中國再保險(集團)股份有限公司
CHINA REINSURANCE (GROUP) CORPORATION

(A joint stock limited company incorporated in the People's Republic of China)

Stock Code：1508

2023 Interim Report

專業 讓保險更保險

EMPOWER YOUR INSURANCE BY EXPERTISE

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FINANCIAL HIGHLIGHTS

The Group has implemented International Financial Reporting Standards ("**IFRS**") 17 – Insurance Contracts (the "**New Standard for Insurance Contracts**") and IFRS 9 – Financial Instruments (the "**New Standard for Financial Instruments**") (collectively, the "**New Standards**") from 1 January 2023. In accordance with the relevant requirements of the New Standard for Insurance Contracts, the Group has retrospectively adjusted the comparative data of insurance business for the same period last year. At the same time, the Group presented the data of financial assets for the same period last year using the classification overlay method.

Unit: in RMB millions, except for percentages and unless otherwise stated

	As at 30 June 2023	As at 31 December 2022	Change (%)
Total assets	**449,688**	424,732	5.9
Total liabilities	**349,412**	327,236	6.8
Total equity	**100,276**	97,496	2.9
Net assets per share attributable to equity shareholders of the parent company (RMB)	**2.15**	2.09	2.9

	For the six months ended 30 June		
	2023	2022	Change (%)
Insurance revenue	**48,466**	41,639	16.4
Net profit	**2,067**	366	464.8
Net profit attributable to equity shareholders of the parent company	**2,012**	466	331.5
Earnings per share (RMB)	**0.05**	0.01	331.5
Annualised weighted average return on equity (%)[1]	**4.46**	1.02	Increase by 3.44 percentage points

Notes: 1. Annualised weighted average return on equity = net profit attributable to equity shareholders of the parent company ÷ balance of weighted average equity × 2.

2. Due to rounding adjustments, figures shown may not be arithmetic aggregation of the figures preceding them.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Group is engaged in P&C reinsurance, life and health reinsurance, primary P&C insurance, asset management, insurance intermediary and other businesses. We operate our domestic and overseas P&C reinsurance business primarily through China Re P&C, Chaucer and Singapore Branch; our domestic and overseas life and health reinsurance business primarily through China Re Life, China Re HK and Singapore Branch; our domestic and overseas primary P&C insurance business primarily through China Continent Insurance and Chaucer. We utilise and manage our insurance funds in a centralised and professional manner primarily through China Re AMC. We operate our insurance intermediary business primarily through Huatai Insurance Agency and its subsidiary. In addition, the Group Company manages domestic and overseas P&C reinsurance business through China Re P&C, and manages domestic and overseas life and health reinsurance business through China Re Life.

Key Operating Data

The following table sets forth the key operating data of China Re Group for the reporting periods indicated:

Unit: in RMB millions, except for percentages

	For the six months ended 30 June		
	2023	2022	Change (%)
Insurance revenue	**48,466**	41,639	16.4
Insurance revenue by business segment:			
P&C reinsurance[1]	**19,986**	16,408	21.8
Life and health reinsurance[1]	**7,008**	5,191	35.0
Primary P&C insurance[1]	**22,580**	20,941	7.8
Total investment income[2]	**4,626**	2,316	99.7
Annualised total investment yield (%)[4]	**3.27**	2.77	Increase by 0.50 percentage points
Net investment income[3]	**6,990**	7,129	(1.9)
Annualised net investment yield (%)[4]	**3.96**	4.30	Decrease by 0.34 percentage points

Notes: 1. Insurance revenue for each business segment do not consider inter-segment eliminations, in which:
the businesses of P&C reinsurance segment mainly include domestic P&C reinsurance business, overseas P&C reinsurance and Chaucer business, CNIP business and legacy P&C reinsurance business;
the businesses of life and health reinsurance segment mainly include domestic life and health reinsurance business, overseas life and health reinsurance business and legacy life and health reinsurance business; and
the business of primary P&C insurance segment refers to the property and casualty insurance business operated by China Continent Insurance.

2. Total investment income = Investment income after deducting non-insurance investment contracts + interest income + share of profit of associates + impairment losses of associates – interest expenses on financial assets sold under repurchase agreements – net impairment loss on financial assets after deducting other receivables.

3. Net investment income = Interest income + dividend income + rental income + share of profit of associates - interest expenses on financial assets sold under repurchase agreements.

4. In the calculation of an annualised total investment yield and an annualised net investment yield, only interest income, rental income from investment properties and share of profit of associates are annualised, and such treatment does not apply to dividend income, realised profits and losses, unrealised profits and losses, interest income from financial assets held under resale agreements, interest expenses on financial assets sold under repurchase agreements and impairment losses, etc.

5. The gross written premiums of the Group during the Reporting Period amounted to RMB102,617 million, representing a year-on-year increase of 16.6%. The basis of preparation of such data is the same as that for the same period last year.

	As at 30 June 2023		As at 31 December 2022	
	Core solvency adequacy ratio (%)	**Aggregated solvency adequacy ratio (%)**	Core solvency adequacy ratio (%)	Aggregated solvency adequacy ratio (%)
China Re Group	**155**	**186**	157	190
Group Company	**424**	**424**	635	635
China Re P&C	**126**	**209**	119	191
China Re Life	**173**	**214**	167	208
China Continent Insurance	**221**	**247**	235	260

Notes: 1. The relevant solvency data as at 30 June 2023 were not audited or reviewed by the auditors of the Company.

2. According to Articles 5 and 7 of the Regulations on the Solvency Supervision of Insurance Companies No. 1: Actual Capital, the evaluation of actual capital shall be based on the Accounting Standards for Business Enterprises approved by the former CBIRC, and the evaluation standards of assets and liabilities shall be adjusted according to the purpose of solvency supervision; as for the assets and liabilities of insurance contracts, their book value shall be recognised and measured in accordance with the Accounting Standards for Business Enterprises No. 25 - Original Insurance Contracts and the Accounting Standards for Business Enterprises No. 26 - Reinsurance Contracts issued in 2006 by the Ministry of Finance, and the Regulations on Accounting Treatment of Insurance Contracts issued in 2009 by the Ministry of Finance.

MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of 2023, in the face of the complex and volatile situations, China Re Group fully implemented the general tone of "seeking progress while ensuring stability, enhancing value". The overall operating results continued to improve. Under the New Standards, the insurance revenue amounted to RMB48,466 million, representing a year-on-year increase of 16.4%.

The operation of each business segment achieved steady progress. Firstly, the insurance revenue from our P&C reinsurance business amounted to RMB19,986 million, representing a year-on-year increase of 21.8%. Secondly, the insurance revenue from the life and health reinsurance business amounted to RMB7,008 million, representing a year-on-year increase of 35.0%. Thirdly, the insurance revenue from our primary P&C insurance business was RMB22,580 million, representing a year-on-year increase of 7.8%. Fourthly, the total investment income amounted to RMB4,626 million, representing a year-on-year increase of 99.7%. The solvency and international ratings of the Group remained stable. During the Reporting Period, we maintained "A (Excellent)" by A.M. Best and were rated "A" by S&P Global Ratings, with our financial condition remaining stable.

Key Financial Indicators

The following table sets forth the key financial indicators of China Re Group for the reporting periods indicated:

Unit: in RMB millions, except for percentages and unless otherwise stated

	For the six months ended 30 June		
	2023	2022	Change (%)
Operating income	**54,501**	45,903	18.7
Profit before tax	**2,361**	137	1,623.4
Net profit	**2,067**	366	464.8
Net profit attributable to equity shareholders of the parent company	**2,012**	466	331.5
Earnings per share (RMB)	**0.05**	0.01	331.5
Annualised weighted average return on equity (%)[1]	**4.46**	1.02	Increase by 3.44 percentage points

Note: 1. Annualised weighted average return on equity = net profit attributable to equity shareholders of the parent company ÷ balance of weighted average equity × 2.

MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of 2023, net profit attributable to equity shareholders of the parent company of the Group was RMB2,012 million, representing a year-on-year increase of 331.5%, mainly due to the fact that the Company has implemented the New Standards since 1 January 2023, and the Company adjusted the comparative data of insurance business and investment business for the same period last year in accordance with the requirements of the New Standards. Affected by the implementation of the New Standards and the changes in the capital market, the total investment income of the Group in the first half of 2023 increased significantly as compared with the same period last year.

Unit: in RMB millions, unless otherwise stated

	As at 30 June 2023	As at 31 December 2022	Change (%)
Total assets	**449,688**	424,732	5.9
Total liabilities	**349,412**	327,236	6.8
Total equity	**100,276**	97,496	2.9
Net assets per share attributable to equity shareholders of the parent company (RMB)	**2.15**	2.09	2.9

Note: Due to rounding adjustments, figures shown may not be arithmetic aggregation of the figures preceding them.

MANAGEMENT DISCUSSION AND ANALYSIS

P&C REINSURANCE BUSINESS

The business of P&C reinsurance segment mainly includes domestic P&C reinsurance business, overseas P&C reinsurance and Chaucer business, CNIP business and legacy P&C reinsurance business.

In the first half of 2023, we focused on consolidating the leading position in domestic reinsurance market, and continued to facilitate the establishment of platforms for domestic commercial insurance business and national policy-oriented business, strengthen the innovation-driven model and technological application, and accelerate the implementation of strategic initiatives. We continued to upgrade our customer service system, consistently strengthened the capability of our underwriting team, and enhanced our technical capabilities. We achieved rapid growth in emerging business sectors such as short-term health insurance, construction inherent defects insurance (IDI), construction surety bond insurance, Chinese interest abroad projects insurance, cyber securities insurance, and safety production liability insurance, and thus our business structure continued to optimise.

For overseas business, we continued to adhere to high-quality development, optimise management mechanism and strengthen risk management and control. Matching with market cycles, our operation improved steadily with an adjusted business portfolio. We optimised our layout in global market, strengthened team building, reinforced core channels, and improved service capabilities. We continued to promote the synergy between domestic and overseas businesses, which formed concerted forces to enhance domestic and overseas operating entities' underwriting capacity, facilitate business development, optimise the risk portfolio and promote the "Belt and Road Initiative" related business development.

In the first half of 2023, the insurance revenue from our P&C reinsurance segment amounted to RMB19,986 million, representing a year-on-year increase of 21.8% and accounting for 40.3% of insurance revenue of the Group (before inter-segment eliminations). The increase in insurance revenue was mainly due to the fact that we grasped market opportunities to actively develop businesses with prominent advantages. Net profit amounted to RMB744 million, representing an increase of RMB794 million as compared with the same period last year. The increase in net profit was mainly due to the fact that we implemented the New Standard for Financial Instruments, so that the impact of changes in the capital market on profit was more significant. At the same time, the decrease in provision for impairment of investments in associates resulted in a significant year-on-year increase in investment income.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Analysis

The following table sets forth the selected key financial data of our P&C reinsurance segment for the reporting periods indicated:

Unit: in RMB millions, except for percentages

	For the six months ended 30 June		
	2023	2022	Change (%)
Insurance revenue	**19,986**	16,408	21.8
Interest income	**1,240**	1,098	12.9
Investment income	**161**	(276)	–
Exchange gains/(losses), net	**370**	(58)	–
Other income	**73**	12	508.3
Total income	**21,830**	17,184	27.0
Insurance service expenses	**(17,725)**	(15,304)	15.8
Allocation of reinsurance premiums paid	**(2,670)**	(2,516)	6.1
Amounts recovered from reinsurance contracts	**856**	2,011	(57.4)
Finance expenses from insurance contracts issued	**(886)**	(373)	137.5
Finance income/(expense) from reinsurance contracts held	**167**	(117)	–
Net impairment loss on financial assets	**(17)**	(6)	183.3
Finance costs	**(397)**	(480)	(17.3)
Other operating and administrative expenses	**(461)**	(370)	24.9
Total insurance service expense and others	**(21,133)**	(17,155)	23.2
Share of profit of associates	**180**	102	76.5
Impairment losses of associates	**–**	(307)	(100.0)
Profit before tax	**877**	(176)	–
Income tax	**(133)**	126	–
Net profit	**744**	(50)	–

Note: Due to rounding adjustments, figures shown may not be arithmetic aggregation of the figures preceding them.

Insurance revenue

Insurance revenue of our P&C reinsurance segment increased by 21.8% from RMB16,408 million in the first half of 2022 to RMB19,986 million in the first half of 2023, mainly due to the fact that we grasped market opportunities to actively develop businesses with prominent advantages.

Interest income

Interest income from our P&C reinsurance segment increased by 12.9% from RMB1,098 million in the first half of 2022 to RMB1,240 million in the first half of 2023. For details of analysis on changes of interest income, please refer to relevant contents in asset management business segment.

Investment income

Investment income from our P&C reinsurance segment increased by RMB437 million from RMB-276 million in the first half of 2022 to RMB161 million in the first half of 2023. For details of analysis on changes of investment income, please refer to relevant contents in asset management business segment.

Insurance service expenses

Insurance service expenses of our P&C reinsurance segment increased by 15.8% from RMB15,304 million in the first half of 2022 to RMB17,725 million in the first half of 2023, mainly due to the corresponding increase in insurance service expense caused by the business scale.

Share of profit of associates

Share of profit of associates from our P&C reinsurance segment increased by 76.5% from RMB102 million in the first half of 2022 to RMB180 million in the first half of 2023, mainly due to the increase in profit of associates in the first half of 2023.

Net profit

As a result of the foregoing reasons, net profit for our P&C reinsurance segment increased by RMB794 million from RMB-50 million in the first half of 2022 to RMB744 million in the first half of 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Analysis

The basis of preparation of the data under the "Business Analysis" is the same as that for the same period last year.

Domestic P&C Reinsurance Business

Domestic P&C reinsurance business mentioned in this section refers to domestic P&C reinsurance business operated by China Re P&C.

In the first half of 2023, the reinsurance premium income from our domestic P&C reinsurance business amounted to RMB24,311 million, representing a year-on-year increase of 19.4%. The combined ratio was 99.65%, representing a year-on-year increase of 0.09 percentage points.

The following table sets forth the loss ratio, expense ratio and combined ratio of our domestic P&C reinsurance business for the reporting periods indicated:

	For the six months ended 30 June		
	2023	2022	Change
Loss ratio (%)	**65.01**	65.92	Decrease by 0.91 percentage points
Expense ratio (%)	**34.64**	33.64	Increase by 1.00 percentage point
Combined ratio (%)	**99.65**	99.56	Increase by 0.09 percentage points

In terms of types of reinsurance arrangement and forms of cession, our domestic P&C reinsurance business primarily consisted of treaty reinsurance and proportional reinsurance, which was generally in line with the business mix of the domestic P&C reinsurance market.

In terms of business channels, by virtue of our good cooperation relationship with domestic clients, our domestic P&C reinsurance business was mainly on primary basis.

The following table sets forth the reinsurance premium income from our domestic P&C reinsurance business by type of reinsurance arrangement for the reporting periods indicated:

Unit: in RMB millions, except for percentages

Type of reinsurance arrangement	For the six months ended 30 June 2023 Amount	2023 Percentage (%)	2022 Amount	2022 Percentage (%)
Treaty reinsurance	**23,450**	**96.5**	19,296	94.7
Facultative reinsurance	**861**	**3.5**	1,073	5.3
Total	**24,311**	**100.0**	20,369	100.0

The following table sets forth the reinsurance premium income from our domestic P&C reinsurance business by form of cession for the reporting periods indicated:

Unit: in RMB millions, except for percentages

Form of cession	For the six months ended 30 June 2023 Amount	2023 Percentage (%)	2022 Amount	2022 Percentage (%)
Proportional reinsurance	**24,006**	**98.7**	20,120	98.8
Non-proportional reinsurance	**305**	**1.3**	248	1.2
Total	**24,311**	**100.0**	20,369	100.0

The following table sets forth the reinsurance premium income from our domestic P&C reinsurance business by business channel for the reporting periods indicated:

Unit: in RMB millions, except for percentages

Business channel	For the six months ended 30 June			
	2023		2022	
	Amount	**Percentage (%)**	Amount	Percentage (%)
Primary	**22,784**	**93.7**	18,935	93.0
Via broker	**1,527**	**6.3**	1,434	7.0
Total	**24,311**	**100.0**	20,369	100.0

Lines of Business

As the largest domestic specialised P&C reinsurance company in the PRC, we offer a wide variety of P&C reinsurance coverage catering to the business characteristics of the PRC market. Our lines of business cover a wide range of P&C insurance types in the PRC, mainly including motor, agriculture, commercial property, liability and engineering insurance. We actively captured the opportunities brought by the transformation and development of the market, and achieved rapid growth in emerging business sectors such as short-term health insurance, construction inherent defects insurance (IDI), construction surety bond insurance, Chinese interest abroad projects insurance, cyber securities insurance and safety production liability insurance, with total reinsurance premium income recorded at RMB1,684 million.

The following table sets forth the reinsurance premium income from our domestic P&C reinsurance business by line of business for the reporting periods indicated:

Unit: in RMB millions, except for percentages

Line of business	For the six months ended 30 June 2023 Amount	2023 Percentage (%)	YoY Change (%)	2022 Amount	2022 Percentage (%)
Motor	**6,072**	**25.0**	34.5	4,516	22.2
Agriculture	**5,934**	**24.4**	23.7	4,799	23.6
Commercial property	**3,800**	**15.6**	3.8	3,661	18.0
Liability	**3,200**	**13.2**	0.5	3,185	15.6
Engineering	**1,607**	**6.6**	24.1	1,294	6.4
Others[1]	**3,697**	**15.2**	26.9	2,914	14.3
Total	**24,311**	**100.0**	19.4	20,369	100.0

Notes: 1. Others include, among others, health, cargo, surety, marine hull and specialty insurance.

2. Due to rounding adjustments, figures shown may not be arithmetic aggregation of the figures preceding them.

Motor reinsurance. In the first half of 2023, we successfully seized business opportunities for customers, and the premium volume increased. The reinsurance premium income from motor insurance business amounted to RMB6,072 million, representing a year-on-year increase of 34.5%.

Agriculture reinsurance. In the first half of 2023, we actively explored and developed commercial agriculture reinsurance, while strengthening cooperation in policy based agriculture insurance business and promoting innovation of our agriculture insurance products. The reinsurance premium income from agriculture insurance business amounted to RMB5,934 million, representing a year-on-year increase of 23.7%.

Commercial property reinsurance. In the first half of 2023, reinsurance premium income from commercial property insurance business amounted to RMB3,800 million, representing a year-on-year increase of 3.8%, and the premium volume steadily increased.

Liability reinsurance. In the first half of 2023, reinsurance premium income from liability insurance business amounted to RMB3,200 million, representing a year-on-year increase of 0.5%, and the premium volume remained steady.

Engineering reinsurance. In the first half of 2023, reinsurance premium income from engineering insurance business amounted to RMB1,607 million, representing a year-on-year increase of 24.1%, mainly due to the increase in the scale of premiums ceded to reinsurers in the market as a result of growth in engineering project construction.

Clients and Client Services

In the first half of 2023, we continued to uphold the customer-oriented philosophy. We maintained stable cooperation relationships with major P&C insurance companies in the PRC, continued to improve user experience through business cooperation, exchange of technical know-how and client services, and delivered insurance value to promote the in-depth development of cooperative relationships. Focusing on clients' needs, we continuously and comprehensively implemented the business philosophy of "customer-oriented & innovation-driven reinsurance", innovatively developed service concepts and channels, constantly improved the establishment of a client service system, explored and implemented innovative approaches to client services. As at the end of the Reporting Period, we maintained business relationships with 87 domestic P&C insurance companies, covering 97.8% of clients. We were the lead reinsurer for over 40% of our reinsurance contracts. We ranked first in the domestic market in terms of both client coverage and the number of contracts entered into as the lead reinsurer.

Overseas P&C Reinsurance and Chaucer Business

Overseas P&C reinsurance business described in this section includes overseas P&C reinsurance business operated by China Re P&C and Singapore Branch. Chaucer business described in this section refers to overseas P&C reinsurance and overseas primary P&C insurance business operated by the entities of Chaucer.

In the first half of 2023, we seized the opportunities of rising rates in the international market to actively develop our businesses with prominent advantages, which resulted in rapid growth in premium volume and significant improvement in underwriting efficiency. Gross written premiums from our overseas P&C reinsurance and Chaucer business amounted to RMB13,923 million, representing a year-on-year increase of 22.4%. The combined ratio was 88.45%, representing a year-on-year decrease of 8.05 percentage points.

The following table sets forth the loss ratio, expense ratio and combined ratio of our overseas P&C reinsurance business and Chaucer business for the reporting periods indicated:

	For the six months ended 30 June		
	2023	2022	Change
Loss ratio (%)	**50.53**	58.10	Decrease by 7.57 percentage points
Expense ratio (%)	**37.92**	38.40	Decrease by 0.48 percentage points
Combined ratio (%)	**88.45**	96.50	Decrease by 8.05 percentage points

Overseas P&C Reinsurance Business

In the first half of 2023, the reinsurance premium income from our overseas P&C reinsurance business amounted to RMB2,751 million, representing a year-on-year increase of 11.5%. The growth in premium income was mainly due to the fact that we seized the opportunity of rising rates in the international market to actively expand new business. The combined ratio was 104.53%, representing a year-on-year increase of 7.57 percentage points, which was mainly due to the adverse impact brought about by the losses incurred by the earthquake in Turkey.

The following table sets forth the loss ratio, expense ratio and combined ratio of our overseas P&C reinsurance business for the reporting periods indicated:

	For the six months ended 30 June		
	2023	2022	Change
Loss ratio (%)	**79.90**	68.54	Increase by 11.36 percentage points
Expense ratio (%)	**24.63**	28.42	Decrease by 3.79 percentage points
Combined ratio (%)	**104.53**	96.96	Increase by 7.57 percentage points

In terms of types of business, treaty reinsurance continued to dominate our overseas P&C reinsurance business.

The following table sets forth the reinsurance premium income from our overseas P&C reinsurance business by type of business for the reporting periods indicated:

Unit: in RMB millions, except for percentages

	For the six months ended 30 June			
Type of business	**2023**		2022	
	Amount	**Percentage (%)**	Amount	Percentage (%)
Treaty reinsurance	**2,599**	**94.5**	2,345	95.0
Facultative reinsurance	**152**	**5.5**	123	5.0
Total	**2,751**	**100.0**	2,468	100.0

In terms of lines of business, our overseas P&C reinsurance business mainly provided coverage for non-marine, specialty and liability reinsurance. Business portfolio consisted mainly of short tail business.

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the gross written premiums from our overseas P&C reinsurance business by line of business for the reporting periods indicated:

Unit: in RMB millions, except for percentages

Line of business	For the six months ended 30 June				
	2023			2022	
	Amount	**Percentage (%)**	YoY Change (%)	Amount	Percentage (%)
Non-marine	**1,854**	**67.4**	14.2	1,624	65.8
Specialty	**390**	**14.2**	27.5	306	12.4
Liability	**174**	**6.3**	9.4	159	6.4
Others[1]	**333**	**12.1**	(12.1)	379	15.4
Total	**2,751**	**100.0**	11.5	2,468	100.0

Note: 1. Others include, among others, whole account, motor, credit guarantee and agriculture reinsurance.

In terms of business channels, we adhered to the principle of long-term cooperation and mutual benefit, and strove to develop a balanced and stable network of business channels. We focused on consolidating and strengthening cooperation with reputable international brokers, while exploring business opportunities with distinctive regional brokers. At the same time, we continuously strengthened our direct cooperation with quality clients and built up closer business connections.

In terms of clients, we continuously developed quality clients based on our management philosophy of prioritising profitability while valuing service quality. By virtue of long-term and stable business relationships with quality and core clients, we captured profitable ceding business. We established comprehensive cooperation relationship network with various internationally renowned major ceding companies and increased our efforts in developing quality regional clients by leveraging the geographical advantages of different international platforms which all contributed to significant results in expansion of quality client base.

In terms of service ability, our quotation ability continued to improve, and our service quality received more client recognition. Leveraging our talents and technology advantages as well as years of experience in international business operations, we were able to provide overseas Chinese clients with professional services and support by providing diversified products and cooperation solutions for international reinsurance practise, and exert our synergy advantages between domestic and overseas business especially in promoting the “Belt and Road Initiative” related business development and in safeguarding the overseas interests of Chinese clients, showing unique advantages of having an international platform.

Chaucer Business

In the first half of 2023, Chaucer leveraged its own professional advantages to seize the opportunity of rising market premiums, actively explored business opportunities, and optimised business portfolios. The gross written premiums amounted to RMB11,172 million, representing a year-on-year increase of 25.4%; the combined ratio was 82.66%[1], representing a year-on-year decrease of 13.68 percentage points, mainly due to grasping opportunities of rising rates in the market and lower losses from catastrophes as compared with the same period last year; the return on economic capital (ROEC) was 8.7%[2]. The premium of contracts led by Chaucer accounted for approximately 47.0% of its overall gross written premiums. Chaucer is one of a limited number of Lloyd's market entities that gained market recognition in respect of both of its underwriting and claims fronts.

The following table sets forth the loss ratio, expense ratio and combined ratio of Chaucer business for the reporting periods indicated:

	For the six months ended 30 June		
	2023	2022	Change
Loss ratio (%)	**39.95**	54.30	Decrease by 14.35 percentage points
Expense ratio (%)	**42.71**	42.04	Increase by 0.67 percentage points
Combined ratio (%)	**82.66**	96.34	Decrease by 13.68 percentage points

Notes: 1. Under the UK GAAP, the combined ratio of Chaucer was 86.47%, which was different from that under the International Accounting Standards, mainly due to the different treatment for reserve discounting and risk margin.

2. Return on economic capital = the net profit of Chaucer's statement under the UK GAAP (Management Information)/ economic capital.

In terms of types of business and lines of business, Chaucer business consists of treaty reinsurance, facultative reinsurance and primary insurance. Of which treaty reinsurance business primarily provided coverage for property, specialty and casualty reinsurance worldwide; and facultative reinsurance and primary insurance businesses primarily provided coverage for marine, space and aviation, political risk/credit, political violence, energy, property and casualty insurance worldwide.

The following table sets forth the gross written premiums from Chaucer business by type of business for the reporting periods indicated:

Unit: in RMB millions, except for percentages

Type of business	For the six months ended 30 June			
	2023		2022	
	Amount	**Percentage (%)**	Amount	Percentage (%)
Treaty reinsurance	**6,056**	**54.2**	4,484	50.3
Facultative reinsurance	**1,485**	**13.3**	1,111	12.5
Primary insurance	**3,631**	**32.5**	3,311	37.2
Total	**11,172**	**100.0**	8,906	100.0

The following table sets forth the gross written premiums from Chaucer business by line of business for the reporting periods indicated:

Unit: in RMB millions, except for percentages

Line of business	For the six months ended 30 June				
	2023			2022	
	Amount	**Percentage (%)**	YoY Change (%)	Amount	Percentage (%)
Casualty and political risk/credit insurance	**1,516**	**13.6**	(15.9)	1,803	20.2
Marine, energy, space and aviation, nuclear insurance	**2,149**	**19.2**	47.2	1,460	16.4
Property and political violence insurance	**1,867**	**16.7**	22.3	1,527	17.1
Others[1]	**5,640**	**50.5**	37.0	4,116	46.3
Total	**11,172**	**100.0**	25.4	8,906	100.0

Note: 1. Others mainly refer to global treaty reinsurance business, including, among others, property treaty reinsurance, specialty treaty reinsurance and casualty treaty reinsurance.

In terms of development strategy, in the first half of 2023, Chaucer adopted the growth strategy by seizing with the rising trend of rates in the market, further focused on the direction of business development, and deployed business resources more specifically in Chaucer's core business areas. In the long run, Chaucer will continue to focus on the development of its core business which will further consolidate Chaucer's sustainable, differentiated and influential market leading position in this segment.

In terms of business channels, the broker channel is the main source of business of Chaucer. We continued to consolidate our business relationships with major international brokers, develop further cooperation with regional brokers while actively expanding our underwriting agency channels. In addition, we further strengthened direct connection with our clients and sought to build closer business relationships.

In terms of professional capability, we have a management team that has rich experience in insurance sector. The current senior management team has an average term in office of Chaucer for approximately 18 years with excellent performance in operation management. We have operational capability to deliver customised risk solutions to the market with more than 110 experienced underwriters having distinctive reputation in the market across 45 specialty lines, including political risk and nuclear insurance, etc. We also have an outstanding claims team with over 100 years of claims handling experience in London market capable of dealing with the most complex claims, which effectively handles approximately 10,000 claims each year. In addition, we operate an Enterprise Risk Management Framework to ensure the commercially effective management of risks in the business. The Framework comprises five components: "strategy, governance, appetite, assessment and reporting". Together, these components set out the risk management internal processes, controls and responsibilities in place throughout the organisation to achieve an effective risk culture.

In terms of service platforms, with headquarters in London, and international branches for Europe, the Middle East and North Africa, Latin America and Asia, Chaucer provides protections to clients worldwide. We provide our clients with a range of flexible business platforms to choose from. Membership of Lloyd's allows Chaucer to take advantage of Lloyd's strong rating and excellent brand reputation to provide risk coverage to our clients in over 200 countries and territories worldwide. Our underwriting capacity at Lloyd's exceeded GBP1.1 billion, making us one of the leading platforms with substantial contract leadership capabilities in Lloyd's market. Furthermore, the brand strength and global reputation of China Re Group have brought Chaucer many new business opportunities, including providing underwriting support to the "Belt and Road Initiative" related enterprises.

