

(A joint stock limited company incorporated in the People's Republic of China)  
Stock Code : 1508



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# FINANCIAL HIGHLIGHTS

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

	As at 30 June 2022	As at 31 December 2021 (Restated)	Change (%)
Total assets	508,511	499,796	1.7
Total liabilities	410,329	397,706	3.2
Total equity	98,182	102,090	(3.8)
Net assets per share attributable to equity shareholders of the parent company (RMB)	2.09	2.18	(4.1)
	For the six months ended 30 June		
	2022	2021	Change (%)
Gross written premiums	87,980	83,277	5.6
Net profit	1,637	3,977	(58.8)
Net profit attributable to equity shareholders of the parent company	1,681	4,011	(58.1)
Earnings per share (RMB)	0.04	0.09	(58.1)
Annualised weighted average return on equity (%) <sup>1</sup>	3.66	8.50	Decrease by 4.84 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. Affected by Great Wall Asset's reduction in its results for 2021, the Group's financial data for 2021 has been restated. The data as at 31 December 2021 presented in this report was restated. For details, please refer to the section headed "Management Discussion and Analysis – Major Events – Other Major Events".

# MANAGEMENT DISCUSSION AND ANALYSIS

## OVERVIEW

The Group is engaged in P&C reinsurance, life and health reinsurance, primary P&C insurance, asset management 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, and operate insurance intermediary business primarily through Huatai Insurance Agency. 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:

<i>Unit: in RMB millions, except for percentages</i>			
<b>For the six months ended 30 June</b>			
	<b>2022</b>	<b>2021</b>	<b>Change (%)</b>
Gross written premiums	<b>87,980</b>	83,277	5.6
Gross written premiums by business segment:			
P&C reinsurance <sup>1</sup>	<b>31,797</b>	25,403	25.2
Life and health reinsurance <sup>1</sup>	<b>32,998</b>	35,439	(6.9)
Primary P&C insurance <sup>1</sup>	<b>24,678</b>	23,585	4.6
Total investment income <sup>2</sup>	<b>4,352</b>	10,302	(57.8)
Annualised total investment yield (%) <sup>3</sup>	<b>2.76</b>	6.55	Decrease by 3.79 percentage points
Net investment income <sup>4</sup>	<b>7,606</b>	7,205	5.6
Annualised net investment yield (%) <sup>5</sup>	<b>4.82</b>	4.58	Increase by 0.24 percentage points

Notes: 1. Gross written premiums 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 + share of profits of associates – interest expenses on securities sold under agreements to repurchase.
3. Annualised total investment yield = total investment income ÷ average of total investment assets as at the beginning and end of the period × 2.
4. Net investment income = interest + dividend + rental income + share of profits of associates.
5. Annualised net investment yield = Net investment income ÷ average of total investment assets as at the beginning and end of the period × 2.

# MANAGEMENT DISCUSSION AND ANALYSIS

	As at 30 June 2022		As at 31 December 2021 (after adjustment)		As at 31 December 2021 (before adjustment)	
	Core solvency adequacy ratio (%)	Aggregated solvency adequacy ratio (%)	Core solvency adequacy ratio (%)	Aggregated solvency adequacy ratio (%)	Core solvency adequacy ratio (%)	Aggregated solvency adequacy ratio (%)
China Re Group	174	203	184	208	185	209
Group Company	642	642	598	598	600	600
China Re P&C	141	208	157	213	158	214
China Re Life	198	226	187	215	187	215
China Continent Insurance	281	299	366	366	368	368

Notes: 1. The relevant solvency data as at 30 June 2022 were not audited or reviewed by the auditors of the Company.

2. Affected by Great Wall Asset's reduction in its results for 2021, the Group's financial data for 2021 has been restated accordingly, and the relevant solvency indicator data as at 31 December 2021 has also been adjusted accordingly. The data before and after the adjustment are presented in the table. The relevant solvency data as at 30 June 2022 has been considered the effect of restatements.

