HKD 4,500,000	–	3
HKD 4,500,001 to HKD 5,000,000	2	1
HKD 5,000,001 to HKD 5,500,000	1	–
HKD 5,500,001 to HKD 6,000,000	2	–
Total	5	5

Details of the remuneration of the highest paid non-director individuals are as follows:

(in RMB thousand)	2025	2024
Salaries, allowances and other short-term benefits	7,576	8,370
Discretionary bonuses	13,399	8,699
Contributions to defined contribution plans	3,156	2,260
	24,131	19,329
The number of non-director individuals for the above remuneration	5	5

XVIII. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements have been approved for issue by the board of directors of the Company on 26 March 2026.

APPENDIX: SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts expressed in RMB million unless otherwise specified)

I. NET ASSET RETURN AND EARNINGS PER SHARE

	2025		
	Weighted average return on net assets	Earnings per share (RMB Yuan)	
		Basic	Diluted
Net profit attributable to shareholders of the parent	18.0%	5.56	5.54
Net profit attributable to shareholders of the parent net of non-recurring profit or loss	17.6%	5.44	5.42

	2024		
	Weighted average return on net assets	Earnings per share (RMB Yuan)	
		Basic	Diluted
Net profit attributable to shareholders of the parent	16.6%	4.67	4.67
Net profit attributable to shareholders of the parent net of non-recurring profit or loss	16.6%	4.67	4.67

Net profit attributable to shareholders of the parent net of non-recurring profit or loss are listed as follows:

	2025	2024
Net profit attributable to shareholders of the parent	53,505	44,960
Add/(Less): Non-recurring profit or loss items		
Government grants recognised in current profit or loss	(156)	(220)
Gains on disposal of fixed assets, intangible assets and other long-term assets, including write-off of provision for assets impairment	(90)	(2)
Custody fees of entrusted operation	–	(5)
Other net non-operating income and expenses other than aforesaid items	111	161
Other items conforming to the definition of non-recurring profit or loss*	(1,003)	–
Effect of income tax relating to non-recurring profit or loss	(65)	32
Net profit less non-recurring gains	52,302	44,926
Add/(Less): Net non-recurring profit or loss attributable to non-controlling interests	28	–
Net profit attributable to shareholders of the parent net of non-recurring profit or loss	52,330	44,926

* Ruiyongjing Real Estate has become a subsidiary of the group since 30 June 2025. Ruiyongjing Real Estate was included in the scope of the Group's consolidated financial statements, resulting in a one-time profit of RMB 1.603 billion. See Note V 2 for details. The revaluation gains or losses on the conversion value of convertible bonds issued by the Company and other impacts related to convertible bonds resulted in approximately RMB -600 million in total.



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