In terms of product innovation, we increased investment in this aspect and endeavoured to leverage digital solution to provide innovative products while offering more intelligent and efficient underwriting capabilities. We formulated a "smart underwriting" strategy for the use of modern technology in some business lines to improve work efficiency in channel management, risk analysis, and underwriting processes.

In terms of environmental, social and governance (ESG), Chaucer partnered with Moody's Analytics to develop a market-leading Balanced Scorecard tool to assess the ESG profile of all counterparties across the business from underwriting, investments and operations, with the scoring being anchored to the United Nations Sustainable Development Goals (SDGs), which won positive feedback from the market. In the first half of 2023, Chaucer deepened its cooperation with Moody's Analytics by setting up a joint working group in the Lloyd's market to try to establish ESG market standards. In addition, Chaucer has joined the United Nations Principles for Sustainable Insurance (PSI) and become one of the signatories of over 150 major global insurance and reinsurance companies.

CNIP Business

The Group Company, together with China Re P&C and China Continent Insurance, underwrites global nuclear insurance business via CNIP. In the first half of 2023, our reinsurance premium income via the CNIP platform amounted to RMB95 million.

MANAGEMENT DISCUSSION AND ANALYSIS

LIFE AND HEALTH REINSURANCE BUSINESS

The life and health reinsurance segment comprises the life and health reinsurance business operated by China Re Life, China Re HK and Singapore Branch, as well as the legacy life and health reinsurance business operated by the Group Company through China Re Life.

In the first half of 2023, the recruitment of domestic life and health insurance agents faced continuing challenges. While the new value growth point had not yet appeared, the market was dominated by the scale growth driven by savings products. There was a hike in business costs in Hong Kong and Singapore markets, where competition was fierce in the reinsurance market. We strove to overcome the adverse impact of the industry, continued to optimise our business structure, pursued actively innovative development, and effectively managed risks on the whole. We strategically developed the protection-type reinsurance business, facilitated the supply-side structural reform of the industry with "Data+" and "Product+" models. To implement Healthy China Action and develop Inclusive Finance, we actively facilitated the development of tax-preferential health insurance products, giving full play to the Company's technical advantages in product development and risk control. We also promoted the integration of health insurance products and health industry by constantly implementing innovation in insurance payment models. In terms of professional voice, we successfully released the report on the Research on Global Life and Health Insurance Market Experience and Transformation of China's Life and Health Insurance (《全球人身險市場經驗及中國人身險轉型研究》) jointly with Boston Consulting Group, and summarising the practical experience of Hui Min Bao, released the Contents, Present Status and Sustainable Development of Hui Min Bao (《惠民保的內涵、現狀及可持續發展》). Moreover, we accurately grasped the business opportunities of savings-type reinsurance, and attached great importance to cost control and asset-liability management. We developed new financial reinsurance business under the premise of compliance and improved management of existing business. We continued paying close attention to the credit risk and compliance risk of our counterparties. We are in a solid competitive position in both the mainland and Hong Kong markets. In the mainland market, we have maintained the highest proportion of reinsurance contracts being entered into as leading reinsurer in all reinsurance contracts.

In the first half of 2023, insurance revenue from our life and health reinsurance segment amounted to RMB7,008 million, representing a year-on-year increase of 35.0% and accounting for 14.1% of the Group's gross insurance revenue (before inter-segment eliminations). The increase in insurance revenue was mainly due to the rapid growth of protection-type reinsurance business. Net profit amounted to RMB589 million, representing a year-on-year increase of 112.4%. The increase in net profit was mainly due to the fact that we implemented the New Standard for Financial Instruments, so that the impact of changes in the capital market on profit was more significant and the investment income significantly increased year-on-year.

Considering the business significance and operational independence of China Re Life (consolidated with China Re HK), and given that the insurance revenue from China Re Life (consolidated with China Re HK) is the main part of the whole life and health reinsurance business segment, unless otherwise stated, references to our life and health reinsurance business in the business analysis of this section shall be the business of China Re Life (consolidated with China Re HK) only.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Analysis

The following table sets forth the selected key financial data of our life and health reinsurance segment for the reporting periods indicated:

Unit: in RMB millions, except for percentages

	For the six months ended 30 June		
	2023	2022	Change (%)
Insurance revenue	**7,008**	5,191	35.0
Interest income	**2,333**	2,341	(0.3)
Investment income	**(641)**	(1,107)	(42.1)
Exchange gains/(losses), net	**1,105**	1,025	7.8
Other income	**10**	5	106.7
Total income	**9,815**	7,454	31.7
Insurance service expenses	**(7,435)**	(5,066)	46.8
Allocation of reinsurance premiums paid	**(451)**	(397)	13.5
Amounts recovered from reinsurance contracts	**1,191**	836	42.5
Finance expenses from insurance contracts issued	**(2,241)**	(2,105)	6.5
Finance income/(expense) from reinsurance contracts held	**113**	(36)	–
Net impairment loss on financial assets	**(241)**	(343)	(29.8)
Finance costs	**(535)**	(370)	44.7
Other operating and administrative expenses	**(214)**	(367)	(41.7)
Total insurance service expense and others	**(9,813)**	(7,850)	25.0
Share of profit of associates	**594**	577	2.9
Profit before tax	**597**	182	228.0
Income tax	**(8)**	95	–
Net profit	**589**	277	112.4

Note: Due to rounding adjustments, figures shown may not be arithmetic aggregation of the figures preceding them.

MANAGEMENT DISCUSSION AND ANALYSIS

Insurance revenue

Insurance revenue of our life and health reinsurance segment increased by 35.0% from RMB5,191 million in the first half of 2022 to RMB7,008 million in the first half of 2023, mainly due to the significant growth of domestic protection-type reinsurance business.

Interest income

Interest income from our life and health reinsurance segment decreased by 0.3% from RMB2,341 million in the first half of 2022 to RMB2,333 million in the first half of 2023. For details of analysis on changes of interest income, please refer to relevant contents in asset management business segment.

Investment income

Investment income from our life and health reinsurance segment increased by 42.1% from RMB-1,107 million in the first half of 2022 to RMB-641 million in the first half of 2023. For details of analysis on changes of investment income, please refer to relevant contents in asset management business segment.

Insurance service expenses

Insurance service expenses from our life and health reinsurance segment increased by 46.8% from RMB5,066 million in the first half of 2022 to RMB7,435 million in the first half of 2023, mainly due to the significant growth of protection-type reinsurance business and the day-one loss.

Share of profit of associates

Share of profit of associates from our life and health reinsurance segment increased by 2.9% from RMB577 million in the first half of 2022 to RMB594 million in the first half of 2023, which was mainly due to the increase in profit of associates in the first half of 2023.

Net profit

As a result of the foregoing reasons, net profit for our life and health reinsurance segment increased by 112.4% from RMB277 million in the first half of 2022 to RMB589 million in the first half of 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Analysis

The basis of preparation of the data under the "Business Analysis" is the same as that for the same period last year.

In terms of business line, we overcame the impact of weak industry growth, took the initiative to innovate and develop, and achieved steady progress of the protection-type reinsurance business; as for the savings-type reinsurance business, the assets and liabilities management and domestic and overseas interconnection have been strengthened; and we further improved compliance and risk management level of the financial reinsurance business.

The following table sets forth the reinsurance premium income from our life and health reinsurance business by business line for the reporting periods indicated:

Unit: in RMB millions, except for percentages

	For the six months ended 30 June				
Business line	**2023**			2022	
	Amount	**Percentage (%)**	YoY change (%)	Amount	Percentage (%)
Domestic protection-type reinsurance	**15,559**	**40.7**	15.2	13,506	41.1
Domestic savings-type reinsurance	**14,237**	**37.2**	1,186.8	1,106	3.4
Domestic financial reinsurance	**5,077**	**13.3**	(62.6)	13,581	41.3
Domestic in total	**34,872**	**91.1**	23.7	28,193	85.7
Overseas savings-type reinsurance	**1,886**	**4.9**	(57.4)	4,429	13.5
Other overseas business	**1,504**	**3.9**	447.1	275	0.8
Overseas in total	**3,390**	**8.9**	(27.9)	4,704	14.3
Total	**38,262**	**100.0**	16.3	32,897	100.0

Note: Due to rounding adjustments, figures shown may not be arithmetic aggregation of the figures preceding them.

In addition, we continued developing non-insurance business on the precondition of preventing risks and ensuring efficiency. In the first half of 2023, the TWPs of non-insurance business amounted to RMB5,080 million, representing year-on-year growth of 66.5%.

Domestic Life and Health Reinsurance Business

The domestic life and health reinsurance business described in this section refers to the domestic life and health reinsurance business operated by China Re Life.

In the first half of 2023, reinsurance premium income from the domestic life and health reinsurance business amounted to RMB34,872 million, representing a year-on-year increase of 23.7%. TWPs amounted to RMB39,948 million (including TWPs of RMB5,076 million from non-insurance business), representing a year-on-year increase of 27.8%.

In respect of the protection-type reinsurance business, the reinsurance premium income amounted to RMB15,559 million in the first half of 2023, representing a year-on-year increase of 15.2%. Of which, reinsurance premium income of RMB6,623 million was from the yearly renewable term protection-type business[1] and RMB6,023 million was from the mid-end and long-term medical care insurance business, and the total reinsurance premium income increased by 9.7% year-on-year. Facing severe business environment, we actively took the following countermeasures. (i) We deeply cultivated key areas to capture key customers and key business opportunities, formulated scientific and reasonable cost calculation methods and built risk prediction models through in-depth research and data analysis, solved the pain points of customer product design, pricing and risk control, promoted business cooperation, and achieved long-term win-win cooperation with customers. (ii) We closely followed the guidance of preferential tax policies, provided support for the development of tax-preferential health insurance products, and helped related products to be quickly launched in the market; went deep into the front line of the primary insurance company, and provided a variety of health service options for product development of customer companies; actively responded to the national strategies, continued to pay attention to the protection of specific groups of people, and provided customised reinsurance support plans for Hui Jun Bao, Hui Shi Bao, etc. (iii) We continued to promote industrial integration and innovation, and carried out innovative payment cooperation around special medicine, Internet outpatient services, dentistry, ophthalmology and other fields, realising normalised underwriting of profitable businesses. Under the combined effect of innovation-driven and stringent risk control, we ensured stable quality of our business and achieved a combined ratio (excluding operating and administrative expenses) after retrocession of the short-term protection-type business of 97.35%, with underwriting profits of RMB320 million.

Note: 1. Yearly Renewable Term protection-type business, i.e., "YRT" business, is a kind of reinsurance arrangement entered into by ceding companies based on a certain proportion of net amount at risk at an annual rate.

In respect of the savings-type reinsurance business, we accurately grasped the opportunities of rapid development of domestic savings-type business, and facilitated larger orders at a lower cost. The reinsurance premium income amounted to RMB14,237 million in the first half of 2023, representing a year-on-year increase of 1186.8%.

In respect of the financial reinsurance business, we paid more attention to compliance and risk management under the "C-ROSS" Phase II, actively explored new business opportunities, innovated business models, strengthened the management of existing businesses, and enhanced the efficiency of capital usage. The reinsurance premium income amounted to RMB5,077 million in the first half of 2023, representing a year-on-year decrease of 62.6%.

Overseas Life and Health Reinsurance Business

The overseas life and health reinsurance business described in this section represents the overseas life and health reinsurance business operated by China Re Life and China Re HK.

In the first half of 2023, the reinsurance premium income from our overseas life and health reinsurance business amounted to RMB3,390 million, representing a year-on-year decrease of 27.9%, of which the reinsurance premium income from China Re Life and China Re HK (both after intra-segment eliminations) amounted to RMB2,672 million and RMB718 million, respectively.

In respect of the overseas savings-type reinsurance business, the reinsurance premium income amounted to RMB1,886 million in the first half of 2023, representing a year-on-year decrease of 57.4%. Focusing on “stability” and “excellence” when developing new businesses, we insisted on not engaging in price wars, and insisted on cost first, cautiously undertook new business.

In respect of other overseas business, the reinsurance premium income amounted to RMB1,504 million in the first half of 2023, representing a year-on-year increase of 447.1%, which was mainly attributable to renewal premiums of overseas financial reinsurance business in the previous year.

In terms of type of reinsurance arrangement and form of cession, our life and health reinsurance business primarily consisted of treaty reinsurance and proportional reinsurance, respectively.

The following table sets forth the reinsurance premium income from our life and health reinsurance business by type of reinsurance arrangement for the reporting periods indicated:

Unit: in RMB millions, except for percentages

	For the six months ended 30 June			
Type of reinsurance arrangement	**2023**		2022	
	Amount	**Percentage (%)**	Amount	Percentage (%)
Treaty reinsurance	**38,215**	**99.9**	32,856	99.9
Facultative reinsurance	47	**0.1**	41	0.1
Total	**38,262**	**100.0**	32,897	100.0

The following table sets forth the reinsurance premium income from our life and health reinsurance business by form of cession for the reporting periods indicated:

Unit: in RMB millions, except for percentages

Form of cession	For the six months ended 30 June 2023 Amount	2023 Percentage (%)	2022 Amount	2022 Percentage (%)
Proportional reinsurance	**38,206**	**99.9**	32,883	100.0
Non-proportional reinsurance	**56**	**0.1**	14	0.0
Total	**38,262**	**100.0**	32,897	100.0

In terms of line of business, our life and health reinsurance business primarily consisted of life insurance, and the business structure remained generally stable.

The following table sets forth the reinsurance premium income from our life and health reinsurance business by line of business for the reporting periods indicated:

Unit: in RMB millions, except for percentages

Line of business	For the six months ended 30 June 2023 Amount	2023 Percentage (%)	2023 YoY change (%)	2022 Amount	2022 Percentage (%)
Life reinsurance	**23,279**	**60.8**	16.8	19,936	60.6
Health reinsurance	**13,832**	**36.2**	11.1	12,448	37.8
Accident reinsurance	**1,151**	**3.0**	124.4	513	1.6
Total	**38,262**	**100.0**	16.3	32,897	100.0

MANAGEMENT DISCUSSION AND ANALYSIS

PRIMARY P&C INSURANCE BUSINESS

The business of primary P&C insurance segment refers to the property and casualty insurance business operated by China Continent Insurance.

In the first half of 2023, we focused on underwriting profit target and high-quality development, which achieved positive results. By continuously optimising product structure and implementing differentiated development strategies for product lines and channel lines, we accelerated the development of major growth segments and profitable lines of insurance. Through strengthening cost control and implementing precise policies, we also strengthened the refined management of sales expenses, optimised fixed costs by various measures, and enhanced institutional construction to promote improvement of production capacity of institutions. In the meantime, we formulated strategic goals for digital transformation and an implementation roadmap to promote the Company's digital transformation. System construction was constantly improved to further consolidate the foundation of risk control and compliance.

In the first half of 2023, insurance revenue from our primary P&C insurance segment amounted to RMB22,580 million, representing a year-on-year increase of 7.8% and accounting for 45.6% of gross insurance revenue of the Group (before inter-segment eliminations). The increase in insurance revenue was mainly due to the fact that we insisted on improving quality and efficiency, optimising development strategies, stabilising the basic market of motor insurance, and vigorously developing profitable non-motor insurance business. Net profit amounted to RMB149 million, representing an increase of RMB445 million as compared with the same period last year. The increase in net profit was mainly due to the fact that we implemented the New Standard for Financial Instruments, so that the impact of changes in the capital market on profit was more significant. At the same time, the decrease in provision for impairment of investments in associates resulted in a significant year-on-year increase in investment income.

Based on primary premium income of P&C insurance companies in the domestic market in the first half of 2023 disclosed by the industry, we maintained leading market share in domestic primary P&C insurance business.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Analysis

The following table sets forth the selected key financial data of our primary P&C insurance segment for the reporting periods indicated:

Unit: in RMB millions, except for percentages

	For the six months ended 30 June		
	2023	2022	Change (%)
Insurance revenue	**22,580**	20,941	7.8
Interest income	**625**	678	(7.8)
Investment income	**100**	(210)	–
Exchange gains/(losses), net	**31**	49	(36.7)
Other income	**75**	43	74.4
Total income	**23,411**	21,501	8.9
Insurance service expenses	**(22,009)**	(20,557)	7.1
Allocation of reinsurance premiums paid	**(1,495)**	(1,404)	6.5
Amounts recovered from reinsurance contracts	**913**	972	(6.1)
Finance expenses from insurance contracts issued	**(388)**	(373)	4.0
Finance income/(expense) from reinsurance contracts held	**74**	63	17.5
Net impairment loss on financial assets	**(1)**	(4)	(75.0)
Finance costs	**(98)**	(60)	63.3
Other operating and administrative expenses	**(299)**	(274)	9.1
Total insurance service expense and others	**(23,302)**	(21,638)	7.7
Share of profit of associates	**14**	15	(6.7)
Impairment losses of associates	**–**	(241)	(100)
Profit before tax	**122**	(363)	–
Income tax	**27**	66	(59.1)
Net profit	**149**	(296)	–

Note: Due to rounding adjustments, figures shown may not be arithmetic aggregation of the figures preceding them.

Insurance revenue

Insurance revenue of our primary P&C insurance segment increased by 7.8% from RMB20,941 million in the first half of 2022 to RMB22,580 million in the first half of 2023, mainly due to relatively fast growth of premiums for liability insurance, cargo insurance, agriculture insurance, accident insurance, etc.

Interest income

Interest income from our primary P&C insurance segment decreased by 7.8% from RMB678 million in the first half of 2022 to RMB625 million in the first half of 2023. For details of analysis on changes of interest income, please refer to relevant contents in asset management business segment.

Investment income

Investment income from our primary P&C insurance segment increased by RMB310 million from RMB-210 million in the first half of 2022 to RMB100 million in the first half of 2023. For details of analysis on changes of investment income, please refer to relevant contents in asset management business segment.

Allocation of reinsurance premiums paid

Allocation of reinsurance premiums paid our primary P&C insurance segment increased by 6.5% from RMB1,404 million in the first half of 2022 to RMB1,495 million in the first half of 2023, which was mainly due to the increase in insurance revenue resulting in a corresponding increase in allocation of reinsurance premiums paid.

Insurance service expenses

Insurance service expenses from our primary P&C insurance segment increased by 7.1% from RMB20,557 million in the first half of 2022 to RMB22,009 million in the first half of 2023, mainly due to the corresponding increase in insurance service expense caused by the business scale.

Net profit

As a result of the foregoing reasons, net profit for our primary P&C insurance segment increased by RMB445 million from RMB-296 million in the first half of 2022 to RMB149 million in the first half of 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Analysis

The basis of preparation of the data under the "Business Analysis" is the same as that for the same period last year.

Analysis by Line of Business

The following table sets forth primary premium income of our primary P&C insurance business by line of business for the reporting periods indicated:

Unit: in RMB millions, except for percentages

	For the six months ended 30 June				
Line of business	**2023**			2022	
	Amount	**Percentage (%)**	YoY change (%)	Amount	Percentage (%)
Motor insurance	**12,499**	**45.0**	2.6	12,184	49.7
Accident and short-term health insurance	**6,768**	**24.4**	29.5	5,225	21.3
Surety insurance	**2,601**	**9.4**	29.5	2,009	8.2
Liability insurance	**2,304**	**8.3**	11.2	2,073	8.5
Agriculture insurance	**1,177**	**4.2**	20.7	975	4.0
Cargo insurance	**780**	**2.8**	39.1	561	2.3
Others[1]	**1,635**	**5.9**	10.8	1,476	6.0
Total	**27,764**	**100.0**	13.3	24,503	100.0

Note: 1. Others include, among others, commercial property, engineering, credit, marine hull, household property and specialty insurance.

Motor Insurance. In the first half of 2023, primary premium income from our motor insurance amounted to RMB12,499 million, representing a year-on-year increase of 2.6%. Adhering to the business philosophy of "improving quality and efficiency, pursuing transformational development" and guided by the principle of comprehensive operation of motor insurance, we upheld our underwriting profit target and stabilised our basic share of motor insurance. With the management of policy cost as the core, we achieved pricing upgrade, structural optimisation, cost control and healthy development. We also established a new model for motor insurance management to enhance the acquisition capability of incremental business and promote the healthy and stable development of motor insurance business based on the driving model. Built on our motor insurance intelligent system and driven by technology, we gradually realised intelligent business decision-making and digitised business management.

Accident and Short-term Health Insurance. In the first half of 2023, primary premium income from accident and short-term health insurance amounted to RMB6,768 million, representing a year-on-year increase of 29.5%, of which primary premium income from accident insurance amounted to RMB1,954 million, representing a year-on-year increase of 15.6%; primary premium income from short-term health insurance (critical illness insurance not included) amounted to RMB2,779 million, representing a year-on-year increase of 33.2%; primary premium income from critical illness insurance amounted to RMB2,035 million, representing a year-on-year increase of 40.5%. We subdivided the customer group, sought for growth in different scenarios, and explored the integrated marketing of products + services by taking the family customer group and the middle-aged and elderly customer group as the entry points. We continued to promote the customer-oriented comprehensive operation, actively served the national strategies, participated in various livelihood protection businesses such as major illness insurance for urban and rural residents, large amount insurance for urban employees, nursing care insurance and Hui Min Bao, constantly explored insurance products for new citizens, the old and young and women, vigorously developed personal commercial health insurance, and actively participated in the construction of a multi-level medical security system, so as to assume the function of insurance in serving the society.

Surety Insurance. In the first half of 2023, primary premium income from surety insurance amounted to RMB2,601 million, representing a year-on-year increase of 29.5%; of which the cumulative bad debt rate of personal loan surety insurance business was 9.9%, representing an increase of 1.5 percentage points compared to that of the same period last year, and a decrease of 3.6 percentage points compared to that of the beginning of the year. We persisted with the development concept of prioritising risk control, constantly enhancing risk identification ability, steadily improving management efficiency, and sparing no effort to mitigate existing risks. We actively played the financial service role of financing surety insurance to help micro, small and medium-sized enterprises tide over the difficulties and resume development. In the first half of the year, we provided risk protection for approximately 30,000 micro, small and medium-sized enterprises cumulatively, underwriting risk protection amounted to RMB6,600 million.

Liability Insurance. In the first half of 2023, primary premium income from liability insurance amounted to RMB2,304 million, representing a year-on-year increase of 11.2%. We actively served the national strategy of "six stabilities" and "six securities", focused on the development of safe production liability insurance, construction inherent defects insurance (IDI), first (set of) major technical equipment insurance, litigation preservation liability insurance and other business lines, created the industry's first house safety liability insurance ("**Fang An Bao**"), and fully promoted green insurance, thus maintaining a positive development trend for liability insurance business.

Agriculture Insurance. In the first half of 2023, primary premium income from agriculture insurance amounted to RMB1,177 million, representing a year-on-year increase of 20.7%. We continued to improve the operating conditions of agriculture insurance business, obtaining operating qualifications for agriculture insurance in 32 provinces (autonomous regions, municipalities directly under the central government and municipalities separately listed on the state plan) cumulatively. We made every effort to advance the policy selection projects for agriculture insurance, and made breakthroughs in innovative insurance for planting insurance, breeding insurance, forest insurance and agriculture insurance, as well as agriculture-related insurance. We continued to innovate and develop insurance products, and focused on exploring insurance for agricultural products with local characteristics, weather index insurance, price index insurance, agricultural futures price insurance, planting income insurance and other insurances. Cumulatively, 111 products including 43 innovative products were developed and filed.

Cargo Insurance. In the first half of 2023, primary premium income from cargo insurance amounted to RMB780 million, representing a year-on-year increase of 39.1%. The relatively rapid growth in business was mainly attributable to the seasonal increase of return freight insurance of online shopping, except for which other business lines developed steadily.

Analysis by Business Channel

The following table sets forth primary premium income from our primary P&C insurance business by business channel for the reporting periods indicated:

Unit: in RMB millions, except for percentages

Business channel	For the six months ended 30 June			
	2023		2022	
	Amount	**Percentage (%)**	Amount	Percentage (%)
Insurance agents	**14,232**	**51.3**	13,607	55.5
Of which: Individual insurance agents	**8,322**	**30.0**	8,217	33.5
Ancillary insurance agencies	**745**	**2.7**	829	3.4
Professional insurance agencies	**5,165**	**18.6**	4,561	18.6
Direct sales	**10,062**	**36.2**	8,112	33.1
Insurance brokers	**3,470**	**12.5**	2,784	11.4
Total	**27,764**	**100.0**	24,503	100.0

Analysis by Region

The following table sets forth primary premium income from our primary P&C insurance business by region for the reporting periods indicated:

Unit: in RMB millions, except for percentages

Region	For the six months ended 30 June			
	2023		2022	
	Amount	**Percentage (%)**	Amount	Percentage (%)
Shanghai	**4,022**	**14.5**	3,220	13.1
Zhejiang	**2,333**	**8.4**	2,220	9.1
Yunnan	**1,975**	**7.1**	1,763	7.2
Jiangxi	**1,516**	**5.5**	1,102	4.5
Shandong	**1,409**	**5.1**	1,379	5.6
Inner Mongolia	**1,386**	**5.0**	1,262	5.2
Sichuan	**1,207**	**4.3**	928	3.8
Guangdong	**1,018**	**3.7**	782	3.2
Shaanxi	**1,007**	**3.6**	782	3.2
Henan	**958**	**3.5**	841	3.4
Others	**10,931**	**39.4**	10,224	41.7
Total	**27,764**	**100**	24,503	100

Note: Due to rounding adjustments, figures shown may not be arithmetic aggregation of the figures preceding them.

Combined Ratio

The following table sets forth the loss ratio, expense ratio and combined ratio of our primary P&C insurance business for the reporting periods indicated:

	For the six months ended 30 June	
	2023	2022
Loss ratio (%)	**68.08**	68.05
Expense ratio (%)[1]	**32.78**	34.95
Combined ratio (%)	**100.86**	103.00

Note: 1. The calculation of the expense ratio takes into account the effect of government grants.

ASSET MANAGEMENT BUSINESS

In the first half of 2023, global inflation has slowed down, but was still at its historical high. As rate hikes continued in major developed economies, recovery momentum of the world economy weakened, and the volatility of global financial market increased. Meanwhile, the domestic economy showed characteristics of both "transition recovery" and "post-epidemic recovery". The momentum of production supply and domestic demand recovered despite pressure. Under this context, the overall volatility of domestic equity market increased, structural market conditions emerged among sectors, while the yield of the domestic bond market generally declined.

As at the end of the Reporting Period, the balance of assets under the management of the Group amounted to RMB604,279 million, of which the total investment assets balance of the Group was RMB352,584 million, representing an increase of 8.1% from the end of the previous year; the balance of assets of third parties under management was RMB251,695 million, representing an increase of 146.1% from the end of the previous year.

Investment Portfolio

The following table sets forth the portfolio of China Re Group's total investment assets as at the dates indicated:

Unit: in RMB millions, except for percentages

Investment assets	As at 30 June 2023		As at 31 December 2022	
	Amount	Percentage (%)	Amount	Percentage (%)
Cash and short-term time deposits	**14,249**	**4.0**	14,799	4.5
Fixed-income investments	**283,168**	**80.3**	272,658	83.6
Time deposits	**26,412**	**7.5**	22,556	6.9
Bonds	**194,256**	**55.1**	184,199	56.5
Government bonds	**14,210**	**4.0**	16,013	4.9
Financial bond	**31,577**	**9.0**	30,412	9.3
Enterprise (corporate) bonds	**126,185**	**35.8**	121,735	37.3
Subordinated bonds	**22,284**	**6.3**	16,039	5.0
Other fixed-income investments[1]	**62,500**	**17.7**	65,903	20.2
Equity and investment funds	**71,722**	**20.4**	61,137	18.8
Investment funds[2]	**34,599**	**9.8**	26,771	8.2
Stocks	**30,180**	**8.6**	27,394	8.4
Unlisted equity shares[3]	**3,197**	**0.9**	3,109	1.0
Others	**3,746**	**1.1**	3,863	1.2
Other investments	**27,999**	**7.9**	28,439	8.7
Investment in associates	**22,782**	**6.5**	22,640	6.9
Others[4]	**5,217**	**1.4**	5,799	1.8
Less: Financial assets sold under repurchase agreements	**(44,554)**	**(12.6)**	(51,002)	(15.6)
Total investment assets	**352,584**	**100.0**	326,031	100.0

Notes: 1. Primarily including financial assets held under resale agreements, statutory deposits and others.

2. Including monetary funds and the senior tranche of structured index funds, etc.

3. Including assets management products, unlisted equity investments and equity investment schemes.

4. Including investment properties, currency swaps, etc.

In terms of investment management, we adhered to the general tone of seeking progress while maintaining stability amid significant market fluctuations, and strengthened active response and refined management to proactively seize the phased opportunities for allocation and deterministic investment income. In terms of asset allocation, we adhered to dynamic optimisation, allocated more high-dividend assets, reduced the concentration on high dividend industries and optimised the distribution of high dividend industries, so as to obtain stable investment income. In terms of domestic fixed-income investments, we flexibly mastered the market pace to steadily promote re-allocation upon maturity and allocation of new cash flow, strengthened the allocation of RMB deposits, domestic foreign currency deposits, senior bonds, bond funds, and other categories of products, and strictly controlled the credit risk. As for overseas fixed-income investments, we leveraged the allocation value at the peak of rate cycle for high-grade corporate bonds and extended the duration to improve medium-and-long-term returns. For domestic equity investments, we maintained focused on "stability" while remaining flexible in operation. In particular, we explored industries and high-quality individual stocks with medium-and-long-term sustainable room for growth and valuation that matched with the fundamentals. For alternative investments, we emphasised on both investment and management and orderly exited from existing listed projects. At the same time, we grasped investment opportunities and kept paying attention to high-growth quality enterprises, while refining post-investment management of real estate investments.