In the first half of 2022, in the face of the complex and volatile operating situations, China Re Group persisted in the overall operational strategy of "stabilising growth, adjusting structure, controlling risks and increasing profitability". The overall business operations were in line with expectations.

Our core reinsurance business maintained its solid market position and we continued to maintain leading market share in both domestic P&C reinsurance market and life and health reinsurance market. And our market share in domestic primary P&C insurance business ranked in the tops.

# MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of 2022, we made steady progress in operation and management. Firstly, the premium income grew steadily. The Group's gross written premiums amounted to RMB87,980 million, representing a year-on-year increase of 5.6%, and outperformed the average growth in the market. The market share of domestic P&C reinsurance and life and health reinsurance businesses remained stable, and the growth rate of domestic primary P&C insurance business stabilised and rebounded. Secondly, the business structure was optimised constantly. The domestic non-motor business of P&C reinsurance increased by 42.1% year-on-year and its proportion increased by 6.6 percentage points. In particular, the emerging business increased by 52.9% year-on-year. The overseas P&C reinsurance and Chaucer businesses increased by 17.7% year-on-year. The domestic protection-type business of life and health reinsurance increased by 12.6% year-on-year and its proportion increased by 7.3 percentage points. The domestic non-motor business of primary P&C insurance increased by 9.2% year-on-year, and its proportion increased by 1.9 percentage points, reaching more than half of the total for the first time. Thirdly, the underwriting profits gradually improved. The primary P&C insurance business achieved a substantial reduction in underwriting losses, as well as Chaucer was still able to achieve better underwriting profits in the context of prudent provision for Russian-Ukrainian conflict and losses arising from natural catastrophes. Fourthly, the overall risk was under control. The risk management system continuously improved, the risk management and control steadily enhanced, and the solvency and international ratings remained stable. During the Reporting Period, we maintained our Financial Strength Rating of "A (Excellent)" by A.M. Best and were rated "A" by S&P Global Ratings, with our financial condition remaining stable.

In the first half of 2022, the Group's total investment income was RMB4,352 million, representing a year-on-year decrease of 57.8%. The annualised total investment yield was 2.76%, representing a year-on-year decrease of 3.79 percentage points, which was mainly due to the substantial decrease in investment income of equity and funds year-on-year as the capital market experienced significant fluctuations as affected by the factors such as the resurgence of the COVID-19 pandemic, geopolitical conflicts and macroeconomic pressure. The net investment income amounted to RMB7,606 million, representing a year-on-year increase of 5.6%. The annualised net investment yield was 4.82%, representing a year-on-year increase of 0.24 percentage points, mainly due to the year-on-year increase in dividend income and interest income as we seized the opportunities to increase our allocation of high-dividend assets and fixed income assets.



# MANAGEMENT DISCUSSION AND ANALYSIS

## 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		
	2022	2021	Change (%)
Gross written premiums	87,980	83,277	5.6
Profit before tax	1,980	4,904	(59.6)
Net profit	1,637	3,977	(58.8)
Net profit attributable to equity shareholders of the parent company	1,681	4,011	(58.1)
Earnings per share (RMB)	0.04	0.09	(58.1)
Annualised weighted average return on equity (%) <sup>1</sup>	3.66	8.50	Decrease by 4.84 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.

In the first half of 2022, net profit attributable to equity shareholders of the parent company of the Group amounted to RMB1,681 million, representing a year-on-year decrease of 58.1%, which was mainly due to (i) the year-on-year decrease in investment income as the capital market experienced significant fluctuations as affected by the factors such as the resurgence of the COVID-19 pandemic, geopolitical conflicts and macroeconomic pressure; and (ii) the substantial decrease in investment income of Great Wall Asset, an associate, year-on-year.