As at the end of the Reporting Period, in terms of par value, among the assets entrusted by the Group Company, China Re P&C, China Re Life, China Continent Insurance and products from insurance asset managers for management[1] with China Re AMC acting as the trustee, domestic credit bond investment accounted for 16.98%, of which bonds with AAA rating accounted for 98.43%, and bonds with AA rating[2] and above accounted for 100%. Currently, there is no bond default and the risk is generally controllable.

As at the end of the Reporting Period, the assets entrusted by the Group Company, China Re P&C, China Re Life and China Continent Insurance and products from insurance asset managers for management with China Re AMC acting as the trustee directly held domestic non-standard assets[3] accounted for 6.71% of entrusted assets under the management of China Re AMC, of which those with an external rating of AA+ and above accounted for 80.12%. The top three industries in terms of positions held were transportation, real estate and public utilities, accounting for 26.42%, 26.06% and 23.54%, respectively.

Notes: 1. The products from insurance asset managers for management issued by China Re AMC include external client funds.

2. Some of the credit bonds have no external debt rating, and the bonds are rated according to external rating agencies.

3. Non-standard assets include five types of assets which are collective fund trust plans of the trust company, the infrastructure debt investment plans, the equity investment plans, the project asset support plans, and the real estate debt investment plans.

In terms of risk management, we continued to improve our comprehensive risk management system, and promoted the effective transmission of asset allocation strategies and risk appetite. We improved our risk assessment system, strengthened the investment risk limits and concentration management, and conducted in-depth analysis and evaluation of performance. We also actively promoted risk review, and constantly optimised the risk monitoring management indicator system to improve our level of refinement in investment risk management.

We strove to promote the informatisation construction of risk management to achieve visualisation of monitoring by combining embedded risk management tools. We established a multi-layered and multidimensional risk reporting system to reflect the investment risk status in a timely and comprehensive manner. In order to effectively cope with the extreme risk condition, we measured the potential loss by scenario analysis, stress test and other methods, paid close attention to the impact of market volatility on the investment income and the solvency. We strengthened the risk prevention and control in key areas and took instant response and action to the warning signals of credit risk arising in individual bonds and financial products, and the risk was generally controllable.

During the Reporting Period, we actively responded to changes in the external environment such as the aggravation of macro and capital market risks, reviewed and further improved the investment risk limit management, the key points of which included the evaluation and adjustment of the list of industries and regions with high credit risk, the careful addition of limit for urban investment high-risk regions, and the adjustment of limit for real estate industry, and deployed constant monitoring. In terms of rating and credit management, we conducted timely research on industry default cases, continuously optimised the corporate credit granting mechanism, and improved the rating model, making them more accurate in reflecting changes of corporate credit risks and more effectively managing credit risk exposure. In terms of the risk of overseas markets, under the major short-term impact of the Federal Reserve's interest rate hike on the market, we fully considered the characteristics of insurance funds, increased the determination to deal with market fluctuations, strengthened market research and judgment, improved the management of duration and diversification, and enhanced monitoring on the adverse fluctuation of individual bond and stock prices to avoid further losses, as well as the tracking and stress testing of portfolio indicators.

As at the end of the Reporting Period, our significant investments held mainly included China Re – Bairong World Trade Center Real Estate Debt Investment Scheme, investments in associate, namely China Everbright Bank, and investment in the real estate of the Shanghai Fuyuan Landmark Plaza Project.

On 23 June 2016, China Re AMC initiated to establish China Re – Bairong World Trade Center Real Estate Debt Investment Scheme with a term of 11 years. The subscription amount by China Re P&C, China Re Life and China Continent Insurance was RMB8.0 billion in total. A principal of RMB1,540 million in total for such scheme was repaid five times on 27 June 2017, 27 June 2018, 27 June 2019, 30 July 2019 and 20 December 2019, respectively. Since 2020, China Re AMC has taken legal measures on behalf of the investment plan due to failure of the debt-servicing entity and the guarantor of the investment plan to make timely payments relating to the investment plan.

In the first half of 2023, China Everbright Bank's overall operation was relatively stable, with stable asset quality. As at the end of the Reporting Period, China Re Group held approximately 3.93% equity interest in China Everbright Bank in aggregate. China Everbright Bank is expected to bring us long-term and stable investment returns in the future.

On 15 December 2018, China Continent Insurance entered into a sale and purchase agreement with Shanghai Fuyuan Binjiang Development Co. Ltd., to acquire a property with a total area of 36,006.28 square metres at an acquisition price of approximately RMB3,089 million, payable in cash. The property is Building No. 1 (the address is No. 6 Lane 38, Yuanshen Road) of the Shanghai Fuyuan Landmark Plaza Project located at the land plot Nos. 04-4 of Huangpu Riverbank Unit E10, Pudong New District, Shanghai, the PRC. China Continent Insurance has acquired title certificate for the project. As at the end of the Reporting Period, all of the transaction price of the project has been paid. Of which, 19,925.48 square metres is used for investment, while the remaining 16,080.80 square metres is a real estate for self-use purpose.

Investment Performance

The following table sets forth the relevant information on investment income of China Re Group for the reporting periods indicated:

Unit: in RMB millions, except for percentages

Investment income	For the six months ended 30 June	
	2023	2022
Cash and fixed-income investments	**5,319**	3,874
Interest income	**5,137**	5,145
Realised profits and losses	**104**	(350)
Unrealised profits and losses	**334**	(565)
Impairment losses	**(256)**	(356)
Equity and investment funds	**(271)**	(1,704)
Dividend income	**1,171**	1,165
Realised profits and losses	**(1,581)**	(889)
Unrealised profits and losses	**139**	(1,980)
Other investments	**247**	613
Share of profit of associates	**1,200**	1,149
Dilution of equity in associates	**(657)**	–
Other gains or losses[1]	**(296)**	12
Impairment losses	**–**	(548)
Less: Interest expenses on financial assets sold under repurchase agreements	**(669)**	(467)
Total investment income[2]	**4,626**	2,316
Annualised total investment yield (%)[4]	**3.27**	2.77
Net investment income[3]	**6,990**	7,129
Annualised net investment yield (%)[4]	**3.96**	4.30

Notes:
1. Including gains or losses from changes in fair value and realised gains or losses from financial liabilities at fair value through profit or loss, gains or losses from changes in fair value and realised gains or losses from derivative financial instruments, rental income from investment properties.
2. Total investment income = Investment income after deducting non-insurance investment contracts + interest income + share of profit of associates + impairment loss of associates – interest expenses on financial assets sold under repurchase agreements – net impairment loss on financial assets after deducting other receivables.
3. Net investment income = Interest income + dividend income + rental income + share of profit of associates - interest expenses on financial assets sold under repurchase agreements.
4. In the calculation of an annualised total investment yield and an annualised net investment yield, only interest income, rental income from investment properties and share of profit of associates are annualised, and such treatment does not apply to dividend income, realised profits and losses, unrealised profits and losses, interest income from financial assets held under resale agreements, interest expenses on financial assets sold under repurchase agreements and impairment losses, etc.

   Annualised total/net investment yield = Annualised total/net investment income ÷ average total investment assets at the beginning and the end of the period.

   Investment assets = Cash and short-term time deposits + financial assets at fair value through profit or loss + financial assets held under resale agreements + time deposits + financial assets at amortised cost + debt investments at fair value through other comprehensive income + equity investment designated at fair value through other comprehensive income + investments in associates + Statutory deposits for insurance operations + derivative financial instruments + investment properties – financial liabilities at fair value through profit or loss – financial assets sold under repurchase agreements.

MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of 2023, the Group's total investment income was RMB4,626 million, representing a year-on-year increase of 99.7%. The net investment income was RMB6,990 million, representing a year-on-year decrease of 1.9%. The increase in investment income was mainly because firstly, we actively seized structural opportunities to optimise the structure of equity positions, thus increasing the return on equity and fund investments. At the same time, as the yield of domestic bond market generally declined, bond prices went up, and income from cash and fixed-income investments increased. Secondly, in the same period last year, the capital market experienced significant fluctuations, and the base of investment income from equity and investment funds was low in the same period last year; overseas bond prices fell, and the base of cash and fixed-income investments was low. In the first half of 2023, the annualised total investment yield was 3.27%, representing a year-on-year increase of 0.50 percentage points. The annualised net investment yield was 3.96%, representing a year-on-year decrease of 0.34 percentage points.

INSURANCE INTERMEDIARY BUSINESS

Insurance intermediary business refers to the insurance intermediary business operated by Huatai Insurance Agency and its subsidiary, Huatai Surveyors & Adjusters Company. In the first half of 2023, focusing on China Re Group's vision and goal of "building a world-class comprehensive reinsurance group", Huatai Insurance Agency determined the medium-and-long-term strategic goal of "sprinting into the first camp in the field of insurance agency". Adhering to the general principle of "seeking progress while maintaining stability and striving for innovation and transformation", the company continued to deepen the improvement of quality and efficiency as well as innovation and transformation, and completed the half-yearly development goals successfully.

In the first half of 2023, revenue from insurance intermediary business amounted to RMB342 million, representing a year-on-year increase of 37.7%. Profit before tax amounted to RMB2.1150 million, representing a year-on-year increase of 24.8%.

SOLVENCY

The following table sets forth the relevant data of the Group, the Group Company and major reinsurance and insurance subsidiaries of the Group as at the dates indicated:

Unit: in RMB millions, except for percentages

	30 June 2023	31 December 2022	Change (%)
China Re Group			
Core capital	**100,312**	89,921	11.6
Available capital	**119,709**	108,961	9.9
Minimum capital	**64,524**	57,363	12.5
Core solvency adequacy ratio (%)	**155**	157	Decrease by 1 percentage point
Aggregated solvency adequacy ratio (%)	**186**	190	Decrease by 4 percentage points
Group Company			
Core capital	**78,806**	74,237	6.2
Available capital	**78,806**	74,237	6.2
Minimum capital	**18,596**	11,693	59.0
Core solvency adequacy ratio (%)	**424**	635	Decrease by 211 percentage points
Aggregated solvency adequacy ratio (%)	**424**	635	Decrease by 211 percentage points
China Re P&C			
Core capital	**18,054**	17,580	2.7
Available capital	**30,020**	28,260	6.2
Minimum capital	**14,363**	14,811	(3.0)
Core solvency adequacy ratio (%)	**126**	119	Increase by 7 percentage points
Aggregated solvency adequacy ratio (%)	**209**	191	Increase by 18 percentage points
China Re Life			
Core capital	**35,450**	30,197	17.4
Available capital	**43,861**	37,565	16.8
Minimum capital	**20,486**	18,053	13.5
Core solvency adequacy ratio (%)	**173**	167	Increase by 6 percentage points
Aggregated solvency adequacy ratio (%)	**214**	208	Increase by 6 percentage points
China Continent Insurance			
Core capital	**21,217**	20,799	2.0
Available capital	**23,649**	23,028	2.7
Minimum capital	**9,586**	8,847	8.4
Core solvency adequacy ratio (%)	**221**	235	Decrease by 14 percentage points
Aggregated solvency adequacy ratio (%)	**247**	260	Decrease by 14 percentage points

Notes: 1. Core solvency adequacy ratio = core capital ÷ minimum capital; aggregated solvency adequacy ratio = available capital ÷ minimum capital.

2. Due to rounding adjustments, figures shown may not be arithmetic aggregation of the figures preceding them.

3. The solvency-related data as at 30 June 2023 have not been audited or reviewed by the Company's auditors.

4. According to Articles 5 and 7 of the Regulations on the Solvency Supervision of Insurance Companies No. 1: Actual Capital, the evaluation of actual capital shall be based on the Accounting Standards for Business Enterprises approved by the former CBIRC, and the evaluation standards of assets and liabilities shall be adjusted according to the purpose of solvency supervision; as for the assets and liabilities of insurance contracts, their book value shall be recognised and measured in accordance with the Accounting Standards for Business Enterprises No. 25 – Original Insurance Contracts and the Accounting Standards for Business Enterprises No. 26 – Reinsurance Contracts issued in 2006 by the Ministry of Finance, and the Regulations on Accounting Treatment of Insurance Contracts issued in 2009 by the Ministry of Finance.

Compared with the end of 2022, the consolidated solvency adequacy ratio of China Re Group remained stable basically. In particular, the solvency adequacy ratio of the Group Company saw a decrease, which was mainly due to the policy changes during the transition period of calculation rules and the changes in the retrocession arrangement within the Group. The solvency adequacy ratio of China Re P&C increased, mainly due to the issuance of capital supplementary bonds and retrocession arrangement. The solvency adequacy ratio of China Re Life increased, mainly due to the comprehensive income growth and retrocession arrangement. The solvency adequacy ratio of China Continent Insurance decreased, mainly due to the growth in business scale.

MANAGEMENT DISCUSSION AND ANALYSIS

According to the requirements of the Solvency Regulatory Rules (II) for Insurance Companies (Yin Bao Jian Fa [2021] No. 51), the "Summary of Solvency Reports" as of the end of the second quarter of 2023 of the Group Company and its subsidiaries, namely China Re P&C, China Re Life and China Continent Insurance, have been disclosed on their official websites respectively and the website of Insurance Association of China in due course. Shareholders and investors are advised by the Board to pay attention to the following key operation indicators extracted from the Summary of Solvency Reports for the second quarter:

Table 1: Key operating indicators

Unit: in RMB millions unless otherwise stated

Entities / Indicators	Group Company	China Re P&C	China Re Life	China Continent Insurance
As at 30 June 2023				
Total assets	88,180	123,981	245,056	95,009
Net assets	61,643	21,621	19,899	24,615
Insurance contract liabilities	18,655	62,084	157,339	49,567
For the six months ended 30 June 2023				
Insurance income	9,339	28,420	37,545	27,921
Net profit	540	444	108	219
Basic earnings per share (RMB)	0.013	0.039	0.013	0.014
Return on equity (%)	0.87	2.10	0.55	0.90
Return on total assets (%)	0.63	0.38	0.05	0.24
Investment yield (%)	1.44	1.31	1.50	0.96
Combined investment yield (%)	1.49	2.40	2.49	1.73

Table 2: Other specific operation indicators of the P&C insurance company

Unit: in RMB millions unless otherwise stated

Indicators \ Entity	China Continent Insurance
For the six months ended 30 June 2023	
Premiums of signed policies (total premiums for policies sold)	27,557
Premiums of signed policies for motor insurance	12,419
Premiums of signed policies for top 5 non-motor insurance	12,771
Average premiums per motor for motor insurance (RMB) (written premiums from new motor insurance policies/number of new motors underwritten)	1,847
Premiums of signed policies by channels	27,557
Premiums of signed policies of agency channels	14,198
Premiums of signed policies of direct sale channels	9,968
Premiums of signed policies of brokerage channels	3,391
Premiums of signed policies of other channels	0

Notes: 1. As the consolidated scope is larger than these four companies and affected by offsetting factors when calculating the consolidated net profit of the Group, the consolidated net profit of the Group is not equal to the sum of net profits of these four companies.

2. The relevant data as at 30 June 2023 in the Summary of Solvency Reports of the Group Company, China Re P&C, China Re Life and China Continent Insurance are the same as the data submitted to the National Administration of Financial Regulation, which are not audited or reviewed by the auditors of the Company.

3. Due to rounding adjustments, figures shown may not be arithmetic aggregation of the figures preceding them.

For viewing of the Summary of Solvency Reports for the second quarter of 2023, shareholders and potential investors can visit the official websites of the Company at http://www.chinare.com.cn, China Re P&C at http://www.cpcr.com.cn, China Re Life at http://www.chinalifere.cn and China Continent Insurance at http://www.ccic-net.com.cn, or the website of Insurance Association of China at http://www.iachina.cn for enquiries.

EXCHANGE RATE FLUCTUATION RISK

Substantial amount of assets and liabilities of the Group are denominated in Renminbi, but certain assets and liabilities are denominated in Hong Kong dollars, US dollars, British pounds and other foreign currencies. The fluctuations of the value of Renminbi against such currencies expose us to foreign exchange risks. We control the adverse impacts of the fluctuations of exchange rates through enhancing management of the assets and liabilities matching in different currencies, keeping foreign exchange positions under control and using foreign currency derivatives appropriately. As at 30 June 2023, the Group held foreign currency derivatives of RMB285 million (31 December 2022: RMB68 million).

DETAILS OF ASSETS CHARGED AND BANK BORROWINGS

As at 30 June 2023, bonds with a carrying value of RMB17,517 million (as at 31 December 2022: RMB16,812 million) were pledged as collateral for the securities sold under agreements to repurchase resulting from debt repurchase transactions entered into by the Group in the interbank market.

For debt repurchase transactions through the stock exchange, the Group is required by the stock exchange to deposit certain exchange-traded bonds into a collateral pool with fair value converted at a standard rate pursuant to the stock exchange's regulation which should be no less than the balance of the related repurchase transactions during the repurchase period. As at 30 June 2023, the carrying value of bonds deposited in the collateral pool was RMB61,805 million (as at 31 December 2022: RMB56,687 million). The collateral is restricted from trading during the period of the repurchase transaction. The Group can withdraw the exchange-traded bonds from the collateral pool in short time provided that the value of the bonds is no less than the balance of related repurchase transactions.

As at 30 June 2023, the Group held a long-term borrowing of USD550 million with a coupon rate of 4.70%, and the term is 60 months.

CONTINGENCIES

As at 30 June 2023, the Group had issued the following guarantees:

(1) As at 30 June 2023, the Group Company provided maritime guarantee of RMB1,528 million (31 December 2022: RMB1,671 million) for domestic and overseas ship mutual insurance associations or overseas insurance institutions which provided 100% of counter guarantee for the aforesaid maritime guarantee.

(2) As at 30 June 2023, CRIH provided the letter of credit to Lloyd's to support Syndicate 1084's and Syndicate 1176's underwriting business of GBP350 million totally (31 December 2022: GBP350 million).

(3) During the Reporting Period, CRIH entered into Tier 1 securities lending arrangements for Funds at Lloyd's with two financial institutions. The facilities amounted to GBP100 million and USD75 million (31 December 2022: GBP100 million and USD75 million) respectively.

EMPLOYEES

As of 30 June 2023, China Re Group had a total of 51,550 employees. The Group's staff remuneration comprises three components, namely basic salary, performance bonus and benefits and subsidies. We always uphold the guidance of "combining the market practice with the real situation of China Re", follow the distribution concept of "giving priority to the front-line staff, the front office staff, the core backbones and the best-performing staff", and have established a fair, competitive and motivating remuneration system. We have established an enterprise annuity plan and a supplementary medical insurance plan to provide employees with more comprehensive benefits, which plays an important role in attracting, motivating and retaining talents.

The Group is devoted to realising a win-win situation between corporate development and employee improvement, and has continued to strengthen the top-level design of talent operation, cleared the obstacles on the career growth channels of employees to optimise growing environment for talents, and established a talent training system with our characteristics through targeted training for the young talents, core and backbone talents and senior level talents such as on-the-job training, overseas training and exchanges to create a high-quality, professional and international team of employees.

MANAGEMENT DISCUSSION AND ANALYSIS

MAJOR EVENTS

Material Connected Transactions

During the Reporting Period, the Group did not conduct any connected transaction that was subject to the reporting, announcement or independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

In addition, the related-party transactions set out in Note 33 to the financial statements do not constitute related-party transactions under the Hong Kong Listing Rules, and were not subject to all the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

Use of Proceeds

References are made to the 2021 annual report published by the Company on 28 April 2022, which set out, among other things, the use of proceeds from the initial public offering of the Company.

As of 31 December 2021, the proceeds from the Company's initial public offering were fully utilised, and the use of proceeds was in line with the intentions as disclosed in the prospectus of the Company published on 13 October 2015 and the announcement of the Company published on 28 October 2021 (which includes the supplemental information to the annual report for the year ended 31 December 2020).

Undertakings of the Company and Controlling Shareholder Given or Effective during the Reporting Period

During the Reporting Period, the Company and Central Huijin, the controlling shareholder, complied with the undertakings made by them as set out in the prospectus. For details of the relevant undertakings, please refer to the sections headed "Substantial Shareholders" and "Share Capital" in the prospectus.

Other Major Events

China Re P&C completed the issuance of capital supplementary bonds

On 20 April 2023 and 2 May 2023, the Company published the announcements in relation to the "Approval of the Issuance of Capital Supplementary Bonds by China Re P&C" and the "Completion of the Issuance of Capital Supplementary Bonds by China Re P&C" respectively. China Re P&C has successfully issued capital supplementary bonds with a total principal amount of RMB4.0 billion publicly in the National Interbank Bond Market. The capital supplementary bonds issued are ten-year fixed-rate bonds with an annual coupon rate of 3.45% for the first five years, and China Re P&C has conditional redemption rights at the end of the fifth year. In the event that China Re P&C does not exercise the redemption rights, the annual coupon rate of the capital supplementary bonds will be 4.45% for the remaining five years. The proceeds from the issuance of the capital supplementary bonds will be used to replenish the capital of China Re P&C in accordance with applicable laws and the approval of the regulatory authorities so as to improve its solvency and support the sustainable and steady development of its business.

China Re P&C redeemed the capital supplementary bonds

On 13 July 2018 and 17 August 2018, the Company published the announcements in relation to the "Approval of the Issuance of Capital Supplementary Bonds by China Re P&C" and the "Completion of the Issuance of Capital Supplementary Bonds by China Re P&C" respectively. China Re P&C has successfully issued capital supplementary bonds with a total principal amount of RMB4.0 billion publicly in the National Interbank Bond Market. The capital supplementary bonds issued are ten-year fixed-rate bonds with an annual coupon rate of 4.97% for the first five years, and China Re P&C has conditional redemption rights at the end of the fifth year. In the event that China Re P&C does not exercise the redemption rights, the annual coupon rate of the capital supplementary bonds will be 5.97% for the remaining five years. On 17 August 2023, after reporting to the People's Bank of China and the National Administration of Financial Regulation for record, China Re P&C has completed the exercise of redemption rights, and fully redeemed the capital supplementary bonds in the National Interbank Bond Market with RMB4.0 billion.

China Re Life completed the issuance of capital supplementary bonds

On 23 August 2023 and 4 September 2023, the Company published the announcements in relation to the "Approval of the Issuance of Capital Supplementary Bonds by China Re Life" and the "Completion of the Issuance of Capital Supplementary Bonds by China Re Life" respectively. China Re Life has successfully issued capital supplementary bonds with a total principal amount of RMB5.0 billion publicly in the National Interbank Bond Market. The capital supplementary bonds issued are ten-year fixed-rate bonds with an annual coupon rate of 3.24% for the first five years, and China Re Life has conditional redemption rights at the end of the fifth year. In the event that China Re Life does not exercise the redemption rights, the annual coupon rate of the capital supplementary bonds will be 4.24% for the remaining five years. The proceeds from the issuance of the capital supplementary bonds will be used to replenish the capital of China Re Life in accordance with applicable laws and the approval of the regulatory authorities so as to improve its solvency and support the sustainable and steady development of its business.

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS

China Re Group will firmly implement the overall operation mindset of "growth in premiums, profitable underwriting and stable investment", focus on improving innovation and development capabilities, unswervingly accelerate the adjustment of business structure, and continuously strengthen the construction of investment capabilities.

In terms of P&C reinsurance business, we will adhere to the general tone of "seeking progress while maintaining stability, enhancing value", deeply serve the national strategies, deepen innovation-driven development, improve the quality and efficiency of operation and management, strengthen comprehensive risk management and control, and achieve balanced and progressive profit growth and business growth, thereby promoting the Company's high-quality development to a new level.

For the life and health reinsurance business, we will continue to focus on "seeking progress while maintaining stability, carrying out reform and innovation", actively promote supply side reforms such as products and services by seizing major development opportunities such as the health insurance development of the industry, industrial integration and digital transformation, and continue to pay attention to industry policies and risk events. Focusing on "Data+" and "Product+", we will vigorously expand business scale of the protection-type reinsurance business, explore policy opportunities such as tax-preferential health insurance, long-term medical care insurance and inclusive medical care insurance, innovate and iterate product development and service integration, as well as continue to strengthen risk prevention and management. We will strictly control operating cost, enhance the asset-liability matching and risk management of the savings-type reinsurance business. We will strengthen counterparty risk management and existing business management, and perform the financial reinsurance business innovatively under the principle of controllable risk. We will fully capitalise on "(domestic and overseas) dual-markets" and "(business and investment) dual-platforms" to achieve the collaborative development of business in domestic and overseas markets.

MANAGEMENT DISCUSSION AND ANALYSIS

For the primary P&C insurance business, we will closely adhere to serving the national strategies and the development strategies under the "14th Five-Year" Plan. We aspire to achieve the high-quality development goals by comprehensively enhancing our strategic capability, insisting on improving the quality and efficiency of business development, consolidating the foundation of risk control, and promoting the profitability of underwriting. In respect of the motor insurance, we will further optimise the business structure, improve our business screening and risk pricing capabilities, and continuously optimise cost control, so as to promote the refined management of claim settlement costs and drive the improvement of overall operation. In respect of the non-motor insurance, we will focus on social governance, real economy, rural revitalisation, protection of people's livelihood and other fields to promote and serve the implementation of national strategies, pay close attention to cost management, and continue to improve operating results, thus driving the high-quality development of "Non-Motor" business.

In respect of asset management business, in the face of complex and severe market situations at home and abroad, we will continue to maintain strategic focus, adhere to the general tone of stability and seeking progress while maintaining stability, uphold a healthy and prudent investment philosophy, expand asset allocation capabilities across all fields, and continuously optimise the asset allocation structure, thus increasing investment returns. We will aim at strengthening investment management capabilities and business innovation capabilities, promote marketisation with products, and drive the long-term development of third-party asset management business. Moreover, we will look for structural opportunities in the transformation of economic momentum, strengthen our risk management capabilities, and better the overall planning of development and security, so as to provide strong support for the overall steady development of the Group.

OTHER INFORMATION

CORPORATE GOVERNANCE

The Company has adopted the Corporate Governance Code as its corporate governance code. During the Reporting Period, the Company has been in compliance with all applicable code provisions stipulated in the Corporate Governance Code and adopted recommended best practices under appropriate circumstances.

SECURITIES TRANSACTIONS

During the Reporting Period, the Company has adopted the Model Code for Securities Transactions as its own code in respect of dealings in securities by Directors and Supervisors. The Company has made enquiries to all Directors and Supervisors, and all the Directors and Supervisors confirmed that they had strictly complied with the relevant requirements set out in the Model Code for Securities Transactions during the Reporting Period.

INDEPENDENT NON-EXECUTIVE DIRECTORS

During the Reporting Period, the Company has appointed a sufficient number of independent non-executive directors who have appropriate professional qualifications or accounting or related financial management expertise as required under the Hong Kong Listing Rules. The four independent non-executive Directors are Mr. Hao Yansu, Mr. Li Sanxi, Ms. Mok Kam Sheung and Ms. Jiang Bo. When the fifth session of the Board of Directors officially started to perform their duties on 29 August 2023, Mr. Hao Yansu, Mr. Li Sanxi and Ms. Mo Kam Sheung ceased to serve as independent non-executive Directors.

References are made to the announcements of the Company dated 15 February 2023, 3 March 2023 and 29 August 2023, in relation to, among others, the election/appointment of Directors of the fifth session of the Board of Directors. The Company has appointed four independent non-executive Directors, namely Ms. Jiang Bo, Mr. Dai Deming, Ms. Ye Mei and Mr. Ma Ho Fai. The appointments of Ms. Ye Mei and Mr. Ma Ho Fai will not take effect until their qualifications as Directors are approved by the National Administration of Financial Regulation and the implementation of the procedural requirements set out in the Articles of Association. As the qualifications of Ms. Ye Mei and Mr. Ma Ho Fai as independent non-executive Directors are yet to be approved by the National Administration of Financial Regulation, the number of independent non-executive directors of the Company fails to meet the requirements of having at least three independent non-executive directors on the Board which comprise not less than one-third of the Board under Rules 3.10(1) and 3.10A of the Listing Rules, and does not meet the requirements of having at least one independent non-executive director ordinarily residing in Hong Kong under Rule 19A.18(1) of the Listing Rules. In addition, the composition of the Audit Committee and the Nomination and Remuneration Committee of the Board of Directors fails to meet the requirement of a majority of independent non-executive directors as stipulated in Rules 3.21, 3.25 and 3.27A of the Listing Rules. The Board will take steps to comply with the relevant requirements as soon as practicable. The Company will make further announcement(s) in relation to such appointments as and when appropriate.

OTHER INFORMATION

INTERIM DIVIDEND

The Company does not declare interim dividend for the six months ended 30 June 2023.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Save as otherwise disclosed in this report, the Company or any of its subsidiaries has not purchased, sold or redeemed any of the Company's or its subsidiaries' listed securities during the Reporting Period.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS OR SHORT POSITIONS IN SHARES OR UNDERLYING SHARES OF THE COMPANY

As at the end of the Reporting Period, to the best knowledge of the Directors, the following persons (other than the Directors, Supervisors or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Hong Kong Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, and were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO, or were, either directly or indirectly, interested in 5% or more of the nominal value of any class of share capital.

Name of shareholders	Nature of interest and capacity	Class	Number of shares	Approximate percentage of interests of the Company (%)	Approximate percentage of relevant class of shares of the Company (%)
Central Huijin Investment Ltd.	Beneficial owner	Domestic share	30,397,852,350 (Long position)	71.56	84.91
Ministry of Finance of the PRC	Beneficial owner	Domestic share	4,862,285,131 (Long position)	11.45	13.58
Great Wall Pan Asia International Investment Co., Ltd.	Beneficial owner	H share	431,050,000 (Long position)	1.01	6.45

Notes: 1. The information disclosed above was the information shown on the website of the Hong Kong Stock Exchange at www.hkexnews.hk.

2. According to Section 336 of the SFO, shareholders of the Company are required to file disclosure of interests forms when certain criteria are fulfilled. When the shareholdings of the shareholders in the Company change, it is not necessary for the shareholders to notify the Company and the Hong Kong Stock Exchange unless certain criteria are fulfilled. Therefore, the latest shareholdings of the shareholders in the Company may be different from the shareholdings filed with the Hong Kong Stock Exchange.

3. Great Wall Pan Asia International Investment Co., Ltd. is the wholly-owned subsidiary of China Great Wall Asset Management Corporation in Hong Kong.

OTHER INFORMATION

Save as disclosed above, as at the end of the Reporting Period, so far as the Directors were aware, no other person (other than the Directors, Supervisors or chief executive of the Company) had any interest or short position in the shares or underlying shares of the Company which were required to be disclosed or recorded in the register of the Company to be kept under Section 336 of the SFO.

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

As at the end of the Reporting Period, none of the Directors, Supervisors or chief executive of the Company, upon the listing of H shares, had any interest and/or short position in the shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interest and/or short position taken or deemed to be held under the relevant provisions of the SFO), or were required to be notified to the Company and the Hong Kong Stock Exchange under the Model Code for Securities Transactions upon the listing of H shares, or were required to be recorded in the register required to be kept by the Company under Section 352 of the SFO.

CHANGES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT AND THEIR INFORMATION

Changes of Directors and Their Information

Name	Original Position	Present Position	Changes of Biographies
Li Wenfeng	Nil	Non-executive Director	Has served as a Non-executive Director since the first meeting of the fifth session of the Board of Directors was convened on 29 August 2023.
Dai Deming	Nil	Independent Non-executive Director	Has served as an Independent Non-executive Director since the first meeting of the fifth session of the Board of Directors was convened on 29 August 2023.
Liu Xiaopeng	Non-executive Director	Nil	Ceased to serve as a Non-executive Director since the fifth session of the Board of Directors officially started to perform their duties on 29 August 2023.
Hao Yansu	Independent Non-executive Director	Nil	Ceased to serve as an Independent Non-executive Director since the fifth session of the Board of Directors officially started to perform their duties on 29 August 2023.
Li Sanxi	Independent Non-executive Director	Nil	Ceased to serve as an Independent Non-executive Director since the fifth session of the Board of Directors officially started to perform their duties on 29 August 2023.
Mok Kam Sheung	Independent Non-executive Director	Nil	Ceased to serve as an Independent Non-executive Director since the fifth session of the Board of Directors officially started to perform their duties on 29 August 2023.

OTHER INFORMATION

Notes: 1. For details of Mr. Li Wenfeng's appointment, please refer to the announcement of the Company dated 29 August 2023 and the supplemental circular of the Company dated 17 February 2023.

2. For details of Mr. Dai Deming's appointment, please refer to the announcement of the Company dated 29 August 2023 and the supplemental circular of the Company dated 17 February 2023.

3. For details of Mr. Liu Xiaopeng, Mr. Hao Yansu, Mr. Li Sanxi and Ms. Mok Kam Sheung ceasing to serve as Directors, please refer to the announcement of the Company dated 29 August 2023.

4. On 3 March 2023, upon the consideration and approval by the shareholders' general meeting, Mr. He Chunlei and Mr. Zhuang Qianzhi were elected as the executive Directors of the fifth session of the Board of Directors, Ms. Wang Xiaoya, Mr. Li Bingquan, Mr. Yang Changsong and Mr. Li Wenfeng were elected as the non-executive Directors of the fifth session of the Board of Directors, and Ms. Jiang Bo, Mr. Dai Deming, Ms. Ye Mei and Mr. Ma Ho Fai were elected as the independent non-executive Directors of the fifth session of the Board of Directors. The terms of office of the aforementioned Directors commence from the date on which their qualifications as Directors are approved by the National Administration of Financial Regulation (the former CBIRC) and the procedural requirements stipulated in the Articles of Association are implemented, until the expiry of the term of the fifth session of the Board of Directors. The Company appointed Mr. Li Wenfeng as a non-executive Director and Mr. Dai Deming as an independent non-executive Director on 29 August 2023. The Directors of the fifth session of the Board of Directors officially started to perform their duties since the first meeting of the fifth session of the Board of Directors was convened on 29 August 2023. For details about the election of the fifth session of the Board of Directors, please refer to the announcements of the Company dated 15 February 2023, 3 March 2023 and 29 August 2023, and the supplemental circular of the Company dated 17 February 2023.

5. On 29 August 2023, upon the consideration and approval by the Board of Directors, Mr. He Chunlei was appointed as the chairman of the fifth session of the Board of Directors, and Mr. Zhuang Qianzhi was appointed as the vice chairman of the fifth session of the Board of Directors and President. For details of the appointments of Mr. He Chunlei and Mr. Zhuang Qianzhi, please refer to the announcement of the Company dated 29 August 2023.

6. On 29 August 2023, upon consideration and approval by the Board of Directors, the following adjustments were made to the composition of specialised committees of the Board of Directors:

(1) Mr. He Chunlei ceased to serve as a member of the Risk Management Committee of the Board of Directors;
(2) Ms. Wang Xiaoya has been appointed as a member of the Audit Committee of the Board of Directors;
(3) Mr. Liu Xiaopeng ceased to serve as a member of the Audit Committee of the Board of Directors, a member of the Risk Management Committee of the Board of Directors, and a member and the vice chairman of the Related-Party Transactions Control Committee of the Board of Directors;
(4) Mr. Li Bingquan has been appointed as a member of the Strategy and Investment Committee and a member of the Risk Management Committee of the Board of Directors, and ceased to serve as a member of the Nomination and Remuneration Committee of the Board of Directors;

(5) Mr. Li Wenfeng has been appointed as a member of the Nomination and Remuneration Committee of the Board of Directors, and a member and the vice chairman of the Related-Party Transactions Control Committee of the Board of Directors;
(6) Ms. Jiang Bo has been appointed as a member and the chairlady of the Nomination and Remuneration Committee of the Board of Directors, and ceased to serve as a member of the Related-Party Transactions Control Committee of the Board of Directors;
(7) Mr. Dai Deming has been appointed as a member and the chairman of the Audit Committee of the Board of Directors, a member of the Nomination and Remuneration Committee of the Board of Directors, and a member of the Related-Party Transactions Control Committee of the Board of Directors;
(8) Mr. Hao Yansu ceased to serve as a member of the Audit Committee of the Board of Directors, a member and the chairman of the Nomination and Remuneration Committee of the Board of Directors, a member of the Risk Management Committee of the Board of Directors, and a member and the chairman of the Related-Party Transactions Control Committee of the Board of Directors;
(9) Mr. Li Sanxi ceased to serve as a member and the chairman of the Audit Committee of the Board of Directors, a member of the Nomination and Remuneration Committee of the Board of Directors, and a member of the Related-Party Transactions Control Committee of the Board of Directors;
(10) Ms. Mok Kam Sheung ceased to serve as a member of the Nomination and Remuneration Committee of the Board of Directors, and a member of the Related-Party Transactions Control Committee of the Board of Directors.

Save as the above, during the Reporting Period and as of the Latest Practicable Date, there was no other change of the Directors or their information required to be disclosed in accordance with Rule 13.51B(1) of the Hong Kong Listing Rules.

Changes of Supervisors and Their Information

During the Reporting Period and as of the Latest Practicable Date, there was no change of the Supervisors or their information required to be disclosed in accordance with Rule 13.51B(1) of the Hong Kong Listing Rules.

OTHER INFORMATION

Changes of Senior Management and Their Information

Name	Original Position	Present Position	Changes of Biographies
Zhuang Qianzhi	Vice President, Chief Risk Officer	President	Has served as the President of the Company since 17 March 2023. Ceased to serve as the Chief Risk Officer of the Company since 7 July 2023.
Lei Jianming	Assistant to the President	Vice President	Has served as the Vice President of the Company since 30 March 2023. Ceased to serve as the Assistant to the President of the Company since 30 March 2023.
Tian Meipan	Chief Actuary	Assistant to the President, Chief Actuary	Has served as the Assistant to the President of the Company since 7 July 2023.
Cao Shunming	Compliance Controller	Assistant to the President, Compliance Controller, Chief Risk Officer	Has served as the Assistant to the President and the Chief Risk Officer of the Company since 7 July 2023.

For details of Mr. Zhuang Qianzhi's appointment as the President, please refer to the announcements of the Company dated 1 November 2022, 17 March 2023 and 29 August 2023.

Save as the above, during the Reporting Period and as of the Latest Practicable Date, there was no other change of the senior management or their information required to be disclosed in accordance with Rule 13.51B(1) of the Hong Kong Listing Rules.

REVIEW OF INTERIM REPORT

The Group's 2023 interim financial information prepared under International Financial Reporting Standards has been reviewed by PricewaterhouseCoopers. The Group's 2023 interim report has been reviewed by the Audit Committee of the fourth session of the Board.

EMBEDDED VALUE

Deloitte. 德勤

To the Directors of China Reinsurance (Group) Corporation

Dear Sirs,

Independent Actuarial Consultants' Report on Embedded Value of China Reinsurance (Group) Corporation

China Reinsurance (Group) Corporation (the "Group Company", the "Company") has retained Deloitte Consulting (Shanghai) Co., Ltd. to quantify and report on embedded value of the Group Company's and its subsidiaries' ("China Re Group", the "Group") life and health reinsurance business, covering the life and health reinsurance business of the Group Company and all businesses of China Life Reinsurance Company Limited ("China Re Life") and China Reinsurance (Hong Kong) Company Limited ("China Re HK")("the Covered Business") as at 30 June 2023. The task is undertaken by Deloitte Actuarial and Insurance Solutions of Deloitte Consulting (Shanghai) Co., Ltd. ("Deloitte Consulting", "we").

The report summarises the scope of work carried out by Deloitte Consulting, basis of report, reliance and limitations, valuation methodologies and results.

Scope of Work

The scope of our work is summarised as follows:

- Quantifying embedded value of China Re Group as at 30 June 2023;
- Quantifying value of one year's new business underwritten by the Group during the 12 months prior to 30 June 2023;
- Reviewing the assumptions used for embedded value and value of one year's new business valuation as at 30 June 2023;
- Performing sensitivity tests of value of in-force business and value of one year's new business under alternative assumptions;

EMBEDDED VALUE

Basis of Report, Reliance and Limitation

This report has been prepared by Deloitte Consulting solely for the information and use of China Reinsurance (Group) Corporation for the purpose set out in the introduction of this report, including the valuation and reporting under the requirements of "Guidance on Actuarial Practice: Valuation of Embedded Value for Life and Health Insurance" published by the China Association of Actuaries and industry practice for publicly listed companies in Hong Kong. Accordingly, we accept no responsibility or liability to any other party.

In performing our work, we have relied upon the accuracy and completeness of the audited and unaudited data and information provided verbally and in writing by, or on behalf of, China Re Group for periods up to 30 June 2023.

The calculation of embedded value is based on a range of assumptions on future operations and investment performance. Many of these assumptions cannot be controlled by China Re Group. They are affected by internal and external factors. Hence the actual experience may deviate from these assumptions.

On behalf of
Deloitte Consulting (Shanghai) Co., Ltd.

Eric Lu
FIAA, FCAA

Yu Jiang
FSA, FCAA

EMBEDDED VALUE

1. Definitions and Methodology

1.1 Definitions

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

- Embedded Value ("EV"): this is the sum of the adjusted net worth and value of in-force business less the cost of required capital as at the valuation date;

- Adjusted Net Worth ("ANW"): this is the fair value of assets attributable to shareholders in excess of liabilities of the Covered Business as at the valuation date;

- Value of In-force Business ("VIF"): this is the present value of future cash flows attributable to shareholders arising from the in-force business and the corresponding assets as at the valuation date. The assets contributing to the cash flows are those supporting the corresponding liabilities of in-force business;

- Cost of Required Capital ("CoC"): this is defined as the amount of capital required from shareholders at the valuation date and the present value of future movements of such capital (end of period value less start of period value), and the calculation should take into account the after-tax investment earnings on the assets backing such required capital;

- Value of One Year's New Business ("1-year VNB"): this is equal to the present value as at the policy issue dates of the future cash flows attributable to shareholders from the business accepted during the 12 months prior to the valuation date and the corresponding assets. The assets contributing to the cash flows are those supporting the corresponding liabilities of the business accepted.

EMBEDDED VALUE

1.2 Methodology

Based on "Guidance on Actuarial Practice: Valuation of Embedded Value for Life and Health Insurance" issued by the China Association of Actuaries ("CAA") in November 2016 and industry practice for publicly listed companies in Hong Kong, we determined the embedded value and the value of one year's new business.

In this report, embedded value of China Re Group is defined as the sum of adjusted net worth of the Group and VIF of the Covered Business after the cost of required capital.

Since the Group does not hold 100% of all companies within it. ANW has excluded minority interests. As China Re Life and China Re HK are 100% owned by the Group, all of those VIF are included in the reported EV valuation results.

The adjusted net worth at the valuation date is defined as the sum of below two items:

- Net asset value of China Re Group on a consolidated basis with allowance for the reserve difference between PRC GAAP basis and EV basis for the Covered Business;

- The asset value adjustments, which reflect the after-tax difference of market value and book value under PRC GAAP basis for certain relevant assets, together with the relevant adjustments to liabilities.

Value of in-force business after the cost of required capital is the present value of future cash flows attributable to shareholders arising from the in-force business of China Re Group life and health reinsurance business and the corresponding assets as at the valuation date, less the amount of capital required from shareholders at the valuation date and the present value of future movements of such capital (end of period value less start of period value). The calculation of cost of required capital should take into account the after-tax investment earnings on the assets backing such required capital.

Value of one year's new business after the cost of required capital is the present value as at the policy issue dates of the future cash flows attributable to shareholders from the business accepted during the 12 months prior to the valuation date and the corresponding assets, less the amount of capital required supporting the corresponding new business from shareholders at the policy issue date and the present value of future movements of such capital (end of period value less start of period value).

2. Results Summary

The embedded value and value of one year's new business results as at 30 June 2023 and the corresponding results as at prior valuation date are summarised as below:

Table 2.1 EV as at 30 June 2023 and 31 December 2022

Unit: in RMB millions

Valuation Date	30 June 2023	31 December 2022
Embedded Value		
Adjusted Net Worth	**99,332**	94,623
Value of In-force Business before CoC	**12,940**	11,718
Cost of Required Capital	**(4,869)**	(4,290)
Value of In-force Business after CoC	**8,071**	7,428
Embedded Value	**107,403**	102,051
Of which:		
ANW of the life and health reinsurance business	**25,527**	23,773
VIF after CoC of the life and health reinsurance business	**7,912**	7,299
EV of the life and health reinsurance business	**33,439**	31,072

Note 1: Figures may not add up due to rounding, and the same applies in the tables below.

Note 2: Figures related to life and health reinsurance business only include business of China Re Life and China Re HK, which are the main part of whole life and health reinsurance business. The same applies in the tables below.

Table 2.2 1-year VNB for the 12 months up to 30 June 2023 and 31 December 2022

Unit: in RMB millions

Valuation Date	30 June 2023	31 December 2022
Value of One Year's New Business of the life and health reinsurance business		
Value of One Year's New Business before CoC	2,757	2,438
Cost of Required Capital	(937)	(747)
Value of One Year's New Business after CoC	**1,820**	1,691

3. Assumptions

The key assumptions, except claim ratio, used for the life and health reinsurance business of the Group Company and China Re Life as at 30 June 2023 are the same as those used in 2022 year-end valuation. The claim ratio assumptions of short-term reinsurance business are determined on a contract-by-contract basis according to the claim experience of recent years.

4. Sensitivity

We have performed a series of sensitivity tests on alternative assumptions for value of in-force business and value of one year's new business of the life and health reinsurance business of China Re Group as at 30 June 2023. For each test, only the referred assumption is changed, while the other assumptions are kept unchanged. Results of the sensitivity tests are shown as below:

Table 4.1 Sensitivity test results of VIF and 1-year VNB as at 30 June 2023

Unit: in RMB millions

Scenarios	VIF after CoC	1-year VNB after CoC
Base Scenario	7,912	1,820
Risk discount rate increased by 100 basis points	6,962	1,687
Risk discount rate decreased by 100 basis points	9,013	1,965
Annual investment return rates increased by 50 basis points	9,651	1,932
Annual investment return rates decreased by 50 basis points	6,166	1,709
Mortality and morbidity rates increased by 10%	7,904	1,820
Mortality and morbidity rates decreased by 10%	7,936	1,820
Discontinuance rates increased by 10%	7,805	1,802
Discontinuance rates decreased by 10%	8,020	1,840
Expenses increased by 10%	7,772	1,780
Expenses decreased by 10%	8,053	1,860
Combined ratio of short-term reinsurance contracts increased by 1 percentage point on absolute basis	7,780	1,713
Combined ratio of short-term reinsurance contracts decreased by 1 percentage point on absolute basis	8,122	1,939

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

Report on Review of Interim Financial Information
To the Board of Directors of China Reinsurance (Group) Corporation
(incorporated in the People's Republic of China with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 62 to 156, which comprises the interim condensed consolidated statement of financial position of China Reinsurance (Group) Corporation (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2023 and the interim condensed consolidated statement of profit or loss, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and selected explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting". The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 29 August 2023

FINANCIAL STATEMENTS AND NOTES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2023
(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	Six months ended 30 June 2023 (Unaudited)	2022 (Restated, Unaudited)
Operating Income			
Insurance revenue	6	48,465,956	41,639,381
Interest income	7	4,418,717	4,589,469
Investment income	8	(455,053)	(1,637,161)
Exchange gains/(losses), net		1,507,258	944,098
Other income	9	564,611	366,732
Total income		54,501,489	45,902,519
Operating Expense			
Insurance service expenses	6	(45,588,913)	(40,321,020)
Allocation of reinsurance premiums paid		(3,487,046)	(3,601,317)
Amounts recovered from reinsurance contracts		1,945,189	3,240,376
Finance expenses from insurance contracts issued		(3,487,797)	(2,832,783)
Finance income/(expense) from reinsurance contracts held		314,482	(121,464)
Net impairment loss on financial assets	10	(261,274)	(356,379)
Finance costs		(1,101,744)	(1,025,853)
Other operating and administrative expenses	11	(1,672,884)	(1,347,930)
Total insurance service expenses and others		(53,339,987)	(46,366,370)
Share of profit of associates		1,199,571	1,149,261
Impairment losses of associates		–	(548,432)
Profit before tax		2,361,073	136,978
Income tax	12	(294,026)	228,994
Net profit		2,067,047	365,972
Attributable to:			
Equity shareholders of the parent		2,011,676	466,246
Non-controlling interests		55,371	(100,274)
Earnings per share (RMB)	14		
– Basic		0.05	0.01
– Dilution		0.05	(0.003)

The accompanying notes on pages 70 to 156 form part of the interim financial information.

FINANCIAL STATEMENTS AND NOTES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023
(Expressed in thousands of Renminbi, unless otherwise stated)

	Six months ended 30 June	
	2023 (Unaudited)	2022 (Restated, Unaudited)
Net profit	2,067,047	365,972
Other comprehensive income for the year after tax		
Items that will not be reclassified to profit or loss:		
Remeasurement of defined benefit obligation	(4,629)	(9)
Equity investment designated at fair value through other comprehensive income	1,122,882	120,836
Income tax relating to these items	(248,462)	(86,489)
Items that may be reclassified subsequently to profit or loss:		
Share of other comprehensive income of associates	136,464	(39,172)
Fair value changes on debt instruments at fair value through other comprehensive income	757,124	(2,166,962)
Provision for credit losses on debt instruments measured at fair value through other comprehensive income	244,609	–
Exchange differences on translation of financial statements of foreign operations	282,218	102,232
Financial changes in insurance contracts		
Including: Primary insurance contracts	(172,199)	614,176
Reinsurance contracts	(1,270,967)	1,799,464
Financial changes on ceded reinsurance contracts	492,977	(445,745)
Income tax relating to these items	76,562	273,752
Other comprehensive income for the period after tax	1,416,579	172,083
Total comprehensive income for the period	3,483,626	538,055
Attributable to:		
Equity shareholders of the parent	3,391,654	623,468
Non-controlling interests	91,972	(85,413)
Total comprehensive income for the period	3,483,626	538,055

The accompanying notes on pages 70 to 156 form part of these financial statements.

FINANCIAL STATEMENTS AND NOTES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023
(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	30 June 2023 (Unaudited)	31 December 2022 (Restated, Unaudited)
Assets			
Cash and short-term time deposits	15	14,248,998	14,799,064
Derivative financial assets		57,994	113,755
Financial assets held under resale agreements		5,056,303	4,447,650
Financial investments:			
Financial assets at fair value through profit or loss	16	98,713,666	77,781,686
Financial assets at amortised cost	17	77,558,124	78,762,114
Debt investments at fair value through other comprehensive income	18	113,307,174	110,831,036
Equity investment designated at fair value through other comprehensive income	19	14,969,500	17,828,870
Insurance contract assets		493,682	495,490
Ceded reinsurance contract assets		23,074,494	20,255,025
Investment contract assets		6,821,509	5,613,490
Time deposits	20	26,412,141	22,556,208
Statutory deposits for insurance operations	22	18,873,268	21,587,198
Investment properties		5,928,914	6,038,865
Property and equipment		3,705,217	3,876,515
Right-of-use assets		993,177	1,089,596
Intangible assets		2,315,845	2,353,664
Investments in associates	23	22,781,747	22,639,532
Goodwill		1,651,694	1,634,952
Deferred tax assets		6,231,491	6,430,006
Other assets	24	6,493,230	5,597,434
Total assets		449,688,168	424,732,150

The accompanying notes on pages 70 to 156 form part of these financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at 30 June 2023
(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	30 June 2023 (Unaudited)	31 December 2022 (Restated, Unaudited)
Liabilities and equity			
Liabilities			
Financial liabilities at fair value through profit or loss		427,166	308,062
Derivative financial liabilities		343,093	45,448
Financial assets sold under repurchase agreements		44,554,406	51,002,086
Income tax payable		499,790	2,233,572
Investment contract liabilities		31,980,507	26,226,644
Insurance contract liabilities	25	235,205,588	215,359,150
Ceded reinsurance contract liabilities		18,809	32,965
Notes and bonds payable	26	17,432,911	13,105,985
Long-term borrowings	27	3,972,007	3,826,334
Lease liabilities		925,406	1,027,728
Deferred tax liabilities		1,029,097	795,175
Other liabilities	28	13,023,525	13,273,109
Total liabilities		349,412,305	327,236,258
Equity			
Share capital	29	42,479,808	42,479,808
Reserves		23,354,638	21,827,717
Retained earnings		25,480,293	24,310,483
Total equity attributable to equity shareholders of the parent		91,314,739	88,618,008
Non-controlling interests		8,961,124	8,877,884
Total equity		100,275,863	97,495,892
Total liabilities and equity		449,688,168	424,732,150

Approved and authorised for issue by the Board of Directors on 29 August 2023.

He Chunlei
Director

Zhuang Qianzhi
Director

Tian Meipan
Chief Actuary

The accompanying notes on pages 70 to 156 form part of these financial statements.

FINANCIAL STATEMENTS AND NOTES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023
(Expressed in thousands of Renminbi, unless otherwise stated)

		Total equity attributable to equity shareholders of the parent											
			Reserves										
	Note	Share capital	Capital reserve	Surplus reserve	General risk reserve	Catastrophic loss reserve	Defined benefit obligation remeasurement reserve	Fair value reserve	Exchange reserve	Retained earnings	Subtotal	Non-controlling interests	Total equity
As at 31 December 2022 (Restated, Unaudited)		42,479,808	10,684,516	3,176,979	7,615,632	212,951	(19,844)	369,133	(211,650)	24,310,483	88,618,008	8,877,884	97,495,892
Impact of changes in accounting policies		–	–	(2,685)	(13,463)	–	–	128,865	(30)	(218,912)	(106,225)	(8,732)	(114,957)
As at 1 January 2023		42,479,808	10,684,516	3,174,294	7,602,169	212,951	(19,844)	497,998	(211,680)	24,091,571	88,511,783	8,869,152	97,380,935
Profit for the period		–	–	–	–	–	–	–	–	2,011,676	2,011,676	55,371	2,067,047
Other comprehensive income		–	–	–	–	–	(4,629)	1,104,510	280,097	–	1,379,978	36,601	1,416,579
Total comprehensive income		–	–	–	–	–	(4,629)	1,104,510	280,097	2,011,676	3,391,654	91,972	3,483,626
Distributions to shareholders of the parent	13	–	–	–	–	–	–	–	–	(594,717)	(594,717)	–	(594,717)
Other comprehensive income transferred to retained earnings		–	–	–	–	–	–	28,237	–	(28,237)	–	–	–
Others		–	6,019	–	–	–	–	–	–	–	6,019	–	6,019
As at 30 June 2023 (Unaudited)		42,479,808	10,690,535	3,174,294	7,602,169	212,951	(24,473)	1,630,745	68,417	25,480,293	91,314,739	8,961,124	100,275,863

The accompanying notes on pages 70 to 156 form part of these financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the six months ended 30 June 2023
(Expressed in thousands of Renminbi, unless otherwise stated)

		Total equity attributable to equity shareholders of the parent											
			Reserves										
	Note	Share capital	Capital reserve	Surplus reserve	General risk reserve	Catastrophic loss reserve	Defined benefit obligation remeasurement reserve	Fair value reserve	Exchange reserve	Retained earnings	Subtotal	Non-controlling interests	Total equity
As at 31 December 2021 (Audited)		42,479,808	10,685,913	2,807,596	6,906,537	144,470	46,146	2,602,115	(537,182)	27,571,892	92,707,295	9,382,426	102,089,721
Impact of changes in accounting policies		–	–	55,401	181,644	–	–	(1,977,889)	(41,820)	(63, 317)	(1,845,981)	155,501	(1,690,480)
As at 1 January 2022		42,479,808	10,685,913	2,862,997	7,088,181	144,470	46,146	624,226	(579,002)	27,508,575	90,861,314	9,537,927	100,399,241
Profit/(loss) for the period		–	–	–	–	–	–	–	–	466,246	466,246	(100,274)	365,972
Other comprehensive income		–	–	–	–	–	(9)	57,612	99,619	–	157,222	14,861	172,083
Total comprehensive income		–	–	–	–	–	(9)	57,612	99,619	466,246	623,468	(85,413)	538,055
Distributions to shareholders of the parent	13	–	–	–	–	–	–	–	–	(1,911,591)	(1,911,591)	–	(1,911,591)
Other comprehensive income transferred to retained earnings		–	–	–	–	–	–	13,203	–	(13,203)	–	–	–
Others		–	2,151	–	–	–	–	–	–	–	2,151	–	2,151
As at 30 June 2022 (Restated, Unaudited)		42,479,808	10,688,064	2,862,997	7,088,181	144,470	46,137	695,041	(479,383)	26,050,027	89,575,342	9,452,514	99,027,856

The accompanying notes on pages 70 to 156 form part of these financial statements.

FINANCIAL STATEMENTS AND NOTES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023
(Expressed in thousands of Renminbi, unless otherwise stated)

	For the six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Operating activities		
Cash generated from operations	17,463,450	158,814
Income tax paid	(2,306,853)	(1,166,893)
Net cash flows generated from/(used in) operating activities	15,156,597	(1,008,079)
Investing activities		
Interest received	5,190,681	5,247,502
Dividends received	631,695	612,497
Purchases of property and equipment, investment properties and intangible assets	(118,209)	(52,357)
Proceeds from disposal of property and equipment, investment properties and intangible assets	68,131	21,184
Purchases of investments	(138,452,963)	(79,179,462)
Proceeds from disposal of investments	122,938,053	84,882,693
Net cash flows (used in)/generated from investing activities	(9,742,612)	11,532,057

The accompanying notes on pages 70 to 156 form part of these financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the six months ended 30 June 2023
(Expressed in thousands of Renminbi, unless otherwise stated)

	For the six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Financing activities		
Changes in third party investors' interests of consolidated structured entities, net	327,293	–
Funds received from bond	4,000,000	–
Cash paid for debt	–	(9,483,330)
Interest paid	(722,235)	(783,707)
Cash paid for lease liabilities	(234,133)	(238,134)
Net proceeds from securities sold under agreements to repurchase	(8,517,009)	(5,195,538)
Net cash flows used in financing activities	(5,146,084)	(15,700,709)
Net increase/(decrease) in cash and cash equivalents	267,901	(5,176,731)
Cash and cash equivalents at the beginning of the period	15,416,186	22,203,831
Effect of foreign exchange rate changes	64,176	309,975
Cash and cash equivalents at the end of the period	15,748,263	17,337,075
Cash and short-term time deposits	14,246,154	15,931,813
Add: Financial assets held under resale agreements with original maturity of no more than three months	5,057,716	3,133,962
Less: Restricted cash and short-term time deposits	(3,555,607)	(1,728,700)
Cash and cash equivalents at the end of the period	15,748,263	17,337,075

The accompanying notes on pages 70 to 156 form part of these financial statements.