The above net profit attributable to shareholders of the parent company is different from the “Announcement on Estimated Decrease in Results for the First Half Year of 2022” disclosed by the Company on 2 August 2022, mainly due to the audited financial data of 2021 published by Great Wall Asset on 26 August 2022. Based on the estimated future operating results of Great Wall Asset provided by the management of Great Wall Asset to the Group, after prudent assessment, the Group made an impairment provision of RMB548 million for the Great Wall Asset Project, resulting in the decrease in the Group’s net profit attributable to equity shareholders of the parent company for the interim period of 2022, which exceeded the decrease range of 40% to 50% as disclosed in the announcement on estimated decrease in results, reaching 58.1%. Excluding the impact of the above factors of Great Wall Asset, the Group’s results for the first half of the year are consistent with that in the announcement on estimated decrease in results.

# MANAGEMENT DISCUSSION AND ANALYSIS

*Unit: in RMB millions, unless otherwise stated*

	As at 30 June 2022	As at 31 December 2021 (Restated)	Change (%)
Total assets	508,511	499,796	1.7
Total liabilities	410,329	397,706	3.2
Total equity	98,182	102,090	(3.8)
Net assets per share attributable to equity shareholders of the parent company (RMB)	2.09	2.18	(4.1)

Note: 1. 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 2022, we endeavoured to strengthen our position as a leading domestic reinsurer. We 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 the construction inherent defects insurance (IDI), short-term health insurance, construction surety bond insurance, catastrophe insurance, Chinese interest abroad projects insurance, cyber securities insurance, and safety production liability umbrella excess of loss insurance and thus our business structure continued to be optimised.

For overseas business, we continued to adhere to high-quality development, optimise management mechanism and strengthen risk management and control. 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 related business development.

In the first half of 2022, gross written premiums from our P&C reinsurance segment amounted to RMB31,797 million, representing a year-on-year increase of 25.2% and accounting for 35.5% of gross written premiums of the Group (before inter-segment eliminations). Net profit amounted to RMB903 million, representing a year-on-year decrease of 56.1%, and the annualised weighted average return on equity reached 6.37%. The combined ratio was 98.46%, representing a year-on-year increase of 1.00 percentage point, of which the loss ratio was 63.29%, representing a year-on-year decrease of 1.48 percentage points; the expense ratio was 35.16%, representing a year-on-year increase of 2.47 percentage points.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Business Analysis

### 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 2022, reinsurance premium income from our domestic P&C reinsurance business amounted to RMB20,369 million, representing a year-on-year increase of 30.0%, which was mainly attributable to (i) the relative rapid growth rate of primary agricultural insurance premium income, and faster development pace of our agricultural reinsurance business over the same period of last year; and (ii) the rapid development of the non-motor insurance business as the Group stepped up market expansion efforts. The combined ratio was 99.56%, representing a year-on-year decrease of 0.15 percentage points, which was mainly due to the improvement of operating efficiency as we proactively adjusted the business structure and managed the business risks.

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		Change
	2022	2021	
Loss ratio (%)	65.92	70.30	Decrease by 4.38 percentage points
Expense ratio (%)	33.64	29.41	Increase by 4.23 percentage points
Combined ratio (%)	99.56	99.71	Decrease by 0.15 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 with domestic clients, the majority of our domestic P&C reinsurance business was on primary basis.

# MANAGEMENT DISCUSSION AND ANALYSIS

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			
	2022		2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Treaty reinsurance	19,296	94.7	14,222	90.7
Facultative reinsurance <sup>1</sup>	1,073	5.3	1,450	9.3
<b>Total</b>	<b>20,369</b>	<b>100.0</b>	<b>15,672</b>	<b>100.0</b>

Note: 1. Pursuant to the definition of facultative reinsurance business in the Provisions on the Administration of Reinsurance Business (Decree No.8 of the CBIRC in 2021), facultative obligatory reinsurance was no longer included in facultative reinsurance business since 1 December 2021. For better comparability, after excluding the written premiums of facultative obligatory reinsurance for the reporting periods indicated, the premium of facultative reinsurance business for the first half of 2022 amounted to RMB718 million, representing a year-on-year increase of 19.1% from comparable calibre.