FINANCIAL STATEMENTS AND NOTES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2023
(Expressed in thousands of Renminbi, unless otherwise stated)

1 CORPORATE INFORMATION

The predecessor of China Reinsurance (Group) Corporation (the "Company"), PICC Reinsurance Company Limited, was originated from The People's Insurance Company of China, which was established in October 1949. On 23 March 1999, pursuant to the approval of the State Council of the PRC and the former China Insurance Regulatory Commission (the "former CIRC"), PICC Reinsurance Company Limited was renamed to China Reinsurance Company. On 20 June 2003, with the approval of the former CIRC, China Reinsurance Company was renamed to China Reinsurance (Group) Company. On 9 October 2007, pursuant to the approval from relevant authorities, China Reinsurance (Group) Company was converted into a joint stock limited company and changed the company name to China Reinsurance (Group) Corporation.

The Company completed its initial public offering of overseas-listed foreign shares ("H shares") and was listed on the Main Board of The Stock Exchange of Hong Kong Limited on 26 October 2015.

The Company's registered office is located at No. 11 Jinrong Avenue, Xicheng District, Beijing 100033, the PRC.

The Company and its subsidiaries (the "Group") are mainly engaged in property and casualty reinsurance, life and health reinsurance, primary property and casualty insurance, asset management and other businesses.

2 BASIS OF PREPARATION

The condensed consolidated interim financial information has been prepared in accordance with the International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board (IASB), and the applicable disclosure requirements of Appendix 16 to the Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The accounting policies used for the condensed consolidated interim financial information for the six months ended 30 June 2023 are the same as those used for the preparation of the Group's financial statements for the year ended 31 December 2022, except for the adoption of the new standards effective 1 January 2023 as described in Note 2.1. The Group has not adopted other accounting policies, interpretations or revisions that have been issued but have not yet taken effect in advance.

2 BASIS OF PREPARATION *(continued)*

2.1 New accounting standards and amendments adopted by the Group for the first time for the financial year beginning on 1 January 2023

IFRS 9	Financial Instruments
IFRS 17	Insurance Contract
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies

Except for IFRS 9 and IFRS 17, the above amendments to the standards did not have any impact on the interim condensed consolidated financial statements of the Group for the six months ended 30 June 2023.

2.1.1 International Financial Reporting Standard 17 – Insurance Contract

(a) **Classification**

The Group classifies its contracts written as either insurance contracts or investment contracts, depending on the level of insurance risk. Contracts under which the Group transfers significant insurance risk are classified as insurance contracts, while those contracts which have the legal form of insurance contracts but do not transfer significant insurance risk are classified as financial liabilities and are referred to as investment contracts.

In the event that a scenario (other than those lacking commercial substance) exists in which an insured event would require the Group to pay significant additional benefits to its customers and has a possibility of incurring a loss on a present value basis, the contract is considered as transferring significant insurance risk and is accounted for as an insurance contract. Contracts held by the Group under which it transfers significant insurance risk related to underlying insurance contracts are classified as reinsurance contracts held. Insurance contracts and reinsurance contracts held can also expose the Group to financial risk. For investment contracts that do not contain discretionary participation features (DPF), IFRS 9 "Financial Instruments" is applied.

Once a contract has been classified as an insurance, reinsurance or investment contract, reclassification is not subsequently performed unless the terms of the agreement are later amended.

2 BASIS OF PREPARATION *(continued)*

2.1 New accounting standards and amendments adopted by the Group for the first time for the financial year beginning on 1 January 2023 *(continued)*

2.1.1 International Financial Reporting Standard 17 – Insurance Contract *(continued)*

(b) Combination and separation

The Group considers a set or series of insurance contracts with the same or related counterparties that may achieve, or be designed to achieve, an overall commercial effect as a whole.

At inception, the Group separates the following components from an insurance contract or a reinsurance contract held and accounts for them as if they were stand-alone financial instruments:

- derivatives embedded in the contract whose economic characteristics and risks are not closely related to those of the host contract, and whose terms would not meet the definition of an insurance contract or a reinsurance contract held as a stand-alone instrument; and

- distinct investment components – i.e. investment components that are not highly interrelated with the insurance components and for which contracts with equivalent terms are sold, or could be sold, separately in the same market or the same jurisdiction.

After separating any financial instrument components, the Group separates any promises to transfer distinct goods or services other than insurance coverage and investment services and accounts for them as separate contracts with customers (i.e. not as insurance contracts). A good or service is distinct if the policyholder can benefit from it either on its own or with other resources that are readily available to the policyholder. A good or service is not distinct and is accounted for together with the insurance component if the cash flows and risks associated with the good or service are highly inter-related with the cash flows and risks associated with the insurance component, and the Group provides a significant service of integrating the good or service with the insurance component.

2 BASIS OF PREPARATION *(continued)*

2.1 New accounting standards and amendments adopted by the Group for the first time for the financial year beginning on 1 January 2023 *(continued)*

2.1.1 International Financial Reporting Standard 17 – Insurance Contract *(continued)*

(c) Level of aggregation and recognition of group of insurance contracts and reinsurance contracts held

Insurance contracts

A portfolio of insurance contracts of the Group comprises contracts subject to similar risks and are managed together. Each portfolio is further disaggregated into groups of contracts within one calendar year and is divided into at least three groups based on the profitability of the contract:

- a group of contracts that are onerous at initial recognition;
- a group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or
- a group of the remaining contracts in the portfolio.

An insurance contract issued by the Group is recognised from the earliest of:

- the beginning of its coverage period (i.e. the period during which the Group provides services in respect of any premiums within the boundary of the contract);
- when the first payment from the policyholder becomes due or, if there is no contractual due date, when it is received from the policyholder; and
- when facts and circumstances indicate that the contract is onerous.

When the contract is recognised, it is added to an existing group of contracts or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which future contracts are added.

2 BASIS OF PREPARATION *(continued)*

2.1 New accounting standards and amendments adopted by the Group for the first time for the financial year beginning on 1 January 2023 *(continued)*

2.1.1 International Financial Reporting Standard 17 – Insurance Contract *(continued)*

(c) Level of aggregation and recognition of group of insurance contracts and reinsurance contracts held *(continued)*

Reinsurance contracts held

Portfolios of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued. The Group aggregates reinsurance contracts held within one calendar year into groups of:

- a group of contracts for which there is a net gain at initial recognition;
- a group of contracts that at initial recognition have no significant possibility of a net gain arising subsequently; and
- a group of the remaining contracts in the portfolio.

A group of reinsurance contracts held by the Group is recognised on the following dates:

- Reinsurance contracts held that provide proportionate coverage: Generally later of the beginning of the coverage period of the group of reinsurance contracts held, or the date on which any underlying insurance contract is initially recognised.
- Other reinsurance contracts held: The beginning of the coverage period of the group of reinsurance contracts held. However, if the Group recognises an onerous group of underlying insurance contracts on an earlier date and the related reinsurance contract held was entered into on or before that earlier date, then the group of reinsurance contracts held is recognised on that earlier date.

2 BASIS OF PREPARATION *(continued)*

2.1 New accounting standards and amendments adopted by the Group for the first time for the financial year beginning on 1 January 2023 *(continued)*

2.1.1 International Financial Reporting Standard 17 – Insurance Contract *(continued)*

(d) Fulfilment cash flows

Fulfilment cash flows comprise:

Estimates of future cash flows

The estimates of future cash flows:

- are based on a probability-weighted mean of the full range of possible outcomes;
- are determined from the perspective of the Group, provided that the estimates are consistent with observable market prices for market variables; and
- reflect conditions existing at the measurement date.

An adjustment to reflect the time value of money and the financial risks related to future cash flows

The estimates of future cash flows are adjusted using the current discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of cash flows. The discount rates reflect the characteristics of the cash flows arising from the groups of insurance contracts, including timing, currency and liquidity of cash flows. The determination of the discount rate that reflects the characteristics of the cash flows and liquidity characteristics of the insurance contracts requires significant judgement and estimation.

A risk adjustment for non-financial risk

The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows, to reflect the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risk. For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Group to the reinsurer.

2 BASIS OF PREPARATION *(continued)*

2.1 New accounting standards and amendments adopted by the Group for the first time for the financial year beginning on 1 January 2023 *(continued)*

2.1.1 International Financial Reporting Standard 17 – Insurance Contract *(continued)*

(e) **Contract boundary**

The Group uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts.

Insurance contracts

Cash flows are within the boundary of a contract if they arise from substantive rights and obligations that exist during the reporting period under which the Group can compel the policyholder to pay premiums or has a substantive obligation to provide insurance contract services.

A substantive obligation to provide insurance contract services ends when:

- the Group has the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or

- the Group has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio; and the pricing of the premiums for coverage up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

Reinsurance contracts held

Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Group is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer.

2 BASIS OF PREPARATION *(continued)*

2.1 New accounting standards and amendments adopted by the Group for the first time for the financial year beginning on 1 January 2023 *(continued)*

2.1.1 International Financial Reporting Standard 17 – Insurance Contract *(continued)*

(e) Contract boundary *(continued)*

Reinsurance contracts held (continued)

A substantive right to receive services from the reinsurer ends when the reinsurer:

- has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that fully reflects those reassessed risks; or

- has a substantive right to terminate the coverage.

The contract boundary is reassessed at each reporting date to include the effect of changes in circumstances on the Group's substantive rights and obligations and, therefore, may change over time.

(f) Insurance acquisition cash flows

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

Insurance acquisition cash flows are allocated to groups of contracts using a systematic and rational allocation method.

2 BASIS OF PREPARATION *(continued)*

2.1 New accounting standards and amendments adopted by the Group for the first time for the financial year beginning on 1 January 2023 *(continued)*

2.1.1 International Financial Reporting Standard 17 – Insurance Contract *(continued)*

(g) Measurement – insurance contracts not measured under the PAA

(i) Initial measurement

On initial recognition, the Group measures a group of contracts as the total of: (a) the fulfilment cash flows, which comprise estimates of future cash flows, an adjustment to reflect time value of money and associated financial risks, and a risk adjustment for non-financial risk; and (b) the contractual service margin (CSM).

The CSM of a group of contracts represents the unearned profit that the Group will recognise as it provides services under those contracts. On initial recognition of a group of contracts, if the total of the fulfilment cash flows, any cash flows arising at that date and any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group (including assets for insurance acquisition cash flows) is a net inflow, then the group is not onerous. In this case, the CSM is measured as the equal and opposite amount of the net inflow, which results in no income or expenses arising on initial recognition.

If the total is a net outflow, then the group is onerous. In this case, the net outflow is recognised as a loss in profit or loss. A loss component is created to depict the amount of the net cash outflows, which determines the amounts that are subsequently presented in profit or loss as reversals of losses on onerous groups and are excluded from insurance revenue.

2 BASIS OF PREPARATION *(continued)*

2.1 New accounting standards and amendments adopted by the Group for the first time for the financial year beginning on 1 January 2023 *(continued)*

2.1.1 International Financial Reporting Standard 17 – Insurance Contract *(continued)*

(g) Measurement – insurance contracts not measured under the PAA *(continued)*

(ii) Subsequent measurement

The carrying amount of a group of insurance contracts at each reporting date is the sum of the liability for remaining coverage (LRC) and the liability for incurred claims (LIC). The LRC comprises (a) the fulfilment cash flows that relate to services that will be provided under the contracts in future periods and (b) any remaining CSM at that date. The LIC includes the fulfilment cash flows for incurred claims and expenses that have not yet been paid, including claims that have been incurred but not yet reported.

The fulfilment cash flows of groups of contracts are measured at the reporting date using current estimates of future cash flows, current discount rates and current estimates of the risk adjustment for non-financial risk. Changes in fulfilment cash flows are recognised as follows.

- Changes relating to future services are adjusted against the CSM (or recognised in the insurance service result in profit or loss if the group is onerous);
- Changes relating to current or past services are recognised in the insurance service result in profit or loss; and
- Effects of the time value of money, financial risk and changes therein on estimated future cash flows are recognised as insurance finance income or expenses for insurance contracts.

2 BASIS OF PREPARATION *(continued)*

2.1 New accounting standards and amendments adopted by the Group for the first time for the financial year beginning on 1 January 2023 *(continued)*

2.1.1 International Financial Reporting Standard 17 – Insurance Contract *(continued)*

(g) Measurement – insurance contracts not measured under the PAA *(continued)*

(ii) Subsequent measurement (continued)

The carrying amount of the CSM at each reporting date is that at the start of the reporting period, adjusted mainly for:

- the CSM of any new contracts that are added to the group in the period;
- interest accreted on the carrying amount of the CSM during the period, measured at the discount rates determined on initial recognition;
- changes in fulfilment cash flows that relate to future services, except to the extent that:
  - any increases in the fulfilment cash flows exceed the carrying amount of the CSM, in which case the excess is recognised in insurance service expenses and recognised as a loss component in LRC; or
  - any decreases in the fulfilment cash flows adjust the loss component in the LRC and the corresponding amount is recognised in insurance service expenses. If the loss component is reduced to zero, the excess reinstates the CSM;
- the effect of any currency exchange differences on the CSM; and
- the amount recognised as insurance revenue for service provided in the period.

2 BASIS OF PREPARATION *(continued)*

2.1 New accounting standards and amendments adopted by the Group for the first time for the financial year beginning on 1 January 2023 *(continued)*

2.1.1 International Financial Reporting Standard 17 – Insurance Contract *(continued)*

(g) Measurement – insurance contracts not measured under the PAA *(continued)*

(ii) Subsequent measurement (continued)

Changes in fulfilment cash flows that relate to future services mainly comprise:

- experience adjustments arising from premiums received in the period that relate to future services and related cash flows, measured at the discount rates determined on initial recognition;
- changes in estimates of the present value of future cash flows in the LRC, measured at the discount rates determined on initial recognition, except for those that relate to the effects of the time value of money, financial risk and changes therein;
- differences between (a) any investment component expected to become payable in the period, determined as the payment expected at the start of the period plus any insurance finance income or expenses related to that expected payment before it becomes payable; and (b) the actual amount that becomes payable in the period;
- differences between (a) any loan to a policyholder expected to become repayable in the period, determined as the repayment expected at the start of the period plus any insurance finance income or expenses related to that expected repayment before it becomes repayable; and (b) the actual amount that becomes repayable in the period; and
- changes in the risk adjustment for non-financial risk that relate to future services.

2 BASIS OF PREPARATION *(continued)*

2.1 New accounting standards and amendments adopted by the Group for the first time for the financial year beginning on 1 January 2023 *(continued)*

2.1.1 International Financial Reporting Standard 17 – Insurance Contract *(continued)*

(h) Measurement – insurance contracts measured under the PAA

The Group generally uses the PAA to simplify the measurement of groups of contracts in the following circumstances:

- where the coverage period of each contract in the group of contracts is one year or less; or

- the Group reasonably expects that the measurement of the LRC would not differ materially from the result of applying the accounting policies of contracts not measured under the PAA.

(i) Initial measurement

On initial recognition of each group of contracts, the carrying amount of the LRC is measured at the premiums received on initial recognition minus any insurance acquisition cash flows allocated to the group at that date, and adjusted for amounts arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group. The Group has elected the accounting policy choice to defer insurance acquisition cash flows through the LRC.

2 BASIS OF PREPARATION *(continued)*

2.1 New accounting standards and amendments adopted by the Group for the first time for the financial year beginning on 1 January 2023 *(continued)*

2.1.1 International Financial Reporting Standard 17 – Insurance Contract *(continued)*

(h) Measurement – insurance contracts measured under the PAA *(continued)*

(ii) Subsequent measurement

Subsequently, the carrying amount of the LRC is increased by (i) any premiums received; and (ii) any amortisation of the insurance acquisition cash flows, and decreased by (i) insurance acquisition cash flows paid; (ii) the amount recognised as insurance revenue for coverage provided; and (iii) any investment component paid or transferred to the LIC. On initial recognition of each group of contracts, the Group has chosen to adjust the LRC to reflect the time value of money and the effect of financial risk.

If at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Group recognises a loss in profit or loss and increases the LRC to the extent that the current estimates of the fulfilment cash flows that relate to remaining coverage (including the risk adjustment for non-financial risk) exceed the carrying amount of the LRC as loss component. The fulfilment cash flows are adjusted for the time value of money and the effect of financial risk (using current estimates) if the LIC is also adjusted for the time value of money and the effect of financial risk. In subsequent periods, the loss component is remeasured at each reporting date as the difference between the current estimates of the fulfilment cash flows that relate to remaining coverage (including the risk adjustment for non-financial risk) and the carrying amount of the LRC without loss component until the loss component is reduced to zero.

The Group recognizes the LIC of the insurance contract group as the amount of performance cash flow related to the incurred compensation, discounted at the current interest rate.

2 BASIS OF PREPARATION *(continued)*

2.1 New accounting standards and amendments adopted by the Group for the first time for the financial year beginning on 1 January 2023 *(continued)*

2.1.1 International Financial Reporting Standard 17 – Insurance Contract *(continued)*

(i) Measurement – reinsurance contracts held

For groups of reinsurance contracts held, the Group applies the same accounting policies as that applied to insurance contracts not measured under PAA, with the following modifications.

The carrying amount of a group of reinsurance contracts held at each reporting date is the sum of the asset for remaining coverage and the asset for incurred claims. The asset for remaining coverage comprises (a) the fulfilment cash flows that relate to services that will be received under the contracts in future periods and (b) any remaining CSM at that date.

The Group measures the estimates of the present value of future cash flows using assumptions that are consistent with those used to measure the estimates of the present value of future cash flows for the underlying insurance contracts, with an adjustment for any risk of non-performance by the reinsurer. The effect of the non-performance risk of the reinsurer is assessed at each reporting date and the effect of changes in the non-performance risk is recognised in profit or loss.

The risk adjustment for non-financial risk is the amount of risk being transferred by the Group to the reinsurer.

On initial recognition, the CSM of a group of reinsurance contracts held represents a net cost or net gain on purchasing reinsurance. It is measured as the equal and opposite amount of the total of (a) the fulfilment cash flows, (b) the amount arising from assets or liabilities previously recognised for cash flows related to the group, before the group is recognised, (c) cash flows arising from the contracts in the group at that date and (d) any income recognised in profit or loss because of onerous underlying contracts recognised at that date. However, if any net cost on purchasing reinsurance coverage relates to insured events that occurred before the purchase of the reinsurance, then the Group recognises the cost immediately in profit or loss as an expense.

2 BASIS OF PREPARATION *(continued)*

2.1 New accounting standards and amendments adopted by the Group for the first time for the financial year beginning on 1 January 2023 *(continued)*

2.1.1 International Financial Reporting Standard 17 – Insurance Contract *(continued)*

(i) Measurement – reinsurance contracts held *(continued)*

The carrying amount of the CSM at each reporting date is that at the start of the reporting period, adjusted mainly for:

- the CSM of any new contracts that are added to the group in the period;
- interest accreted on the carrying amount of the CSM during the period, measured at the discount rates determined on initial recognition;
- income recognised in profit or loss in respect of a loss recognised for onerous underlying contracts. A loss-recovery component is established or adjusted in the asset for remaining coverage of reinsurance contracts held for the amount of income recognised;
- reversals of a loss-recovery component to the extent that they are not changes in the fulfilment cash flows of the group;
- changes in fulfilment cash flows that relate to future services, measured at the discount rates determined on initial recognition, unless the changes result from changes in fulfilment cash flows of onerous underlying contracts, in which case they are recognised in profit or loss and create or adjust a loss-recovery component;
- the effect of any currency exchange differences on the CSM; and
- the amount recognised in profit or loss for the services received in the period.

2 BASIS OF PREPARATION *(continued)*

2.1 New accounting standards and amendments adopted by the Group for the first time for the financial year beginning on 1 January 2023 *(continued)*

2.1.1 International Financial Reporting Standard 17 – Insurance Contract *(continued)*

(i) Measurement – reinsurance contracts held *(continued)*

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

- the amount of the loss that relates to the underlying contracts; and
- the percentage of claims on the underlying contracts that the Group expects to recover from the reinsurance contracts held.

If the reinsurance contract held covers only some of the insurance contracts included in an onerous group of contracts, then the Group uses a systematic and rational method to determine a portion of losses recognised on the onerous group of contracts containing the insurance contracts covered by the reinsurance contract held.

A loss-recovery component is established or adjusted in the asset for remaining coverage of reinsurance contracts held, which determines the amounts that are subsequently presented in profit or loss as reversals of recoveries of losses from the reinsurance contracts held and are excluded from the allocation of reinsurance premiums paid.

Reinsurance contracts held measured under the PAA

The Group applies the same accounting principles to measure a group of insurance contracts or reinsurance contracts held under the PAA.

If a loss-recovery component is established for a group of reinsurance contracts held measured under the PAA, the Group adjusts the carrying amount of the asset.

2 BASIS OF PREPARATION *(continued)*

2.1 New accounting standards and amendments adopted by the Group for the first time for the financial year beginning on 1 January 2023 *(continued)*

2.1.1 International Financial Reporting Standard 17 – Insurance Contract *(continued)*

(j) Presentation

Portfolios of insurance contracts and reinsurance contracts held in an asset position are presented separately from those in a liability position. Portfolios of insurance contracts issued are presented separately from portfolios of reinsurance contracts held.

Income and expenses from reinsurance contracts held are presented separately from income and expenses from insurance contracts.

The Group disaggregates changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses.

Insurance revenue and insurance service expenses exclude any investment components and are recognised as follows.

(i) Insurance revenue

The Group recognises insurance revenue as it satisfies its performance obligations – i.e. as it provides services under groups of contracts. For contracts not measured under the PAA, the insurance revenue relating to services provided for each period represents the total of the changes in the LRC that relate to services for which the Group expects to receive consideration, excludes expected investment components and mainly comprises the following items:

- A release of the CSM, measured based on coverage units provided;
- Changes in the risk adjustment for non-financial risk relating to current services;
- Claims and other insurance service expenses incurred in the period, generally measured at the amounts expected at the beginning of the period; and
- Other amounts, including experience adjustments for premium receipts for current or past services.

2 BASIS OF PREPARATION *(continued)*

2.1 New accounting standards and amendments adopted by the Group for the first time for the financial year beginning on 1 January 2023 *(continued)*

2.1.1 International Financial Reporting Standard 17 – Insurance Contract *(continued)*

(j) Presentation *(continued)*

(i) Insurance revenue (continued)

For insurance acquisition cash flows recovery, the Group allocates a portion of premiums related to the recovery in a systematic way over the expected coverage of a group of contracts. The allocated amount is recognised as insurance revenue with the same amount recognised as insurance service expenses.

The amount of the CSM of a group of insurance contracts that is recognised as insurance revenue in each reporting period is determined by identifying the coverage units in the group, allocating the CSM remaining at the end of the reporting period (before any allocation) equally to each coverage unit provided in the current period and expected to be provided in future periods, and recognising in profit or loss the amount of the CSM allocated to coverage units provided in the current period. The number of coverage units is the quantity of services provided by the contracts in the group, determined considering for each contract the quantity of benefits provided and its expected coverage period.

For contracts measured under the PAA, the insurance revenue for each period is the amount of expected premium for providing services in the period. The Group allocates the expected premium to each period on the following bases:

- the passage of time; or

- the expected timing of incurred insurance service expenses, if the expected pattern of release of risk during the coverage period differs significantly from the passage of time.

2 BASIS OF PREPARATION *(continued)*

2.1 New accounting standards and amendments adopted by the Group for the first time for the financial year beginning on 1 January 2023 *(continued)*

2.1.1 International Financial Reporting Standard 17 – Insurance Contract *(continued)*

(j) Presentation *(continued)*

(ii) Insurance service expenses

Insurance service expenses arising from insurance contracts are recognised in profit or loss generally as they are incurred. They exclude repayments of investment components and mainly comprise the following items:

- Incurred claims and other insurance service expenses;
- Amortisation of insurance acquisition cash flows: for contracts not measured under the PAA, this is equal to the amount of insurance revenue recognised in the period that relates to recovering insurance acquisition cash flows. For contracts measured under the PAA, the Group amortises insurance acquisition cash flows on a straight-line basis over the coverage period of the group of contracts;
- Losses on onerous contracts and reversals of such losses; and
- Adjustments to the liabilities for incurred claims that do not arise from the effects of the time value of money, financial risk and changes therein.

For contracts not measured under the PAA, amortisation of insurance acquisition cash flows is reflected in insurance service expenses in the same amount as insurance acquisition cash flows recovery reflected within insurance revenue, as described above.

For contracts measured under the PAA, amortisation of insurance acquisition cash flows is based on the passage of time.

Other expenses not meeting the above categories are included in other operating and administrative expenses in the consolidated statement of profit or loss.

2 BASIS OF PREPARATION *(continued)*

2.1 New accounting standards and amendments adopted by the Group for the first time for the financial year beginning on 1 January 2023 *(continued)*

2.1.1 International Financial Reporting Standard 17 – Insurance Contract *(continued)*

(j) Presentation *(continued)*

(iii) Loss components

For contracts not measured under the PAA, the Group establishes a loss component of the LRC for onerous groups of contracts. The loss component determines the amounts of fulfilment cash flows that are subsequently excluded from insurance revenue when they occur. When the fulfilment cash flows occur, they are allocated between the loss component and the LRC excluding the loss component on a systematic basis.

Changes in estimates of fulfilment cash flows relating to future services and changes in the Group's share of the fair value of underlying items are allocated solely to the loss component. If the loss component is reduced to zero, then any excess over the amount allocated to the loss component creates or reinstates the CSM for the group of contracts.

For contracts measured under the PAA, relevant facts and circumstances indicate that when the contract group experiences losses during the liability period, the amount of performance cash flow related to unexpired liabilities at the evaluation time point that exceeds the amount of unexpired liability liabilities is included in the current insurance service expenses, while increasing the book value of unexpired liability liabilities.

For groups of reinsurance contracts held covering onerous underlying contracts that were entered into before or at the same time as the onerous underlying contracts, the Group established a loss-recovery component at 1 January 2022. The Group determined the loss-recovery component by multiplying:

- the amount of the loss component that relates to the underlying contracts at 1 January 2022; and

- the percentage of claims on the underlying contracts that the Group expects to recover from the reinsurance contracts held.

2 BASIS OF PREPARATION *(continued)*

2.1 New accounting standards and amendments adopted by the Group for the first time for the financial year beginning on 1 January 2023 *(continued)*

2.1.1 International Financial Reporting Standard 17 – Insurance Contract *(continued)*

(j) Presentation *(continued)*

(iv) Insurance finance income or expenses

Insurance finance income or expenses comprise changes in the carrying amounts of groups of insurance contracts and reinsurance contracts held arising from the effects of the time value of money, financial risk and changes therein.

The Group has chosen to disaggregate insurance finance income or expenses between profit or loss and other comprehensive income. The amount included in profit or loss is determined by a systematic allocation of the expected total insurance finance income or expenses over the duration of the group of contracts.

2.1.2 International Financial Reporting Standard 9 – Financial Instruments

The adoption of IFRS 9 has resulted in changes in the Group's accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets. Specific accounting policies which have been significantly impacted by IFRS 9 are described as follows:

Classification overlay

The Group applied the classification overlay for the purpose of presenting comparative information about the Group's financial asset as permitted by IFRS 17. When applying the classification overlay, the Group has chosen to:

– present comparative information for all financial assets as if the classification and measurement requirements of IFRS 9 had been applied to all financial assets based on preliminary assessments performed and using reasonable and supportable information available at the transition date to determine how the Group expects the financial assets would be classified and measured at initial applicable of IFRS 9 (i.e. 1 January 2023);

– assess impairment of financial assets classified as measured at amortised cost and FVOCI based on the requirements of IAS 39 Financial Instruments: Recognition and Measurement.

– recognise any difference between the carrying amount of financial assets and the carrying amount at the transition date as a result of applying the classification overlay in the opening equity of 2023.

2 BASIS OF PREPARATION *(continued)*

2.1 New accounting standards and amendments adopted by the Group for the first time for the financial year beginning on 1 January 2023 *(continued)*

2.1.2 International Financial Reporting Standard 9 – Financial Instruments *(continued)*

Financial instruments

(a) **Initial recognition, classification and measurement of financial instruments**

Financial assets or financial liabilities are recognized when the Group becomes a party to the contractual provisions of the financial instrument.

For purchases or sales of financial assets in a regular way, the related assets and liabilities are recognized or sold assets are derecognized at the trade date, along with the recognition of gains or losses on disposal and the receivables due from the buyer. The trade date is the date on which the Group commits to purchase or sell the financial asset.

At initial recognition, the Group measures a financial asset or financial liability at its fair value. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. For other classes of financial assets or financial liabilities, the relevant transaction costs are included in the initial recognized

Financial assets

Financial assets are classified in the following measurement categories based on the Group's business model for managing the assets and the cash flow characteristics of the assets:

(i) Amortized cost ("AC");

(ii) Fair value through other comprehensive income ("FVOCI"); or

(iii) Fair value through profit or loss ("FVPL").

2 BASIS OF PREPARATION *(continued)*

2.1 New accounting standards and amendments adopted by the Group for the first time for the financial year beginning on 1 January 2023 *(continued)*

2.1.2 International Financial Reporting Standard 9 – Financial Instruments *(continued)*

Financial instruments *(continued)*

(a) **Initial recognition, classification and measurement of financial instruments *(continued)***

The business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of "other" business model and measured at FVPL. The Group's assessment of the business model is performed on a financial asset portfolio basis, and determined on a reasonable expected scenario, taking into account: how cash flows were generated in the past, how the performance of the business model and the financial assets held within that business model is evaluated and reported to the Group's key management personnel; how risks are evaluated and managed; and how managers of the business are compensated.

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest ("SPPI"). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes consideration for the time value of money, credit risk associated with the principal amount outstanding during a particular period of time, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. The Group also assesses whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are SPPI.

2 BASIS OF PREPARATION *(continued)*

2.1 New accounting standards and amendments adopted by the Group for the first time for the financial year beginning on 1 January 2023 *(continued)*

2.1.2 International Financial Reporting Standard 9 – Financial Instruments *(continued)*

Financial instruments *(continued)*

(a) **Initial recognition, classification and measurement of financial instruments *(continued)***

The classification requirements for debt instruments and equity instruments in the Group are described as below:

Debt Instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds. Classification and measurement of debt instruments depend on the Group's business models for managing the asset and the cash flow characteristics of the asset.

Based on these factors, the debt instruments of the Group are classified into three categories below:

(i) AC: Debt instruments that are held within a business model whose objective is to hold assets to collect contractual cash flows; and contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and that are not designated as at FVPL, are measured at amortized cost.

(ii) FVOCI: Debt instruments that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVOCI.

(iii) FVPL: All financial assets not classified as measured at AC or FVOCI as described above are measured at FVPL.

The Group may also irrevocably designate financial assets as at FVPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases.

2 BASIS OF PREPARATION *(continued)*

2.1 New accounting standards and amendments adopted by the Group for the first time for the financial year beginning on 1 January 2023 *(continued)*

2.1.2 International Financial Reporting Standard 9 – Financial Instruments *(continued)*

Financial instruments *(continued)*

(a) Initial recognition, classification and measurement of financial instruments *(continued)*

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

The Group subsequently measures all equity investments at FVPL, except for the equity investment not held for trading where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment as at FVOCI. The Group has irrevocably designated equity instruments that are not held for trading as financial assets at fair value through other comprehensive income. Only relevant dividend income (excluding dividend income explicitly recovered as part of investment cost) is recognised in profit or loss, and subsequent changes in fair value are recognised in other comprehensive income without provision for impairment. When financial assets are derecognised, the accumulated gains or losses previously recognised in other comprehensive income shall be reclassified to retained earnings under equity.

Financial liabilities

The Group's financial liabilities are classified into financial liabilities at FVPL and other financial liabilities carried at amortized cost on initial recognition. Financial liabilities at FVPL is applied to derivatives, financial liabilities held for trading and financial liabilities designated as such at initial recognition.

2 BASIS OF PREPARATION *(continued)*

2.1 New accounting standards and amendments adopted by the Group for the first time for the financial year beginning on 1 January 2023 *(continued)*

2.1.2 International Financial Reporting Standard 9 – Financial Instruments *(continued)*

Financial instruments *(continued)*

(b) Subsequent measurement of financial instruments

Subsequent measurement of financial instruments depends on the categories:

Financial assets and liabilities measured at amortized cost

The amortized cost is the amount at which the financial asset or financial liability is measured at initial recognition: (i) minus the principal repayments; (ii) plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount; (iii) for financial assets, adjusted for any loss allowance. Interest income and interest expenses from these financial assets and liabilities are included in "interest income" and "interest expense" using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortized cost before any impairment allowance) or to the amortized cost of a financial liability. The calculation does not consider expected credit losses ("ECL") but includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate. For purchased or originated credit-impaired ("POCI") financial assets, the Group calculates the credit-adjusted effective interest rate, which is calculated based on the amortized cost of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets and is included in "interest income".

2 BASIS OF PREPARATION *(continued)*

2.1 New accounting standards and amendments adopted by the Group for the first time for the financial year beginning on 1 January 2023 *(continued)*

2.1.2 International Financial Reporting Standard 9 – Financial Instruments *(continued)*

Financial instruments *(continued)*

(b) Subsequent measurement of financial instruments *(continued)*

Financial assets at fair value through other comprehensive income

Debt instruments
Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue calculated by using the effective interest method and foreign exchange gains and losses on the instrument's amortized cost which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in "interest income" using the effective interest method.

Equity instruments
The equity instrument investments that are not held for trading are designated as FVOCI. Dividends, except when representing a recovery of cost on such investments, continue to be recognized in profit or loss as investment income when the Group's right to receive payments is established. Other net gains or losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to retained earnings.

Financial assets at fair value through profit or loss

Debt instruments
A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented in the profit or loss statement within "Investment income" in the period in which it arises.

Equity instruments
Gains and losses on equity investments at FVPL are included in the "Investment income" in the condensed consolidated interim income statement.

Financial liabilities at fair value through profit or loss

Financial liabilities at FVPL are measured at fair value with all gains or losses recognized in profit or loss of the current period.

2 BASIS OF PREPARATION *(continued)*

2.1 New accounting standards and amendments adopted by the Group for the first time for the financial year beginning on 1 January 2023 *(continued)*

2.1.2 International Financial Reporting Standard 9 – Financial Instruments *(continued)*

Financial instruments *(continued)*

(c) **Impairment of financial instruments**

The Group assesses on a forward-looking basis the ECL associated with its debt instrument assets carried at amortized cost and FVOCI and exposures arising from some loan commitments and financial guarantee contracts.

ECL is the weighted average of credit losses with the respective risks of a default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, which are all cash shortfalls, discounted at the original effective interest rate (or credit-adjusted effective interest rate for POCI financial assets).

The Group measures ECL of a financial instrument reflecting:

(i) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;

(ii) the time value of money; and

(iii) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

2 BASIS OF PREPARATION *(continued)*

2.1 New accounting standards and amendments adopted by the Group for the first time for the financial year beginning on 1 January 2023 *(continued)*

2.1.2 International Financial Reporting Standard 9 – Financial Instruments *(continued)*

Financial instruments *(continued)*

(c) **Impairment of financial instruments *(continued)***

For financial instruments whose impairment losses are measured using the ECL models, the Group applies a three-stage impairment model to calculate their impairment allowance and recognize their ECL, as follows:

– Stage I: If the credit risk has not increased significantly since its initial recognition, the financial asset is included in Stage I.

– Stage II: If the credit risk has increased significantly since its initial recognition but is not yet deemed to be credit-impaired, the financial instrument is moved to Stage II.

– Stage III: If the financial instrument is credit-impaired, the financial instrument is then moved to Stage III.

Financial instruments in Stage I have their ECL measured at an amount equivalent to the ECL of the financial asset for the next 12 months (“12m ECL”). Financial instruments in Stage II or Stage III have their ECL measured at an amount equivalent to the ECL over the lifetime of the financial instruments (“Lifetime ECL”).

The Group applies the impairment requirements for the recognition and measurement of a loss allowance for debt instruments that are measured at FVOCI. The loss allowance is recognized in other comprehensive income and the impairment loss is recognized in profit or loss, and it should not reduce the carrying amount of the financial asset in the statement of financial position.

If the Group has measured the loss allowance for a financial instrument other than POCI at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the financial instrument is no longer regarded as experiencing a significant increase in credit risk since initial recognition, the Group measures the loss allowance at an amount equal to 12-month expected credit losses at the current reporting date and the amount of expected credit losses reversal is recognized in profit or loss. For POCI financial assets, at the reporting date, the Group only recognizes the cumulative changes in lifetime expected credit losses since initial recognition.

(Expressed in thousands of Renminbi, unless otherwise stated)

2 BASIS OF PREPARATION *(continued)*

2.2 New accounting standards and amendments that are not yet effective and have not been early adopted by the Group for the financial year beginning on 1 January 2023

Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Contractual Conditions
Amendments to IFRS 16	Lease Liabilities under Sale-and-leasebacks
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IAS 7, 'Cash Flow Statement' and IFRS 7, 'Financial Instruments: Disclosures'	Financing Arrangements of Supplier
Amendment to IAS 12, 'Income Tax'	Temporary exceptions and specific disclosure requirements for income tax

3 CHANGES IN ACCOUNTING POLICIES

3.1 International Financial Reporting Standard 17 – Insurance Contract

Transition approaches

As at 1 January 2022, the Group applied IFRS 17 retroactively. The Group adopts the fair value approach when it is impracticable to use a full retrospective approach in determining transition amounts at the IFRS 17 transition date.

For the groups of contracts that are measured under the fair value approach, the Group determined the CSM or loss component of the LRC at 1 January 2022 as the difference between the fair value of a group of contracts at that date and the fulfilment cash flows at that date.

The fair value of groups of contracts is primarily determined by using present value technique from the perspective of a market participant with considerations of the following:

- an estimate of future cash flows for the insurance contracts;
- the time value of money measured with the risk-free interest rate;
- a risk premium to reflect the price for bearing the uncertainty inherent in the cash flows.

(Expressed in thousands of Renminbi, unless otherwise stated)

3 CHANGES IN ACCOUNTING POLICIES *(continued)*

3.2 International Financial Reporting Standard 9 – Financial Instruments

Set out below are disclosures relating to the impact of the adoption of IFRS 9 on the Group:

(a) The measurement category and the carrying amount of financial instruments

The measurement category and the carrying amount of financial instruments in accordance with IAS 39 at 31 December 2022 and IFRS 9 at 1 January 2023 are compared as follows:

IAS 39			IFRS 9		
Item	Measurement categories	Carrying amount	Item	Measurement categories	Carrying amount
Cash and short-term time deposits	Amortized costs	14,793,874	Cash and short-term time deposits	Amortized costs	14,796,817
Derivative financial assets	Fair value through profit or loss	113,755	Derivative financial assets	Fair value through profit or loss	113,755
Financial assets held under resale agreements	Amortized costs	4,447,232	Financial assets held under resale agreements	Amortized costs	4,446,513
Time deposits	Amortized costs	21,797,125	Time deposits	Amortized costs	22,546,473
Statutory deposits for insurance operations	Amortized costs	20,997,497	Statutory deposits for insurance operations	Amortized costs	21,573,427
Financial assets at fair value through profit or loss	Fair value through profit or loss	13,024,279	Financial assets at fair value through profit or loss	Fair value through profit or loss	13,133,600
Available-for-sale financial assets	Fair value through other comprehensive income	193,184,316	Financial assets at fair value through profit or loss	Fair value through profit or loss	58,810,797
			Debt instruments at fair value through other comprehensive income	Fair value through other comprehensive income	110,831,036

(Expressed in thousands of Renminbi, unless otherwise stated)

3 CHANGES IN ACCOUNTING POLICIES *(continued)*

3.2 International Financial Reporting Standard 9 – Financial Instruments *(continued)*

(a) The measurement category and the carrying amount of financial instruments *(continued)*

IAS 39			IFRS 9		
Item	Measurement categories	Carrying amount	Item	Measurement categories	Carrying amount
			Equity investment designated at fair value through other comprehensive income	Fair value through other comprehensive income	17,828,870
			Financial assets at amortized cost	Amortized costs	8,772,002
Held-to-maturity investments	Amortized costs	38,574,066	Financial assets at fair value through profit or loss	Fair value through profit or loss	4,887,472
			Financial assets at amortized cost	Amortized costs	34,519,205
Investments classified as loans and receivables	Amortized costs	35,695,625	Financial assets at fair value through profit or loss	Fair value through profit or loss	949,817
			Financial assets at amortized cost	Amortized costs	35,379,917
Other assets	Amortized costs	9,233,276	Other assets	Amortized costs	4,044,689

(Expressed in thousands of Renminbi, unless otherwise stated)

3 CHANGES IN ACCOUNTING POLICIES *(continued)*

3.2 International Financial Reporting Standard 9 – Financial Instruments *(continued)*

(b) Reconciliation of statement of financial position balances from IAS 39 to IFRS 9

The Group performed a detailed analysis of its business models for managing financial assets and analysis of their cash flow characteristics. The following table reconciles the carrying amounts of financial assets, from their previous measurement category in accordance with IAS 39 to their new measurement categories upon transition to IFRS 9 on 1 January 2023:

Financial assets at amortized cost	31 December 2022 IAS 39 carrying amount	Reclassification	Remeasurement	1 January 2023 IFRS 9 carrying amount
Cash and short-term time deposits				
Opening balance under IAS 39	14,793,874	–	–	14,793,874
Addition: From other assets (IAS 39) (Interest receivables)	–	5,190	–	5,190
Remeasurement: ECL allowance	–	–	(2,247)	(2,247)
Closing balance under IFRS 9	14,793,874	5,190	(2,247)	14,796,817
Financial assets held under resale agreements				
Opening balance under IAS 39	4,447,232	–	–	4,447,232
Addition: From other assets (IAS 39) (Interest receivables)	–	418	–	418
Remeasurement: ECL allowance	–	–	(1,137)	(1,137)
Closing balance under IFRS 9	4,447,232	418	(1,137)	4,446,513
Time deposits				
Opening balance under IAS 39	21,797,125	–	–	21,797,125
Addition: From other assets (IAS 39) (Interest receivables)	–	759,083	–	759,083
Remeasurement: ECL allowance	–	–	(9,735)	(9,735)
Closing balance under IFRS 9	21,797,125	759,083	(9,735)	22,546,473

(Expressed in thousands of Renminbi, unless otherwise stated)

3 CHANGES IN ACCOUNTING POLICIES *(continued)*

3.2 International Financial Reporting Standard 9 – Financial Instruments *(continued)*

(b) Reconciliation of statement of financial position balances from IAS 39 to IFRS 9 *(continued)*

Financial assets at amortized cost	31 December 2022 IAS 39 carrying amount	Reclassification	Remeasurement	1 January 2023 IFRS 9 carrying amount
Statutory deposits for insurance operations				
Opening balance under IAS 39	20,997,497	–	–	20,997,497
Addition: From other assets (IAS 39) (Interest receivables)	–	589,701	–	589,701
Remeasurement: ECL allowance	–	–	(13,771)	(13,771)
Closing balance under IFRS 9	20,997,497	589,701	(13,771)	21,573,427
Financial assets at amortized cost				
Opening balance under IAS 39	–	–	–	–
Addition: From held-to-maturity investments (IAS 39)	–	33,862,582	–	33,862,582
Remeasurement: ECL allowance	–	–	(26,685)	(26,685)
Addition: From investments classified as loans and receivables (IAS 39)	–	34,786,497	–	34,786,497
Remeasurement: ECL allowance	–	–	(55,669)	(55,669)
Addition: From available-for-sale financial assets (IAS 39)	–	7,899,288	–	7,899,288
Remeasurement: From fair value (“FV”) to AC	–	–	825,539	825,539
Remeasurement: ECL allowance	–	–	(8,636)	(8,636)
Addition: From other assets (IAS 39) (Interest receivables)	–	1,388,208	–	1,388,208
Closing balance under IFRS 9	–	77, 936,575	734,549	78,671,124
Held-to-maturity investments				
Opening balance under IAS 39	38,574,066	–	–	38,574,066
Subtraction: To AC – financial assets (IFRS 9)	–	(33,862,582)	–	(33,862,582)
Subtraction: To FVPL (IFRS 9)	–	(4,711,484)	–	(4,711,484)
Closing balance under IFRS 9	38,574,066	(38,574,066)	–	–

(Expressed in thousands of Renminbi, unless otherwise stated)

3 CHANGES IN ACCOUNTING POLICIES *(continued)*

3.2 International Financial Reporting Standard 9 – Financial Instruments *(continued)*

(b) Reconciliation of statement of financial position balances from IAS 39 to IFRS 9 *(continued)*

Financial assets at amortized cost	31 December 2022 IAS 39 carrying amount	Reclassification	Remeasurement	1 January 2023 IFRS 9 carrying amount
Investments classified as loans and receivables				
Opening balance under IAS 39	35,695,625	–	–	35,695,625
Subtraction: To AC – financial assets (IFRS 9)	–	(34,786,497)	–	(34,786,497)
Subtraction: To FVPL (IFRS 9)	–	(909,128)	–	(909,128)
Closing balance under IFRS 9	35,695,625	(35,695,625)	–	–
Other assets				
Opening balance under IAS 39	9,233,276	–	–	9,233,276
Subtraction: To AC – financial assets (IFRS 9)	–	(1,388,208)	–	(1,388,208)
Subtraction: To FVPL (IFRS 9)	–	(424,186)	–	(424,186)
Subtraction: To FVOCI – debt instruments (IFRS 9)	–	(1,930,629)	–	(1,930,629)
Subtraction: To FVOCI – equity instruments (IFRS 9)	–	(57,237)	–	(57,237)
Subtraction: To cash and short-term time deposits (IFRS 9)	–	(5,190)	–	(5,190)
Subtraction: To Financial assets held under resale agreements (IFRS 9)	–	(418)	–	(418)
Subtraction: To time deposits (IFRS 9)	–	(759,083)	–	(759,083)
Subtraction: To statutory deposits for insurance operations (IFRS 9)	–	(589,701)	–	(589,701)
Remeasurement: ECL allowance	–	–	(33,935)	(33,935)
Closing balance under IFRS 9	9,233,276	(5,154,652)	(33,935)	4,044,689
Gross financial assets at amortized cost	145,538,695	(133,376)	673,724	146,079,043

(Expressed in thousands of Renminbi, unless otherwise stated)

3 CHANGES IN ACCOUNTING POLICIES *(continued)*

3.2 International Financial Reporting Standard 9 – Financial Instruments *(continued)*

(b) Reconciliation of statement of financial position balances from IAS 39 to IFRS 9 *(continued)*

Financial assets at fair value through profit or loss	31 December 2022 IAS 39 carrying amount	Reclassification	Remeasurement	1 January 2023 IFRS 9 carrying amount
Opening balance under IAS 39	13,024,279	–	–	13,024,279
Addition: From available-for-sale financial assets (IAS 39)	–	58,612,988	–	58,612,988
Addition: From held-to-maturity investments (IAS 39)	–	4,711,484	–	4,711,484
Remeasurement: From AC to FV	–	–	70,270	70,270
Addition: From investments classified as loans and receivables (IAS 39)	–	909,128	–	909,128
Remeasurement: From AC to FV	–	–	29,351	29,351
Addition: From other assets (IAS 39) (Interest receivables)	–	424,186	–	424,186
Closing balance under IFRS 9	13,024,279	64,657,786	99,621	77,781,686
Gross financial assets at fair value through profit or loss	13,024,279	64,657,786	99,621	77,781,686

(Expressed in thousands of Renminbi, unless otherwise stated)

3 CHANGES IN ACCOUNTING POLICIES *(continued)*

3.2 International Financial Reporting Standard 9 – Financial Instruments *(continued)*

(b) Reconciliation of statement of financial position balances from IAS 39 to IFRS 9 *(continued)*

Financial assets at fair value through other comprehensive income	31 December 2022 IAS 39 carrying amount	Reclassification	Remeasurement	1 January 2023 IFRS 9 carrying amount
Debt instruments at fair value through other comprehensive income				
Opening balance under IAS 39	–	–	–	–
Addition: From available-for-sale financial assets (IAS 39)	–	108,900,407	–	108,900,407
Addition: From other assets (IAS 39)	–	1,930,629	–	1,930,629
Closing balance under IFRS 9	–	110,831,036	–	110,831,036
Equity investment designated at fair value through other comprehensive income				
Opening balance under IAS 39	–	–	–	–
Addition: From available-for-sale financial assets (IAS 39)	–	17,771,633	–	17,771,633
Addition: From other assets (IAS 39) (Interest receivables)	–	57,237	–	57,237
Closing balance under IFRS 9	–	17,828,870	–	17,828,870
Available-for-sale financial assets				
Opening balance under IAS 39	193,184,316	–	–	193,184,316
Subtraction: To AC – financial assets (IFRS 9)	–	(7,899,288)	–	(7,899,288)
Subtraction: To FVPL (IFRS 9)	–	(58,612,988)	–	(58,612,988)
Subtraction: To debt investments at FVOCI (IFRS 9)	–	(108,900,407)	–	(108,900,407)
Subtraction: To equity investments designated at FVOCI (IFRS 9)	–	(17,771,633)	–	(17,771,633)
Closing balance under IFRS 9	193,184,316	(193,184,316)	–	–
Gross financial assets at fair value through other comprehensive income	193,184,316	(64,524,410)	–	128,659,906

(Expressed in thousands of Renminbi, unless otherwise stated)

3 CHANGES IN ACCOUNTING POLICIES *(continued)*

3.2 International Financial Reporting Standard 9 – Financial Instruments *(continued)*

(c) Reconciliation of impairment allowance and provision balance from IAS 39 to IFRS 9

The following table reconciles the prior period's closing impairment allowance and provision measured in accordance with IAS 39 incurred loss model and IAS 37 to the new impairment allowance measured in accordance with the IFRS 9 expected loss model at 1 January 2023:

Allowance for impairment losses	31 December 2022 Loss allowance under IAS 39	Reclassification	Remeasurement	1 January 2023 Loss allowance
Cash and short-term time deposits	–	–	2,247	2,247
Financial assets held under resale agreements	–	–	1,137	1,137
Time deposits	–	–	9,735	9,735
Statutory deposits for insurance operations	–	–	13,771	13,771
Financial assets at amortized cost	–	1,913,598	90,990	2,004,588
Investments classified as loans and receivables	1,913,598	(1,913,598)	–	–
Other assets	592,835	–	33,935	626,770
Debt investments at FVOCI	–	444,312	160,995	605,307
Available-for-sale financial assets	1,706,461	(1,706,461)	–	–
Total	4,212,894	(1,262,149)	312,810	3,263,555

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The preparation of the interim condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing the interim condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty, except the following, were the same as those applied to the consolidated financial statements for the year ended 31 December 2022.

4.1 Significant insurance risk test

The Group performs significant insurance risk test at the inception of a contract.

Insurance risk is significant if, and only if, an insured event could cause the issuer to pay additional amounts that are significant in any single scenario, excluding scenarios that have no commercial substance (i.e. no discernible effect on the economics of the transaction). If an insured event could mean significant additional amounts would be payable in any scenario that has commercial substance, the condition in the previous sentence can be met even if the insured event is extremely unlikely, or even if the expected (i.e. probability-weighted) 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.

In addition,a contract transfers significant insurance risk only if there is a scenario that has commercial substance in which the issuer has a possibility of a loss 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.

4.2 Estimates of future cash flows

Insurance contract liabilities are determined on the basis of the Group's estimates of future benefits, premiums and related expenses, taking into account the risk adjustment for non-financial risk. The mortality rate, morbidity rate, lapse rate, discount rate and expense assumption used for the estimation are determined according to the latest empirical analysis and current and future economic conditions. The uncertainty of liabilities arising from uncertain future cash flows such as future benefits, premiums, and related expenses is reflected through the risk adjustment for non-financial risk.

Assumptions used to develop estimates about future cash flows are reassessed by the Group at the reporting date and adjusted where required.

(Expressed in thousands of Renminbi, unless otherwise stated)

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES *(continued)*

4.2 Estimates of future cash flows *(continued)*

Methodology and assumptions

- The discount rate

  The discount rates are based on liquid risk-free yield curves available at the reporting date. The Group further adjust the liquid risk-free yield curves to reflect the differences between the liquidity characteristics of the financial instruments that underlie the rates observed in the market and the liquidity characteristics of the insurance contracts when such differences are significant. The assumed spot discount rates are as follows:

	Discount rate assumptions
As at 30 June 2023	1.864%-6.062%
As at 31 December 2022	2.086%-5.230%
As at 30 June 2022	0.465%-4.750%

- The probability of insurance event

  The Group determines the probability of insurance event according to historical experience and the expectation in the future. For mortality and morbidity assumptions, the Group refers to "China Life Insurance Mortality Table (2010-2013)" issued by former China Insurance Regulatory Commission and "China Life Insurance Morbidity Table (2020)" issued by former China Banking and Insurance Regulatory Commission in addition to its historical experience. For other assumptions, the Group would mainly refer to its historical experience, the pricing assumption or the industry benchmarks.

- Expense and other assumptions

  The Group determines the expense assumption according to its historical experience and the future expectation. The Group would also consider inflation metrics to determine the expense assumption if the assumption is sensitive to inflationary pressures.

  The lapse rate and other assumptions for reserving are determined using the Group's reliable historical experience, current situations and future expectations.

Risk adjustments for non-financial risk

The risk adjustment for non-financial risk is calculated at the Group level and then allocated down to each group of contracts in accordance with their risk profiles. The Group applies a quantile approach and determines the risk adjustment for non-financial risk at the 75th quantile points.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES *(continued)*

4.3 Investment components

The Group identifies the investment component of an insurance contract by determining the amount that it would be required to repay to the policyholder in all circumstances, regardless of whether an insured event occurs. For contracts with surrender values, the investment component is determined as the change of surrender value when a payment is made.

4.4 Classification of financial assets

Significant judgements made by the Group in the classification of financial assets include business model and analysis on contractual cash flow characteristics.

The Group determines the business model for financial asset management at the level of different groups of financial assets, and factors to be considered include the methods for evaluating financial asset performance and reporting the financial asset performance to key management personnel, risks affecting financial asset performance and corresponding management methods, and the ways in which related business management personnel are remunerated.

When assessing whether contractual cash flow characteristics of financial assets are consistent with basic lending arrangement, key judgements made by the Group include: the possibility of changes in timing or amount of the principal during the duration due to reasons such as early repayment; whether interest only includes considerations for time value of money, credit risks, other basic lending risks, costs and profits. For example, whether the prepayment amount only reflects the principal outstanding and the interest on the principal outstanding, as well as the reasonable compensation for the early termination of the contract.

4.5 Measurement of expected credit losses

For financial asset debt instrument investments measured at amortized cost and fair value with changes recognized in other comprehensive income, complex models and numerous assumptions are used in the measurement of expected credit losses.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

5 SEGMENT INFORMATION

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

For management purposes, the Group is organised into business units based on their products and services and has the following operating and reportable segments:

- The property and casualty reinsurance segment, operated by the Company and subsidiaries of the Company China Property and Casualty Reinsurance Company Ltd. ("China Re P&C"), etc. offers a wide variety of reinsurance products for various property and casualty insurance, such as motor, property, agricultural and liability insurance, and also includes the business operated by China Re UK Limited ("China Re UK") and Chaucer. Chaucer mainly includes China Re International Holdings Limited ("CRIH"), Chaucer Insurance Company Designated Activity Company ("CIC") and China Re Australia HoldCo Pty Ltd ("CRAH").

- The life and health reinsurance segment, operated by the Company and its subsidiary Company China Life Reinsurance Company Ltd. ("China Re Life"), offers a wide range of reinsurance products, such as life, health and accident insurance.

- The primary property and casualty insurance segment, operated by the subsidiary of the Company China Continent Property and Casualty Insurance Company Ltd. ("China Continent Insurance", offers a wide variety of insurance products and other businesses including motor, property and liability insurance.

- The asset management segment, operated by the subsidiary of the Company, China Re Asset Management Company Ltd. ("China Re AMC"), offers asset management services and manages assets and liabilities related to notes issued in overseas.

- Other segments and activities primarily consist of the headquarters that manages and supports the business development of the Group with its strategy, risk management, actuary, finance, legal and human resource functions; the insurance agency business and other businesses provided by the Group.

Management monitors the results of the Group's operating segments separately to make decisions about resources allocation and performance assessment. Segment performance is evaluated based on segment profit/(loss).

More than 80% of the Group's revenue is derived from its operations in China.