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			
	2022		2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Proportional reinsurance	20,120	98.8	15,452	98.6
Non-proportional reinsurance	248	1.2	220	1.4
<b>Total</b>	<b>20,369</b>	<b>100.0</b>	<b>15,672</b>	<b>100.0</b>

# MANAGEMENT DISCUSSION AND ANALYSIS

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			
	2022		2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Primary	18,935	93.0	14,426	92.0
Via broker	1,434	7.0	1,246	8.0
<b>Total</b>	<b>20,369</b>	<b>100.0</b>	<b>15,672</b>	<b>100.0</b>

## Lines of Business

As the largest domestic specialised P&C reinsurance company in the PRC, we offer a wide variety of P&C reinsurance risk 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 agriculture, motor, commercial property, liability and engineering insurance. We actively captured the opportunities brought by the transformation and development of the market, vigorously developed non-motor reinsurance business. The gross written premiums of non-motor reinsurance business in our domestic P&C reinsurance business for the first half of 2022 amounted to RMB15,853 million, representing a year-on-year increase of 42.1%. Non-motor insurance business accounted for 77.8% of our overall gross written premiums, representing a year-on-year increase of 6.6 percentage points, further optimising the business structure. In particular, we achieved a rapid growth in emerging business sectors such as the construction inherent defects insurance (IDI), short-term health insurance, construction surety bond insurance, catastrophe insurance, Chinese interest abroad projects insurance, cyber securities insurance and safety production liability umbrella excess of loss insurance, with reinsurance premium income recorded at RMB1,582 million, representing a year-on-year increase of 52.9%, which further consolidated our development advantages in emerging business sectors.

# MANAGEMENT DISCUSSION AND ANALYSIS

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*  
For the six months ended 30 June

Line of business	2022		YoY change (%)	2021	
	Amount	Percentage (%)		Amount	Percentage (%)
Agriculture	4,799	23.6	193.7	1,634	10.4
Motor	4,516	22.2	0.0	4,514	28.8
Commercial property	3,661	18.0	14.4	3,199	20.4
Liability	3,185	15.6	18.3	2,693	17.2
Engineering	1,294	6.4	4.0	1,244	7.9
Others <sup>1</sup>	2,914	14.3	22.0	2,388	15.2
<b>Total</b>	<b>20,369</b>	<b>100.0</b>	<b>5.0</b>	<b>15,672</b>	<b>100.0</b>

Note: 1. Others include, among others, health, cargo, speciality, marine hull and surety.

**Agriculture reinsurance.** In the first half of 2022, reinsurance premium income from agriculture insurance amounted to RMB4,799 million, representing a year-on-year increase of 193.7%, mainly due to the relative rapid growth rate of primary agricultural insurance premium income, and faster development pace of our agricultural reinsurance business over the same period of last year. We actively explored the dual development of developing commercial agriculture insurance and strengthening policy agriculture insurance, promoting innovation of our agriculture insurance products.

**Motor reinsurance.** In the first half of 2022, reinsurance premium income from motor insurance amounted to RMB4,516 million, slightly increased year-on-year, and the premium volume remained stable.

**Commercial property reinsurance.** In the first half of 2022, reinsurance premium income from commercial property insurance amounted to RMB3,661 million, representing a year-on-year increase of 14.4%, mainly due to the increase in premiums ceded to reinsurers of certain customers as a result of our increased efforts in market expansion.

**Liability reinsurance.** In the first half of 2022, reinsurance premium income from liability insurance amounted to RMB3,185 million, representing a year-on-year increase of 18.3%, mainly due to the fact that we actively captured opportunities in the liability insurance market and stepped up investment in research and development and efforts in promotion of new types of liability insurance products such as construction inherent defects insurance (IDI) and cyber securities insurance.