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

(Expressed in thousands of Renminbi, unless otherwise stated)

5 SEGMENT INFORMATION *(continued)*

	For the six months ended 30 June 2023 (Unaudited)						
	Property and casualty reinsurance	Life and health reinsurance	Primary property and casualty insurance	Asset management	Others	Elimination	Total
Insurance revenue	19,985,765	7,008,289	22,580,149	–	–	(1,108,247)	48,465,956
Interest income	1,239,545	2,333,097	624,547	26,817	194,711	–	4,418,717
Investment income	161,087	(640,873)	99,694	47,884	(114,652)	(8,193)	(455,053)
Exchange gains and losses, net	370,115	1,105,024	31,121	313	900	(215)	1,507,258
Other income	73,453	9,840	75,138	282,713	384,601	(261,134)	564,611
Total income	21,829,965	9,815,377	23,410,649	357,727	465,560	(1,377,789)	54,501,489
– External income	21,535,725	8,999,533	23,409,946	145,432	410,853	–	54,501,489
– Inter-segment income	294,240	815,844	703	212,295	54,707	(1,377,789)	–
Insurance service expenses	(17,724,634)	(7,435,320)	(22,008,816)	–	–	1,579,857	(45,588,913)
Allocation of reinsurance premium paid	(2,669,941)	(451,108)	(1,494,921)	–	–	1,128,924	(3,487,046)
Amounts recovered from reinsurance contracts	855,916	1,191,395	912,895	–	–	(1,015,017)	1,945,189
Finance expenses from insurance contracts issued	(886,341)	(2,240,987)	(387,884)	–	–	27,415	(3,487,797)
Finance income/(expense) from reinsurance contracts held	166,517	113,485	74,054	–	–	(39,574)	314,482
Net impairment loss on financial assets	(16,601)	(241,127)	(502)	(130)	(2,914)	–	(261,274)
Finance costs	(396,709)	(535,202)	(98,151)	(7,708)	(63,974)	–	(1,101,744)
Other operating and administrative expenses	(461,649)	(214,083)	(298,770)	(180,491)	(648,343)	130,452	(1,672,884)
Total insurance service expenses and others	(21,133,442)	(9,812,947)	(23,302,095)	(188,329)	(715,231)	1,812,057	(53,339,987)
Share of profits from investments in associates	180,081	594,323	13,565	–	456,596	(44,994)	1,199,571
Profit before tax	876,604	596,753	122,119	169,398	206,925	389,274	2,361,073
Income tax	(132,945)	(7,670)	26,744	(27,866)	(24,763)	(127,526)	(294,026)
Net profit	743,659	589,083	148,863	141,532	182,162	261,748	2,067,047

FINANCIAL STATEMENTS AND NOTES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six months ended 30 June 2023
(Expressed in thousands of Renminbi, unless otherwise stated)

5 SEGMENT INFORMATION *(continued)*

	For the six months ended 30 June 2022 (Restated, Unaudited)						
	Property and casualty reinsurance	Life and health reinsurance	Primary property and casualty insurance	Asset management	Others	Elimination	Total
Insurance revenue	16,408,416	5,190,740	20,941,180	–	–	(900,955)	41,639,381
Interest income	1,097,893	2,340,926	678,473	244,377	227,800	–	4,589,469
Investment income	(275,790)	(1,106,807)	(210,282)	(221,974)	178,744	(1,052)	(1,637,161)
Exchange gains and losses, net	(58,445)	1,024,641	48,602	(42,488)	(27,981)	(231)	944,098
Other income	11,810	4,760	42,956	238,244	303,277	(234,315)	366,732
Total income	17,183,884	7,454,260	21,500,929	218,159	681,840	(1,136,553)	45,902,519
– External income	16,681,536	7,091,271	21,483,755	24,586	621,371	–	45,902,519
– Inter-segment income	502,348	362,989	17,174	193,573	60,469	(1,136,553)	–
Insurance service expenses	(15,304,158)	(5,066,420)	(20,557,255)	–	–	606,813	(40,321,020)
Allocation of reinsurance premiums paid	(2,516,314)	(397,484)	(1,403,826)	–	–	716,307	(3,601,317)
Amounts recovered from reinsurance contracts	2,011,087	836,165	971,970	–	–	(578,846)	3,240,376
Finance expenses from insurance contracts issued	(372,667)	(2,105,031)	(372,996)	–	–	17,911	(2,832,783)
Finance income/(expense) from reinsurance contracts held	(116,672)	(36,417)	62,580	–	–	(30,955)	(121,464)
Net impairment loss on financial assets	(6,055)	(343,452)	(4,400)	–	(2,472)	–	(356,379)
Finance costs	(479,993)	(369,812)	(60,010)	(62,573)	(53,465)	–	(1,025,853)
Other operating and administrative expenses	(370,312)	(367,338)	(273,631)	(135,984)	(535,507)	334,842	(1,347,930)
Total insurance service expenses and others	(17,155,084)	(7,849,789)	(21,637,568)	(198,557)	(591,444)	1,066,072	(46,366,370)
Share of profits from investments in associates	102,283	577,466	15,325	(7,871)	451,932	10,126	1,149,261
Share of impairment losses on investments in associates	(307,122)	–	(241,310)	–	–	–	(548,432)
Profit before tax	(176,039)	181,937	(362,624)	11,731	542,328	(60,355)	136,978
Income tax	126,209	95,428	66,284	(33,411)	(42,829)	17,313	228,994
Net profit	(49,830)	277,365	(296,340)	(21,680)	499,499	(43,042)	365,972

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six months ended 30 June 2023
(Expressed in thousands of Renminbi, unless otherwise stated)

5 SEGMENT INFORMATION *(continued)*

	30 June 2023 (Unaudited)						
	Property and casualty reinsurance	Life and health reinsurance	Primary property and casualty insurance	Asset management	Others	Elimination	Total
Segment assets	126,178,307	220,709,785	72,634,827	5,332,006	61,136,087	(36,302,844)	449,688,168
Segment liabilities	93,714,744	200,420,547	47,896,555	1,049,369	9,317,216	(2,986,126)	349,412,305

	31 December 2022 (Restated, Unaudited)						
	Property and casualty reinsurance	Life and health reinsurance	Primary property and casualty insurance	Asset management	Others	Elimination	Total
Segment assets	114,393,228	205,767,842	69,226,425	5,553,712	66,312,231	(36,521,288)	424,732,150
Segment liabilities	85,483,782	186,663,291	44,715,647	1,576,519	11,453,571	(2,656,552)	327,236,258

(Expressed in thousands of Renminbi, unless otherwise stated)

6 INSURANCE SERVICE INCOME AND EXPENSE

	For the six months ended 30 June	
	2023	2022
Insurance service income		
Contracts not measured under the PAA	17,139,684	15,509,474
Contracts measured under the PAA	31,326,272	26,129,907
Total	48,465,956	41,639,381
Insurance service expense		
Contracts not measured under the PAA	14,225,853	13,545,578
Contracts measured under the PAA	31,363,060	26,775,442
Total	45,588,913	40,321,020

7 INTEREST INCOME

	For the six months ended 30 June	
	2023	2022 (Restated)
Interest income		
Current and time deposits	965,537	1,023,910
Fixed maturity investment		
– Financial assets at amortised cost	1,544,501	1,646,297
– Debt instruments at fair value through other comprehensive income	1,880,449	1,884,460
Financial assets held under resale agreements	28,230	34,802
Total	4,418,717	4,589,469

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six months ended 30 June 2023
(Expressed in thousands of Renminbi, unless otherwise stated)

8 INVESTMENT INCOME

	For the six months ended 30 June	
	2023	2022 (Restated)
Interest, dividend and rental income (a)	2,040,483	1,857,575
Realised profits and losses (b)	(1,451,318)	(928,851)
Unrealised profits and losses (c)	(387,691)	(2,565,885)
Dilution of equity in associates	(656,527)	–
Total	(455,053)	(1,637,161)

(a) Interest, dividend and rental income

	For the six months ended 30 June	
	2023	2022
Interest income		
– Financial assets at fair value through profit or loss	718,002	555,586
Dividend income		
Equity securities		
– Financial assets at fair value through profit or loss	969,672	661,677
– Equity instruments at fair value through other comprehensive income	201,387	502,926
Subtotal	1,171,059	1,164,603
Rental income from investment properties	151,422	137,386
Total	2,040,483	1,857,575

	For the six months ended 30 June	
	2023	2022
Dividend income		
Listed securities	753,186	725,083
Unlisted securities	417,873	439,520
Total	1,171,059	1,164,603

(Expressed in thousands of Renminbi, unless otherwise stated)

8 INVESTMENT INCOME *(continued)*

(b) Realised profits and losses

	For the six months ended 30 June	
	2023	2022
Fixed maturity investment		
– Financial assets at fair value through profit or loss	(22,355)	(1,678)
– Debt instruments at fair value through other comprehensive income	126,331	(348,286)
Equity securities		
– Financial assets at fair value through profit or loss	(1,581,338)	(889,088)
Derivative instruments	26,044	291,940
Financial liabilities at fair value through profit or loss	–	18,261
Total	(1,451,318)	(928,851)

(c) Unrealised profits and losses

	For the six months ended 30 June	
	2023	2022
Financial assets at fair value through profit or loss	474,199	(2,544,862)
Financial liabilities at fair value through profit or loss	(119,103)	(41,008)
Investment contracts at fair value	(388,187)	413,155
Derivative financial assets	(54,765)	(396,899)
Derivative financial liabilities	(299,835)	3,729
Total	(387,691)	(2,565,885)

(Expressed in thousands of Renminbi, unless otherwise stated)

9 OTHER INCOME

	For the six months ended 30 June	
	2023	2022 (Restated)
Income relating to insurance brokerages	340,904	246,844
Commission income arising from the tax collection of motor vehicles and vessels	12,937	21,700
Management fee income	45,364	46,472
Income from sales of goods	7,361	2,839
Others	158,045	48,877
Total	564,611	366,732

10 NET IMPAIRMENT LOSS ON FINANCIAL ASSETS

	For the six months ended 30 June	
	2023	2022
Financial investment:		
Financial assets at amortised cost	(9,019)	22,000
Debt instruments at fair value through other comprehensive income	262,017	334,379
Others	8,276	–
Total	261,274	356,379

The Group applied the classification overlay for the purpose of presenting comparative information about net impairment loss on financial assets based on the requirements of IAS 39 Financial Instruments: Recognition and Measurement as described in Note 2.1.2.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six months ended 30 June 2023
(Expressed in thousands of Renminbi, unless otherwise stated)

11 OTHER OPERATING AND ADMINISTRATIVE EXPENSES

	For the six months ended 30 June	
	2023	2022 (Restated)
Employee costs	2,971,661	2,854,372
Outsourcing costs	1,333,157	1,339,735
Advertising and promotion expenses	964,215	762,319
Depreciation and amortisation	563,705	511,287
Official and travel expenses	365,655	261,045
Taxes and surcharges	254,577	279,941
Insurance guarantee fund	205,829	184,430
Rental expenses	55,544	57,915
Traffic accident rescue expense	20,649	37,838
Asset management fee	35,668	59,275
Bank settlement fee	69,858	69,666
Others	1,180,189	836,383
Subtotal	8,020,707	7,254,206
Less: Expenses directly attributed to insurance contracts	(6,347,823)	(5,906,276)
Total	1,672,884	1,347,930

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six months ended 30 June 2023
(Expressed in thousands of Renminbi, unless otherwise stated)

12 INCOME TAX

	For the six months ended 30 June	
	2023	2022 (Restated)
Current income tax		
Income tax expense at current year	733,958	965,346
Income tax adjustment at prior year	(22,410)	(43,739)
Deferred income tax	(417,522)	(1,150,601)
Total	294,026	(228,994)

Note: The income tax rate applied to the Company and its subsidiaries in the Chinese mainland is 25% for the six months ended 30 June 2023 (for the six months ended 30 June 2022: 25%). Taxation for overseas subsidiaries and branches is charged at the appropriate current rates of taxation ruling in the relevant jurisdictions.

13 DIVIDENDS

	Six months ended 30 June	
	2023	2022
In respect of previous year:		
2022 final dividend (declared in 2023):		
RMB0.014 per ordinary share	594,717	
2021 final dividend (declared in 2022):		
RMB0.045 per ordinary share		1,911,591

14 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the net profit attributable to ordinary equity shareholders of the parent and the weighted average number of ordinary shares in issue for the six months ended 30 June 2023 and the six months ended 30 June 2022.

	Six months ended 30 June	
	2023	2022 (Restated)
Net profit attributable to the shareholders of the parent	2,011,676	466,246
Weighted average number of ordinary shares (in thousands)	42,479,808	42,479,808
Basic earnings per share (in RMB)	0.05	0.01

(b) Diluted earnings per share

	Six months ended 30 June	
	2023	2022 (Restated)
Net profit attributable to the shareholders of the parent	2,011,676	466,246
Add: Adjustment of profit attributable to the shareholders of the parent from the assumption of the convention of all the convertible bonds issued by an associate (Note)	–	(604,415)
Net profit attributable to the shareholders of the parent for diluted earnings per share	2,011,676	(138,169)
Weighted average number of ordinary shares (in thousands)	42,479,808	42,479,808
Diluted earnings per share (in RMB)	0.05	(0.003)

Note: The associate of the Group, China Everbright Bank issued convertible bonds with a share conversion period from 17 March 2017 to 16 March 2023 which meet potential ordinary shares under IAS 33. Therefore, When calculating the diluted earnings per share for the six months ended 30 June 2022, the Group considered the impact of the conversion of all convertible corporate bonds of China Everbright Bank into ordinary shares on the net profit attributable to the shareholders of the parent company. During the six month period ended 30 June 2023, convertible corporate bonds mentioned above have been converted into ordinary shares, and no other potential dilution of ordinary shares.

(Expressed in thousands of Renminbi, unless otherwise stated)

15 CASH AND SHORT-TERM TIME DEPOSITS

	30 June 2023	31 December 2022 (Restated)
Cash at banks and on hand	10,509,427	10,836,666
Time deposits with original maturity of no more than three months	89,571	63,681
Other monetary deposits	3,647,156	3,893,527
Interest receivable	5,604	5,190
Subtotal	14,251,758	14,799,064
Less: impairment provision	(2,760)	–
Total	14,248,998	14,799,064

As at 30 June 2023, cash and short-term time deposits of RMB3,555,607 thousand (31 December 2022: RMB3,824,920 thousand) were restricted from use, which were mainly trading deposits and securities settlement deposits.

(Expressed in thousands of Renminbi, unless otherwise stated)

16 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2023	31 December 2022
Listed		
Debt securities		
Government bonds	–	3,637
Financial bonds	842,128	400,482
Corporate bonds	20,527,168	18,212,665
Subordinated bonds	445,294	200,169
Assets backed securities	280,677	291,545
Equity securities		
Funds	6,492,712	4,172,496
Stocks	19,605,109	14,184,441
Subtotal	48,193,088	37,465,435
Unlisted		
Debt securities		
Government bonds	–	89,525
Financial bonds	308,188	507,745
Corporate bonds	532,297	385,549
Subordinated bonds	14,893,469	10,240,775
Debt investment plans	1,697,542	1,689,737
Trust schemes	2,249,765	2,266,340
Assets backed plans	184,692	185,430
Equity securities		
Investment funds	28,106,445	22,598,600
Unlisted shares	431,402	581,611
Products from insurance asset managers	2,116,778	1,770,939
Subtotal	50,520,578	40,316,251
Total	98,713,666	77,781,686

(Expressed in thousands of Renminbi, unless otherwise stated)

17 FINANCIAL ASSETS AT AMORTISED COST

	30 June 2023	31 December 2022
Listed		
Government bonds	4,047,481	3,999,934
Financial bonds	779,010	673,630
Corporate bonds	23,678,376	22,268,525
Subordinated bonds	2,290,150	2,060,073
Subtotal	30,795,017	29,002,162
Unlisted		
Government bonds	178,496	143,682
Financial bonds	4,309,812	3,725,802
Corporate bonds	6,616,515	8,934,377
Subordinated bonds	1,526,070	1,520,741
Debt investment plans	24,444,510	24,694,282
Trust schemes	11,681,368	12,654,666
Subtotal	48,756,771	51,673,550
Total	79,551,788	80,675,712
Less: impairment provision	(1,993,664)	(1,913,598)
Net	77,558,124	78,762,114

(Expressed in thousands of Renminbi, unless otherwise stated)

18 DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2023	31 December 2022
Listed		
Government bonds	4,161,085	4,670,559
Financial bonds	4,113,061	2,219,396
Corporate bonds	56,895,838	52,045,769
Subordinated bonds	3,129,492	2,017,217
Subtotal	68,299,476	60,952,941
Unlisted		
Government bonds	5,823,020	7,105,292
Financial bonds	21,229,563	22,885,011
Corporate bonds	17,955,115	19,887,792
Subtotal	45,007,698	49,878,095
Total	113,307,174	110,831,036
Including: cost	114,154,459	112,431,495
Accumulated changes in fair value	(847,285)	(1,600,459)

(Expressed in thousands of Renminbi, unless otherwise stated)

19 EQUITY INSTRUMENT DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2023	31 December 2022
Listed		
Stocks	10,574,975	13,209,467
Perpetual bonds	3,746,427	3,863,371
Subtotal	14,321,402	17,072,838
Unlisted		
Unlisted shares	648,098	756,032
Subtotal	648,098	756,032
Total	14,969,500	17,828,870
Including: cost	18,244,091	22,181,778
Accumulated changes in fair value	(3,274,591)	(4,352,908)

(Expressed in thousands of Renminbi, unless otherwise stated)

20 TIME DEPOSITS

	30 June 2023	31 December 2022 (Restated)
Within 3 months (inclusive)	455,225	3,145,152
3 months to 1 year (inclusive)	423,528	668,602
1 to 2 years (inclusive)	11,772,458	6,000,000
2 to 3 years (inclusive)	5,192,374	8,983,371
3 to 4 years (inclusive)	3,000,000	3,000,000
4 to 5 years (inclusive)	4,805,157	–
Interest receivable	776,039	759,083
Subtotal	26,424,781	22,556,208
Less: impairment provision	(12,640)	–
Total	26,412,141	22,556,208

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six months ended 30 June 2023
(Expressed in thousands of Renminbi, unless otherwise stated)

21 SCOPE OF CONSOLIDATION

(a) Particulars of the Company's primary subsidiaries as at 30 June 2023 are as follows:

Name	Place of incorporation/ registration	Registered share capital or paid-in capital	Percentage of equity attributable to the Company		Principal activities/ Place of operation
			Direct	Indirect	
China Re P&C	Beijing	Registered share capital of RMB11,482,250,000	100.00%	–	Property and casualty reinsurance, China
China Re Life	Beijing	Registered share capital of RMB8,170,000,000	100.00%	–	Life and health reinsurance, China
China Continent Insurance	Shanghai	Registered share capital of RMB15,115,918,986	64.30%	–	Primary property and casualty insurance, China
China Re AMC	Beijing	Registered share capital of RMB1,500,000,000	70.00%	26.43%	Management of insurance investments, China
Huatai Insurance Agency and Consultant Service Limited ("Huatai Insurance Agency")	Beijing	Registered share capital of RMB50,000,000	52.50%	–	Insurance brokerage, risk evaluation and management, China
China Re UK Limited	London	Paid-in capital of GBP95,300,000	100.00%	–	Property and casualty reinsurance, UK
China Re Underwriting Agency Limited	London	Paid-in capital of GBP18,000,000	100.00%	–	Underwriting agency, UK
China Re Hong Kong Company Limited	Hong Kong	Paid-in capital of USD350,000,000	100.00%	–	Investment holding, HK
China Re Asset Management (Hong Kong) Company Limited	Hong Kong	Paid-in capital of HKD100,000,000	–	96.43%	Investment management, HK
China Continent Insurance E-commerce Co. Ltd	Ningbo	Registered share capital of RMB1,200,000,000	–	64.30%	E-commerce, China
China Continent Insurance Agent Co. Ltd	Shanghai	Registered share capital of RMB150,000,000	–	64.30%	Insurance brokerage, China

(Expressed in thousands of Renminbi, unless otherwise stated)

22 SCOPE OF CONSOLIDATION *(continued)*

(a) Particulars of the Company's primary subsidiaries as at 30 June 2023 are as follows: *(continued)*

Name	Place of incorporation/ registration	Registered share capital or paid-in capital	Percentage of equity attributable to the Company		Principal activities/ Place of operation
			Direct	Indirect	
China Re Catastrophe Risk Management Company Ltd	Chongqing	Registered share capital of RMB100,000,000	–	70.00%	Risk advisory, management consulting, China
China Re International Company Limited	London	Paid-in capital of USD320,000,000	–	100.00%	Investment holding, UK
CRIH	London	Paid-in capital of USD475,919,560	–	100.00%	Investment holding, UK
Chaucer Holdings Limited	London	Paid-in capital of GBP139,296,892	–	100.00%	Property and casualty reinsurance, Primary property and casualty insurance, UK
China Reinsurance (Hong Kong) Company Limited	Hong Kong	Paid-in capital of HKD4,000,000,000	–	100.00%	Life and annuity reinsurance, HK
CIC	Dublin	Paid-in capital of USD1,000,001	–	100.00%	Specialty insurance, Ireland
CRAH	Sydney	Paid-in capital of AUD16,574,495	–	100.00%	Insurance agent, broker services, Australia
China Reinsurance Finance Corporation Limited	British Virgin Islands	Paid-in capital of HKD60,000,000	–	96.43%	Bond issue and investment, HK

Note: As at 30 June 2023, all the Company's primary subsidiaries registered in the Chinese mainland are companies with limited liabilities.

(Expressed in thousands of Renminbi, unless otherwise stated)

21 SCOPE OF CONSOLIDATION *(continued)*

(b) As at 30 June 2023, the Company consolidated the following structured entities:

Name	Paid-in capital	Attributable equity interests	Principal activities
China Re Zhongzai Alternative Equity Fund	RMB942,914,199	100.00%	Investment in private equity
China Re Bairong Shimao Mall Debt Investment Plans	RMB7,460,000,000	91.11%	Investment in loans
China Re Subway Sixteen Equity Investment Plans	RMB7,000,000,000	65.00%	Investment in loans
China Re Fangzheng Hangzhou Real Estate Debt Investment Plans	RMB153,139,554	100.00%	Investment in loans
Huaxin Trust Haorui No.36 Hongdao Trust Investment Plans	RMB164,152,594	100.00%	Investment in loans
Huaxin Trust Haorui No.36 Xining Trust Investment Plans	RMB171,016,630	100.00%	Investment in loans
Huaxin Trust Haorui No.36 Tongtian Trust Investment Plans	RMB174,799,616	100.00%	Investment in loans
Huaxin Trust Haorui No.36 Guangde Trust Investment Plans	RMB191,181,246	100.00%	Investment in loans
China Re Ruiqi Asset Management Product	RMB335,869,169	100.00%	Investment in debt/debt investment plan
China Re Ruiqi 2nd Asset Management Product	RMB2,848,998	100.00%	Investment in debt
China Re Ruiqi 3rd Asset Management Product	RMB1,100,616,077	100.00%	Investment in debt/equity
China Re Ruiqi 5th Asset Management Product	RMB299,776,313	58.29%	Investment in debt

(Expressed in thousands of Renminbi, unless otherwise stated)

22 SCOPE OF CONSOLIDATION *(continued)*

(b) As at 30 June 2023, the Company consolidated the following structured entities: *(continued)*

Name	Paid-in capital	Attributable equity interests	Principal activities
China Re Ruiqi 6th Asset Management Product	RMB651,381,900	100.00%	Investment in debt/equity
China Re Ruiqi 7th Asset Management Product	RMB536,866,343	94.37%	Investment in debt/equity
China Re Ruiqi 9th Asset Management Product	RMB439,832,897	100.00%	Investment in debt/equity
China Re Ruiqi 10th Asset Management Product	RMB440,613,615	81.00%	Investment in debt/equity
China Re Ruiqi 11th Asset Management Product	RMB434,065,773	100.00%	Investment in debt/equity
China Re Ruiqi 12th Asset Management Product	RMB494,558,417	100.00%	Investment in debt/equity
China Re Value Growth Asset Management Product	RMB546,000,250	100.00%	Investment in equity
China Re Healthy Life Asset Management Product	RMB472,000,250	100.00%	Investment in equity
China Re Hong Kong Stock Connect Program	RMB460,000,250	100.00%	Investment in equity
China Re Industry Prosperity and Hedge Asset Management Product	RMB457,000,250	100.00%	Investment in equity
China Re FOF Active configuration 1st Asset Management Product	RMB313,000,050	100.00%	Investment in debt/equity
China Re FOF Flexible configuration 1st Asset Management Product	RMB311,500,025	100.00%	Investment in debt/equity

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six months ended 30 June 2023
(Expressed in thousands of Renminbi, unless otherwise stated)

22 SCOPE OF CONSOLIDATION *(continued)*

(b) As at 30 June 2023, the Company consolidated the following structured entities: *(continued)*

Name	Paid-in capital	Attributable equity interests	Principal activities
China Re Ruicheng 2nd Asset Management Product	RMB3,000,050	100.00%	Investment in debt/equity
China Re Ruicheng 3rd Asset Management Product	RMB3,000,050	100.00%	Investment in debt/equity
China Re Ruicheng 4th Asset Management Product	RMB3,000,050	100.00%	Investment in debt/equity
China Re Ruicheng 6th Asset Management Product	RMB1,547,674,938	100.00%	Investment in debt/equity
China Re Ruicheng 7th Asset Management Product	RMB3,000,050	100.00%	Investment in debt/equity
China Re Ruicheng 8th Asset Management Product	RMB2,972,162	100.00%	Investment in debt
China Re Ruicheng 9th Asset Management Product	RMB1,413,302	100.00%	Investment in debt/equity
China Re Wengying 1st Asset Management Product	RMB210,500,030	100.00%	Investment in debt/equity
China Re Peace of mind income 3rd Asset Management Product	RMB3,300,005	100.00%	Investment in debt
China Re Peace of mind income 16th Insurance Asset Management Product	RMB651,954	45.99%	Investment in debt
China Re Solid harvest more measurement slightly 1st Asset Management Product	RMB3,300,005	100.00%	Investment in debt

(Expressed in thousands of Renminbi, unless otherwise stated)

21 SCOPE OF CONSOLIDATION *(continued)*

(b) As at 30 June 2023, the Company consolidated the following structured entities *(continued)*:

Name	Paid-in capital	Attributable equity interests	Principal activities
China Re Solid harvest more measurement slightly 2nd Asset Management Product	RMB3,300,005	100.00%	Investment in debt
China Re Ruitong 1st Asset Management Product	RMB307,507,131	92.52%	Investment in debt/equity
China Re Infrastructure Construction REITs Asset Management Product	RMB1,357,617,425	92.45%	Investment in debt
China Re Long-term special Asset Management Product	RMB400,000	100.00%	Investment in debt
China Re Medium- and Long-term rate debt close-ended Asset Management Product	RMB310,000,000	100.00%	Investment in debt

(Expressed in thousands of Renminbi, unless otherwise stated)

22 STATUTORY DEPOSITS

In accordance with relevant provision of Insurance Law of the PRC, the Company, China Re P&C, China Re Life and China Continent Insurance should place certain portion of its issued capital as restricted statutory deposits, respectively.

Details of the Group's statutory deposits are as follows:

	30 June 2023	31 December 2022 (Restated)
The Company	9,421,318	10,021,318
China Re P&C	2,600,000	3,400,000
China Re Life	2,600,000	4,500,000
China Continent Insurance	3,816,179	3,076,179
Interest receivable	448,870	589,701
Subtotal	18,886,367	21,587,198
Less: impairment provision	(13,099)	–
Total	18,873,268	21,587,198

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six months ended 30 June 2023
(Expressed in thousands of Renminbi, unless otherwise stated)

23 INVESTMENTS IN ASSOCIATES

	30 June 2023	31 December 2022
Book balance		
– Listed shares	20,168,720	20,138,455
– Unlisted shares	2,613,027	2,501,077
Total	22,781,747	22,639,532

	Six months ended 30 June	
	2023	2022
1 January 2023	22,639,532	25,583,536
P&L adjustment	1,199,571	1,149,261
Provision for impairment	–	(548,432)
Declared dividends	(552,687)	(539,067)
Other comprehensive income	145,839	(39,173)
Diluted shares in associates	(656,527)	–
Other equity movements	6,019	2,151
30 June 2023	22,781,747	25,608,276

(Expressed in thousands of Renminbi, unless otherwise stated)

23 INVESTMENTS IN ASSOCIATES *(continued)*

Particulars of the Group's major associates are as follows:

Name of associates	Place of incorporation and business	Registered capital (in RMB millions)	Principal activities
China Everbright Bank Company Limited ("CEB")	China	59,086	Commercial banking

	Proportion of ownership interests		
	Group's effective interest	Held by the Company	Held by a subsidiary
30 June 2023	3.93%	1.34%	2.59%
31 December 2022	4.29%	1.46%	2.83%

The Group has significant influence over CEB through a group representative being a director of CEB with the power to participate in the financial and operating policy decisions of CEB. As such, the interests in this associate are accounted for using the equity method. Whereby the investment is initially recognised at cost and adjusted change in the Group's share of CEB's net assets. An impairment test is required if there is any indication of impairment.

As at 30 June 2023, the market value of the Group's investment in CEB was RMB5,224 million (31 December 2022: RMB5,322 million).

As at 30 June 2023, the fair value of the Group's investment in CEB was below the carrying amount. As a result, the Group performed an impairment test on the carrying amount, which confirmed that there was no impairment as at 30 June 2023 as the recoverable amount as determined by a VIU calculation was higher than the carrying value.