# MANAGEMENT DISCUSSION AND ANALYSIS

*Engineering reinsurance.* In the first half of 2022, reinsurance premium income from engineering insurance business amounted to RMB1,294 million, representing a year-on-year increase of 4.0%, with an overall stable business development.

## Clients and Client Services

In the first half of 2022, we continued to uphold the customer-oriented philosophy. We have maintained stable cooperative 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 customers' needs, we improved the construction of client service system and actively explored innovative approaches to client services. As at the end of the Reporting Period, we maintained business relationships with 86 domestic P&C insurance companies, covering 97.7% 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 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.<sup>1</sup>

Note: 1. China Re Syndicate 2088 completed business clearance at the end of 2021.

In the first half of 2022, we seized the overall trend of rising rates to expand the scale of our business with prominent advantages, and actively adjusted our business portfolio, which resulted in the rapid growth in premium volume. Despite the impacts from the Russian-Ukrainian conflict and other natural catastrophes, the operating efficiency was still stable. Gross written premiums from overseas P&C reinsurance and Chaucer business amounted to RMB11,374 million, representing a year-on-year increase of 17.7%. The combined ratio was 96.50%, representing a year-on-year increase of 4.16 percentage points. The increase in the combined ratio was mainly due to (i) the prudent provision for losses arising from the Russian-Ukrainian conflict; and (ii) the increase in net loss due to natural catastrophes.

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		Change
	2022	2021	
Loss ratio (%)	58.10	52.38	Increase by 5.72 percentage points
Expense ratio (%)	38.40	39.96	Decrease by 1.56 percentage points
Combined ratio (%)	96.50	92.34	Increase by 4.16 percentage points

# MANAGEMENT DISCUSSION AND ANALYSIS

## Overseas P&C Reinsurance Business

In the first half of 2022, gross written premiums from our overseas P&C reinsurance business amounted to RMB2,468 million, representing a year-on-year increase of 8.2%. The increase in written premiums was mainly due to the fact that we seized tailwind from a rate hardening market, actively expanded our business and achieved results.

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		Change
	2022	2021	
Loss ratio (%)	68.54	69.11	Decrease by 0.57 percentage points
Expense ratio (%)	28.42	29.22	Decrease by 0.80 percentage points
Combined ratio (%)	96.96	98.33	Decrease by 1.37 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 gross written premiums from our overseas P&C reinsurance business by type of business for the reporting periods indicated:

Type of business	Unit: in RMB millions, except for percentages			
	For the six months ended 30 June			
	2022		2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Treaty reinsurance	2,345	95.0	2,208	96.8
Facultative reinsurance	123	5.0	105	4.6
Primary insurance	0	0.0	(32)	(1.4)
<b>Total</b>	<b>2,468</b>	<b>100.0</b>	<b>2,281</b>	<b>100.0</b>

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*  
For the six months ended 30 June

Line of business	2022		YoY change (%)	2021	
	Amount	Percentage (%)		Amount	Percentage (%)
Non-marine	1,624	65.8	(0.6)	1,634	71.6
Specialty	306	12.4	7.7	284	12.4
Liability	159	6.4	39.5	114	5.0
Others <sup>1</sup>	379	15.4	51.6	250	10.9
<b>Total</b>	<b>2,468</b>	<b>100.0</b>	<b>8.2</b>	<b>2,281</b>	<b>100.0</b>

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 to establish a balanced and stable network of sales channels. We continued to use brokers as our main source of business, 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 efficiency while valuing service quality. We established long-term and stable business relationships with quality and core clients to target their profitable ceding business. We established comprehensive cooperation relationships 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 recognition from more clients. Leveraging our talents and technology advantages as well as years of experience in international business operations, we were able to better serve domestic clients in the PRC by providing more products and cooperation solutions for international reinsurance practice, and give full play to our advantages of the synergy between domestic and overseas businesses especially in promoting the Belt and Road related business development and in safeguarding the overseas interests of Chinese clients.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Chaucer Business