(Expressed in thousands of Renminbi, unless otherwise stated)

24 OTHER ASSETS

	30 June 2023	31 December 2022 (Restated)
Overseas deposits	1,272,931	1,337,655
Subscription prepayment for securities and securities clearance receivable	621,060	958,981
Tax prepaid	559,606	698,082
Dividends receivable	1,085,381	5,051
Deferred expenses	159,757	47,415
Prepayment	7,413	6,741
Guarantee deposits	544,345	573,226
Others	2,855,761	2,563,118
Total	7,106,254	6,190,269
Less: impairment provision	(613,024)	(592,835)
Net	6,493,230	5,597,434

25 INSURANCE CONTRACT LIABILITIES

Analysis of Unexpired Liability and Incurred Claims in Insurance Contracts

	30 June 2023	31 December 2022
Liability for remaining coverage	88,223,594	91,685,964
Liability for incurred claims	146,981,994	123,673,186
Total	235,205,588	215,359,150

(Expressed in thousands of Renminbi, unless otherwise stated)

26 NOTES AND BONDS PAYABLE

	30 June 2023	31 December 2022 (Restated)
Bonds payable	16,999,621	12,999,060
Interest payable	433,290	106,925
Total	17,432,911	13,105,985

The following table indicates the balances of supplementary capital bonds issued by the Group:

Issuer	Type	Par value	Coupon rate	Issued year	Maturity
China Re P&C*	Supplementary capital bonds	4,000 (in RMB millions)	First 5 years: 4.97% Next 5 years: 5.97% (if not redeemed)	2018	2028
China Re Life	Supplementary capital bonds	5,000 (in RMB millions)	First 5 years: 4.80% Next 5 years: 5.80% (if not redeemed)	2018	2028
China Re P&C	Supplementary capital bonds	4,000 (in RMB millions)	First 5 years: 4.40% Next 5 years: 5.40% (if not redeemed)	2020	2030
China Re P&C	Supplementary capital bonds	4,000 (in RMB millions)	First 5 years: 3.45% Next 5 years: 4.45% (if not redeemed)	2023	2033

* China Re P&C has conditional redemption rights at the end of the fifth year as required under the relevant terms of the offering memorandum for the Bonds. As at 17 August 2023, China Re P&C has completed the exercise of its redemption right to redeem the capital supplementary bonds with a total principal amount of RMB4.0 billion in full.

(Expressed in thousands of Renminbi, unless otherwise stated)

27 LONG-TERM BORROWINGS

	30 June 2023	31 December 2022
Bank loans	3,972,007	3,826,334
Total	3,972,007	3,826,334

As at 30 June 2023, the Group held a long-term borrowing of USD550 million (31 December 2022: USD550 million) with a coupon rate of 4.70% and a maturity date of 28 December 2023.

28 OTHER LIABILITIES

	30 June 2023	31 December 2022 (Restated)
Payables to third party investors of consolidated structured entities	3,655,299	3,274,882
Salaries and welfare payable	2,063,057	2,408,786
Unallocated cash	904,536	801,717
Payables for acquisition of property and equipment	284,222	176,340
Taxes payable	181,989	308,366
Securities clearance payable	961,054	1,839,852
Withholding vehicle and vessel use tax	288,342	309,730
Defined benefit obligation	152,985	171,436
Payable to the insurance guarantee fund	97,985	106,456
Dividend payable	595,236	–
Premiums received in advance	452,666	600,304
Others	3,386,154	3,275,240
Total	13,023,525	13,273,109

29 SHARE CAPITAL

	30 June 2023	31 December 2022
Issued and fully paid ordinary shares of RMB1 each		
– Domestic shares	35,800,391	35,800,391
– H shares	6,679,417	6,679,417
Total	42,479,808	42,479,808

30 RISK MANAGEMENT

30.1 Insurance risk

An insurance policy's risk lies in uncertainty of insured events and the corresponding paid loss. From the perspective of fundamental nature of each policy, the above risk occurs randomly, and the actual paid amount will differ from the estimated data based on statistical methods for each period. For those policy portfolios using probability theory for pricing and reserve estimation, the main risk the Group faces is that the actual payment exceeds the carrying amount of insurance liability, which will occur when the actual loss occurrence or severity exceeds expected values. Such risk is likely to occur in the following situations:

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; or

Development risk -the possibility that changes may occur in the amount of an insurer's obligation at the end of the contract period.

Experience shows that the larger the insurance contracts portfolio of the same nature, the smaller the variability of expected results. In addition, a more diversified portfolio is less likely to be impacted by any sub-portfolio's change. The Group has already established insurance underwriting strategy to diversify underwriting risks, and has maintained a sufficient number of policies for different types of insurance risk. Therefore uncertainty of expected results will be reduced.

For the Group's property and casualty insurance and reinsurance contracts, claims are often affected by natural disasters, catastrophes, terrorist attacks and other factors. For the Group's health and accident reinsurance contracts, infectious diseases, huge lifestyle changes, natural disasters and accidents are all important factors that may increase the loss ratio, which may lead to earlier or more claims than expected. For the Group's life reinsurance contracts, the most important factor is that continuous improvement of medical standards and social conditions help to extend life expectancy. Furthermore, policyholders' terminating contracts, reducing and refusing to pay premiums also impact insurance risk, which means that insurance risk is affected by policyholders' behaviours and decisions.

According to the risk characters, the Group's different departments and subsidiaries manage corresponding insurance risk by determining insurance products' underwriting standards and strategy, and prescribing counterparty risk limits, reinsurance arrangements and claim processing. The Group's assumed insurance liability also incorporates international business underwritten by the former PICC (Group) Company, including asbestos, pollution, health hazard and other potential long-tail risks. Due to such high level of inherent uncertainty in the above business, consisting of relevant payment instability and insurance liability's cognisant uncertainty, the Group cannot completely rule out such significant loss possibilities such as if other reinsurance companies underwrite this kind of business. The Group reduces the uncertainty posted by such business through contacting with ceding companies actively and seeking to settle the liability.

The Group's insurance business mainly comes from Mainland China.

30 RISK MANAGEMENT *(continued)*

30.2 Financial risk

(a) Credit risk

Credit risks refer to the risk of losses incurred by the inabilities of debtors or counterparties to fulfill their contractual obligations or by the adverse changes in their credit conditions. The Group is exposed to credit risks primarily associated with its deposit arrangements with commercial banks, loans and advances to customers, financial assets at amortized cost and debt financial assets at fair value through other comprehensive income, reinsurance arrangement with reinsurers, policy loans, margin financing, financial guarantee contracts and loan commitments, etc. The Group uses a variety of controls to identify, measure, monitor and report credit risk.

Measurement of ECL

The Group has implemented IFRS 9 for financial instruments since 1 January, 2023. The Group applies the ECL model to calculate loss allowances for its debt financial instruments measured at amortized cost and FVOCI, as well as loan commitments and financial guarantee contracts.

Methods applied by the Group in assessing the expected credit losses of its financial assets include risk parameters model and the discounted cash flow ("DCF") model. Retail credit assets and Stage I and Stage II wholesale credit assets are assessed using risk parameters, while Stage III wholesale credit assets are subject to the discounted cash flow method.

The Group assesses ECL in light of forward-looking information and uses models and assumptions in calculating the expected credit losses. These models and assumptions relate to the future macroeconomic conditions and the debtors' creditworthiness. In assessing the expected credit risks in accordance with accounting standards, the Group uses the judgements, assumptions and estimates where appropriate, including:

- Parameters for measuring ECL
- Criteria for significant increase in credit risk and default definition
- Definition of credit-impaired financial assets
- Forward-looking information

30 RISK MANAGEMENT *(continued)*

30.2 Financial risk *(continued)*

(a) Credit risk *(continued)*

Parameters for measuring ECL

According to whether there is a significant increase in credit risk and whether a financial asset has become credit-impaired, the Group recognizes an impairment allowance based on the expected credit loss for the next 12 months or the entire lifetime of the financial asset. The relevant parameters of ECL measurement include probability of default (PD), loss given default (LGD) and exposure at default (EAD). The Group establishes its PD models, LGD models and EAD models based on the internal and external rating based system as currently used for its risk management purpose, in accordance with the requirements of IFRS 9, in light of forward-looking information.

The parameters are defined as follows:

- PD represents the likelihood of a debtor defaulting on its financial obligation, either over the next 12 months ("12m PD"), or over the remaining lifetime ("Lifetime PD") of the obligation; The Group's PD is adjusted on the basis of the results of the Group's internal rating model, incorporating forward-looking information to reflect the point-in-time PD of the debtor in the current macroeconomic environment;

- EAD is based on the amounts the Group expects to be reimbursed at the time of default;

- LGD represents the Group's expectation of the extent of loss on defaulted exposure. It varies depending on the type of counterparty, method of recourse and priority, and the availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default.

30 RISK MANAGEMENT *(continued)*

30.2 Financial risk *(continued)*

(a) Credit risk *(continued)*

Criteria for Judging Material Increase in Credit Risk

The Group assesses whether the credit risk of the relevant financial instruments has increased significantly since the initial recognition at each reporting date. For the purpose of staging assessment of its financial assets, the Group thoroughly considers various reasonable and supportable information that may reflect whether there has been a significant change in their credit risk, including forward-looking information. Key factors considered include regulatory and operating environments, internal and external credit ratings, solvency, viability as a going concern, repayment behaviors, among others. Based on the single financial instrument or the combination of financial instruments with similar characteristics of credit risk, the Group compares the risk of default of financial instruments on the reporting date with that on the initial recognition date in order to figure out the changes of default risk in the expected lifetime of financial instruments.

The Group sets quantitative and qualitative criteria to determine whether the credit risk of a financial instrument has increased significantly since its initial recognition. The criteria includes changes in its credit risk classification, overdue status and other factors. In particular, the five-category classification of asset is downgraded to Special mention; internal debt ratings of assets are downgraded to speculative grade; external debt ratings of assets are downgraded to speculative grade or below the regulatory access level, but no credit impairment has occurred; and the assets are past due, but not more than 90 days old, and have not been deemed to be credit-impaired.

The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. The Group recognizes a financial instrument as having low credit risk if its internal rating is consistent with the globally accepted definition for low credit risk (e.g. external "investment grade" rating).

30 RISK MANAGEMENT *(continued)*

30.2 Financial risk *(continued)*

(a) Credit risk *(continued)*

Definition of credit impairment assets that have occurred

The criteria adopted by the Group to determine whether a credit impairment occurs under IFRS 9 is consistent with the internal credit risk management objectives for relevant financial instruments, in addition to consideration of quantitative and qualitative indicators. In assessing whether a borrower has become credit-impaired, the Group mainly considers the following factors:

- Significant financial difficulty of the issuer or the borrower;
- A breach of contract, such as a default or past due event in relation to interest or principal payment;
- The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- The disappearance of an active market for that financial asset because of financial difficulties;
- The purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses;
- The borrower is overdue for more than 90 days in any principal, advances, interest or investment in bonds due to the Group.

The credit impairment of a financial asset may be caused by the combined effect of multiple events rather than any single discrete event.

30 RISK MANAGEMENT *(continued)*

30.2 Financial risk *(continued)*

(a) Credit risk *(continued)*

Forward-looking information

The assessment of whether there has been a significant increase in credit risk and the calculation of ECL both involve forward-looking information. Through the analysis of historical data, the Group identifies the forward-looking information that affect the credit risk and ECL of various portfolio. Forward-looking information include Gross Domestic Product (GDP), Money Supply (M2) and Consumer Price Index (CPI) etc.

The impact of these forward-looking information on the PDs and the LGDs varies from one portfolio to another. The Group comprehensively considers internal and external data, expert forecasts and statistical analysis to determine the correlation between these forward-looking information and the PDs and LGDs. The Group assesses and forecasts these forward-looking information at least every six months, calculates the best estimates for the future, and regularly reviews and assesses results.

Based on statistical analysis and expert judgements, the Group determines the weightings of multiple scenarios and the corresponding forward-looking information forecast under each scenario. The Group uses the weighted 12 months ECL (Stage I) or weighted lifetime ECL (Stage II and Stage III) to measure relevant impairment allowances. These weighted credit losses are calculated by multiplying the expected credit loss under each scenario by the assigned scenario weighting.

30 RISK MANAGEMENT *(continued)*

30.2 Financial risk *(continued)*

(b) 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 interest rates (interest rate risk), foreign exchange rates (currency risk), and market prices (price risk).

The Group adopts various measures managing market risk, including sensitive analysis, Value-at-Risk ("VaR"), stress testing, scenario analysis and other quantitative models to analyse market risks; mitigating market risk through a diversified investment portfolio; setting acceptable risk tolerance level according to development goals; and tracking the risk control results dynamically to maintain market risk exposure within acceptable level.

(i) Interest rate risk

The Group's interest rate risk arises primarily from fixed maturity financial instruments mainly including cash and short-term time deposits, financial assets at fair value through profit or loss and available-for-sale financial assets. Generally financial instruments at fixed rates and at floating rates expose the Group to fair value interest rate risk and cash flow interest rate risk, respectively.

(ii) Currency risk

Fluctuations in exchange rates between the RMB and other currencies in which the Group conducts business may affect its financial position and results of operations. The foreign currency risk facing the Group mainly comes from movements in the USD/RMB, HKD/RMB, GBP/RMB and other currency to RMB exchange rates.

(iii) Price risk

Price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Group's price risk exposure mainly relates to the stock and fund investments whose values will fluctuate as a result of changes in market prices.

The Group uses VaR to measure the expected loss in respect of equity price risk for stock and fund investments measured at fair value. The Group monitors the daily value fluctuation risk over a portent period of 1 day for going concern basis. Moreover, VaR is measured over a holding period of 250 trading days at a confidence level of 95% assumed under normal market condition.

30 RISK MANAGEMENT *(continued)*

30.2 Financial risk *(continued)*

(c) Liquidity risk

Liquidity risk is the risk that the Group fails to obtain sufficient capital to pay off its matured liabilities. During normal operating activities, the Group reduces liquidity risk through matching the maturity date of investment assets with that of financial liabilities and insurance liabilities.

The Group's relevant departments and the asset management company are responsible for managing and monitoring daily liquidity risks, including analysis of liquidity ratio, establishment of short-term and long-term investment strategy and setting up of a liquidity warning system to ensure liquidity safety.

31 FAIR VALUE MEASUREMENT

31.1 Financial assets and liabilities measured at fair value

Fair value hierarchy

The following tables present the fair value of the Group's financial instruments measured as at 30 June 2023 on a recurring basis, categorised into the three-level fair value hierarchy. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e., unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

- Level 2 valuations: Fair value measured using Level 2 inputs i.e., observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

- Level 3 valuations: Fair value measured using significant unobservable inputs.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six months ended 30 June 2023
(Expressed in thousands of Renminbi, unless otherwise stated)

31 FAIR VALUE MEASUREMENT *(continued)*

31.1 Financial assets and liabilities measured at fair value *(continued)*

Fair value hierarchy ***(continued)***

	Fair value as at 30 June 2023	Fair value measurements as at 30 June 2023 categorised into		
		Level 1	Level 2	Level 3
Assets				
Financial assets at fair value through profit or loss				
– Fixed maturity investment	41,961,220	2,190,137	35,430,846	4,340,237
– Equity securities	56,752,446	49,350,038	1,141,440	6,260,968
Debt instruments at fair value through other comprehensive income	113,307,174	1,650,688	111,656,486	–
Equity instruments at fair value through other comprehensive income	14,969,500	10,574,975	3,746,427	648,098
Derivative financial assets	57,994	–	–	57,994
Total assets	227,048,334	63,765,838	151,975,199	11,307,297
Liabilities				
Financial liabilities at fair value through profit or loss	(427,166)	–	–	(427,166)
Derivative financial liabilities	(343,093)	–	–	(343,093)
Total liabilities	(770,259)	–	–	(770,259)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six months ended 30 June 2023
(Expressed in thousands of Renminbi, unless otherwise stated)

31 FAIR VALUE MEASUREMENT *(continued)*

31.1 Financial assets and liabilities measured at fair value *(continued)*

Fair value hierarchy *(continued)*

	Fair value as at 31 December 2022	Fair value measurements as at 31 December 2022 categorised into		
		Level 1	Level 2	Level 3
Assets				
Financial assets at fair value through profit or loss				
– Fixed maturity investment	34,473,599	2,612,130	27,501,552	4,359,917
– Equity securities	43,308,087	36,145,372	838,851	6,323,864
Debt instruments at fair value through other comprehensive income	110,831,036	2,460,942	108,370,094	–
Equity instruments at fair value through other comprehensive income	17,828,870	13,209,467	3,863,371	756,032
Derivative financial assets	113,755	–	–	113,755
Total assets	206,555,347	54,427,911	140,573,868	11,553,568
Liabilities				
Financial liabilities at fair value through profit or loss	(308,062)	–	–	(308,062)
Derivative financial liabilities	(45,448)	–	–	(45,448)
Total liabilities	(353,510)	–	–	(353,510)

(Expressed in thousands of Renminbi, unless otherwise stated)

31 FAIR VALUE MEASUREMENT *(continued)*

31.1 Financial assets and liabilities measured at fair value *(continued)*

Reconciliation of movements in Level 3 financial instruments measured at fair value

	Financial assets at fair value through profit or loss	Debt instruments at fair value through other comprehensive income	Equity instruments at fair value through other comprehensive income	Derivative financial assets	Derivative financial liabilities	Financial liabilities at fair value through profit or loss
1 January 2023	10,683,781	–	756,032	113,755	(45,448)	(308,062)
Additions	545,773	–	–	–	–	–
Disposals	(410,170)	–	–	–	–	–
Gains/(Losses) through profit or loss	(218,179)	–	–	(55,996)	(299,835)	(119,104)
Gains/(Losses) through other comprehensive income	–	–	(107,934)	235	2,190	–
30 June 2023	10,601,205	–	648,098	57,994	(343,093)	(427,166)

For the six months ended 30 June 2023, the Group did not transfer financial instruments from Level 2 to Level 1 (For the six months ended 30 June 2022: Nil).

For the six months ended 30 June 2023, the Group did not transfer financial instruments from Level 3 to Level 2 (For the six months ended 30 June 2022: Nil).

Valuation techniques and inputs used in Level 2 fair value measurements

As at 30 June 2023, most of the prices of debt securities obtained from the valuation service providers are issued by the Chinese government and state-owned organisations. These valuation service providers utilise a discounted cash flow valuation model using observable market parameters, mainly interest rate, to determine a fair value.

Valuation techniques and inputs used in Level 3 fair value measurements

As at 30 June 2023, significant unobservable inputs such as discount rate and discounts for lack of marketability were used in the valuation of primarily financial assets and liabilities at fair value classified as Level 3, there was no significant changes compared to the end of the previous year.

(Expressed in thousands of Renminbi, unless otherwise stated)

31 FAIR VALUE MEASUREMENT *(continued)*

31.2 Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at amortised cost are not materially different from their fair values as at 30 June 2023 except for the following financial instruments, for which their carrying amounts and fair value and the level of fair value hierarchy are disclosed below:

	30 June 2023		30 June 2023 The fair value hierarchy		
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Assets					
Financial assets at amortised cost	77,558,124	80,059,554	–	43,894,958	36,164,596
Liabilities					
Long-term borrowings	3,972,007	3,916,692	–	–	3,916,692
Notes and bonds payable	17,432,911	17,617,495	–	17,617,495	–

	31 December 2022		31 December 2022 The fair value hierarchy		
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Assets					
Financial assets at amortised cost	78,762,114	80,480,673	–	43,828,545	36,652,128
Liabilities					
Long-term borrowings	3,826,334	3,741,219	–	–	3,741,219
Notes and bonds payable	13,105,985	13,261,588	–	13,261,588	–

31 FAIR VALUE MEASUREMENT *(continued)*

31.2 Fair value of financial assets and liabilities carried at other than fair value *(continued)*

The fair value of the financial assets measured at amortized cost, notes and bonds payable classified as Level 2 is determined and analysed on the basis of the observable net valuation price of China Central Depository & Clearing Co., Ltd. (CCDC), China Securities Depository and Clearing Corporation Limited (CSDC), and Bloomberg Terminal.

The fair value of long-term loans classified as level 3 should be measured as the discounted present value of the future cash flow in accordance with the interest rates on the market with comparable credit ratings and providing almost the same cash flow under the same conditions.

The fair value of investments classified as financial assets measured at amortized cost as level 3 is determined using recognized pricing models, including the discounted cash flows based on unobservable discount rates, which reflects the relevant credit risk.

32 CAPITAL MANAGEMENT

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, to focus on the balance between risk and profit, to ensure that the Group meets the external capital requirements and maintains a sound solvency margin ratio to support its business development and maximise profit for shareholders, by pricing products and services commensurately with the level of risk and by accessing to finance at a reasonable cost.

The Group regularly reviews and manages its capital structure to achieve the most ideal capital structure and maximum returns to the shareholders. Factors taken into consideration include future capital requirement, capital efficiency, actual and expected profitability, expected cash flows and expected capital expenditure of the Group. The Group makes adjustments to the capital structure in light of changes in economic conditions.

(Expressed in thousands of Renminbi, unless otherwise stated)

33 SIGNIFICANT RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS

33.1 Ultimate parent

The immediate parent of the Company is Central Huijin Investment Ltd., whose parent company is China Investment Corporation. The ultimate parent of the Company is the Ministry of Finance of the PRC.

33.2 Significant related parties

Name of significant related parties	Relationship with the Company
China Everbright Bank	Associate

33.3 Transactions with related parties except for key management personnel

(a) Significant related-party transactions between the Group and CEB are as follows:

	Six months ended 30 June	
	2023	2022
Interest income	1,747	34,755
Insurance service income	218	240
Insurance service expenses	371,781	291,434
Handling charges and commission expenses	28	39

(b) The balances of significant related-party transactions between the Group and CEB are as follows:

	30 June 2023	31 December 2022
Cash and short-term time deposits	137,464	150,853
Dividends receivable	447,013	–
Premiums receivable	146	8

33 SIGNIFICANT RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

33.4 Transactions with state-owned entities in the PRC

The Company is a state-owned enterprise which is subject to the control of the State Council of the PRC government. The Group operates in an economic environment predominated by enterprises directly or indirectly owned and/or controlled by the government through its authorities, affiliates or other organisations (collectively the "state-owned entities"). The Group's key business is primary insurance and reinsurance related business and therefore the business transactions with other state-owned entities are primarily related to insurance, reinsurance and investment activities, including but not limited to insurance, reinsurance, provision of asset management or other services, and the sale, purchase, and redemption of bonds or equity instruments.

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

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

34 CONTINGENCIES

Owing to the nature of the insurance business, the Group is involved in the making of estimates for contingencies and legal proceedings in the ordinary course of business. The adverse effects of these contingencies and legal proceedings mainly involve claims on the Group's insurance contracts and reinsurance contracts. The Group has considered possible losses caused by such litigations when measuring insurance contract liabilities. For the six months ended 30 June 2023, certain subsidiaries of the Group were involved in such legal proceedings, and the amounts for specific legal claims may be significant and the cases are being investigated by relevant authorities. While the outcomes of such contingencies and legal proceedings cannot be determined at present, based on the current available information, the Group believes that they did not have a material adverse impact on the financial position as at 30 June 2023 and operating results of the Group for the six months ended 30 June 2023.

(Expressed in thousands of Renminbi, unless otherwise stated)

34 CONTINGENCIES *(continued)*

As at 30 June 2023, the Group had issued the following guarantees:

(1) As at 30 June 2023, the Company provided maritime guarantee of RMB1,528 million (31 December 2022: RMB1,671 million) for domestic and overseas ship mutual insurance associations or overseas insurance institutions which provided 100% of counter guarantee for the aforesaid maritime guarantee.

(2) As at 30 June 2023, CRIH provided letter of credit to Lloyd's to support Syndicate 1084's and Syndicate 1176's underwriting business of GBP 350 million totally (31 December 2022: GBP 350 million).

(3) CRIH entered into two Tier 1 securities lending arrangement for Funds at Lloyd's with two financial institutions. The facilities total GBP 100 million and USD75 million (31 December 2022: GBP 100 million and USD50 million).

35 COMMITMENTS

Capital commitments

	30 June 2023	31 December 2022
Contracted for		
– Intangible assets commitments	30,916	27,239
– Property and equipment commitments	5,923	9,325
– Investment commitments	782,584	752,994
Total	819,423	789,558

36 APPROVAL OF THE CONSOLIDATED FINANCIAL INFORMATION

The condensed consolidated interim financial information was approved and authorised for issue by the Board of Directors of the Company on 29 August 2023.

DEFINITIONS

"Articles of Association"	the articles of association of our Company as adopted at our shareholders' meetings held on 26 June 2015, 24 October 2017, 28 June 2018 and approved by the insurance regulatory authority in the PRC on 9 July 2015, 2 March 2016 and 16 January 2019
"Belt and Road Initiative"	Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road issued by the National Development and Reform Commission, Ministry of Foreign Affairs and Ministry of Commerce of the PRC on 28 March 2015
"Board of Directors" or "Board"	the board of directors of our Company
"C-ROSS"	China Risk Oriented Solvency System, which is China's second generation insurance solvency regulation system
"CBIRC"	China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會)
"Central Huijin"	Central Huijin Investment Ltd.
"Chaucer"	the collective name of China Re International Holdings Limited, Chaucer Insurance Company Designated Activity Company and China Re Australia HoldCo Pty Ltd
"China Continent Insurance"	China Continent Property & Casualty Insurance Company Ltd. (中國大地財產保險股份有限公司), a subsidiary of the Company incorporated in the PRC on 15 October 2003. The Company holds 64.3% of its shares
"China Everbright Bank"	China Everbright Bank Co., Ltd. (中國光大銀行股份有限公司), a joint stock limited liability company incorporated in the PRC
"China Re AMC"	China Re Asset Management Company Ltd. (中再資產管理股份有限公司), a subsidiary of the Company incorporated in the PRC on 18 February 2005. The Company holds 70% of its shares, and China Re P&C, China Re Life and China Continent Insurance hold 10% of its shares respectively

DEFINITIONS

"China Re HK"	China Reinsurance (Hong Kong) Company Limited (中國再保險(香港)股份有限公司), a subsidiary of China Re Life licensed and incorporated by Hong Kong Insurance Authority on 16 December 2019
"China Re Life"	China Life Reinsurance Company Ltd. (中國人壽再保險有限責任公司), a wholly-owned subsidiary of the Company incorporated in the PRC on 16 December 2003
"China Re P&C"	China Property and Casualty Reinsurance Company Ltd. (中國財產再保險有限責任公司), a wholly-owned subsidiary of the Company incorporated in the PRC on 15 December 2003
"China Re UK"	China Re UK Limited, a wholly-owned subsidiary of the Company incorporated in England and Wales on 28 September 2011
"CIC"	Chaucer Insurance Company Designated Activity Company, a company registered in the Republic of Ireland
"CNIP"	China Nuclear Insurance Pool. CNIP was established in 1999 and the Group Company has been the management institution and chairman company of CNIP from its establishment date to November 2016. Starting from November 2016, the management institution of CNIP changed from the Group Company to China Re P&C
"Company" or "Group Company"	China Reinsurance (Group) Corporation (中國再保險(集團)股份有限公司)
"Corporate Governance Code"	the Corporate Governance Code set out in Appendix 14 of the Hong Kong Listing Rules
"CRAH"	China Re Australia HoldCo Pty Ltd, a company registered in Australia, the former name of which is Hanover Australia HoldCo Pty Ltd
"CRIH"	China Re International Holdings Limited, a company registered in England and Wales, the former name of which is The Hanover Insurance International Holdings Limited

DEFINITIONS

"Director(s)"	the director(s) of the Company
"Group", "China Re Group" or "we"	our Company and its subsidiaries (except where the context requires otherwise)
"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Huatai Insurance Agency"	Huatai Insurance Agency and Consultant Service Limited (華泰保險經紀有限公司), a subsidiary of the Company incorporated in the PRC on 1 March 1993. The Company holds 52.5% of its shares
"Latest Practicable Date"	15 September 2023, being the latest practicable date for the inclusion of certain information in this report prior to its publication
"Lloyd's"	The Society of Lloyd's, a global leading specialised P&C and liability insurance market
"Ministry of Finance"	the Ministry of Finance of the PRC (中華人民共和國財政部)
"Model Code for Securities Transactions"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Hong Kong Listing Rules
"Reporting Period"	since 1 January 2023 until 30 June 2023
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Supervisor(s)"	the supervisor(s) of the Company

CORPORATE INFORMATION

REGISTERED NAMES

Legal Chinese name:	中國再保險(集團)股份有限公司
Chinese abbreviation:	中再集團
Legal English name:	China Reinsurance (Group) Corporation
English abbreviation:	China Re

REGISTERED OFFICE AND HEADQUARTERS

No. 11 Jinrong Avenue, Xicheng District, Beijing, the PRC (Postal code: 100033)

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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PLACE OF LISTING OF SHARES

The Stock Exchange of Hong Kong Limited

CLASS OF SHARES

H shares

STOCK NAME

China Re

STOCK CODE

1508

H SHARE REGISTRAR

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

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LEGAL REPRESENTATIVE

Mr. He Chunlei

SECRETARY TO THE BOARD

Ms. Zhu Xiaoyun

AUTHORISED REPRESENTATIVES

Mr. He Chunlei
Ms. Ng Sau Mei

JOINT COMPANY SECRETARIES

Ms. Zhu Xiaoyun
Ms. Ng Sau Mei

AUDITORS

Domestic auditor:
PricewaterhouseCoopers Zhong Tian LLP

Overseas auditor:
PricewaterhouseCoopers
(Certified Public Accountants and Registered PIE Auditor)

ACTUARIAL CONSULTANT

Deloitte Consulting (Shanghai) Co., Ltd.

HONG KONG LEGAL ADVISER

Clifford Chance

UNIFIED SOCIAL CREDIT CODE

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Empower your insurance by expertise

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