In the first half of 2022, the gross written premiums from Chaucer amounted to RMB8,906 million, representing a year-on-year increase of 20.6%, mainly due to the positive results achieved as Chaucer leveraged its own professional advantages to seize the opportunity of rising market premiums and actively explored the non-Lloyd's market. The combined ratio was 96.34%<sup>1</sup>, representing a year-on-year increase of 6.60 percentage points, mainly due to (i) the prudent provision for losses arising from the Russian-Ukrainian conflict; and (ii) the increase in net loss due to natural catastrophes. The combined ratio, after excluding the impact of the Russian-Ukrainian conflict, was 82.73%, representing a year-on-year decrease of 7.01 percentage points. The return on economic capital<sup>2</sup> (ROEC) was 5.2%. Taking advantage of the favourable environment of rising rates, Chaucer optimised the non-catastrophe loss rate and controlled the expense ratio, so that the combined ratio was still in line with expectation. The premium of contracts led by Chaucer accounted for approximately 47.0% of its overall gross written premiums. Chaucer is one of the limited number of Lloyd's quality market entities that gained market recognition in respect of both the 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		Change
	2022	2021	
Loss ratio (%)	<b>54.30</b>	45.13	Increase by 9.17 percentage points
Expense ratio (%)	<b>42.04</b>	44.61	Decrease by 2.57 percentage points
Combined ratio (%)	<b>96.34</b>	89.74	Increase by 6.60 percentage points

Notes: 1. Under the UK GAAP, the combined ratio of Chaucer was 92.7%, which was different from that under the International Accounting Standards due to the different treatment for exchange gains and losses as well as 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 provides coverage for property, specialty and casualty reinsurance worldwide; and facultative reinsurance and primary insurance businesses primarily provide coverage for marine, space and aviation, political risk/credit, political violence, energy, property and casualty insurance worldwide.

# MANAGEMENT DISCUSSION AND ANALYSIS

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*

**For the six months ended 30 June**

Type of business	2022		2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Treaty reinsurance	4,484	50.3	2,830	38.3
Facultative reinsurance	1,111	12.5	1,603	21.7
Primary insurance	3,311	37.2	2,953	40
<b>Total</b>	<b>8,906</b>	<b>100.0</b>	<b>7,386</b>	<b>100.0</b>

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*

**For the six months ended 30 June**

Line of business	2022		YoY change (%)	2021	
	Amount	Percentage (%)		Amount	Percentage (%)
Casualty and political risk/credit insurance	1,803	20.2	(0.2)	1,807	24.5
Marine, energy, space and aviation, nuclear insurance	1,460	16.4	2.1	1,430	19.4
Property and political violence insurance	1,527	17.1	27.8	1,195	16.2
Others <sup>1</sup>	4,116	46.3	39.4	2,953	40.0
<b>Total</b>	<b>8,906</b>	<b>100.0</b>	<b>20.6</b>	<b>7,386</b>	<b>100.0</b>

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

# MANAGEMENT DISCUSSION AND ANALYSIS

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 17 years, and has an entrepreneurial approach to business. 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 a comprehensive risk management system comprising five components of “strategy, governance, appetite, assessment and reporting” with a risk culture that cuts through business processes and performance assessment, with a view to effectively managing and controlling risks and supporting healthy development of business.

In terms of service platforms, with headquarters in London, and international branches in Europe, the Middle East and North Africa, Latin America and Asia, Chaucer protects 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 GBP1.3 billion, making us one of the leading platforms 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 related enterprises.

In terms of product innovation, we increased investment and endeavoured to leverage digital solution to provide innovative products while offering more intelligent and efficient underwriting capabilities. For example, we developed and applied a next-generation underwriting platform for high volume specialty products. In order to cope with the impact of global climate change, Chaucer proactively conducted research on oceanic climate change trends along with our own analysis of the effects of these trends on our offshore energy insurance and marine insurance, and tried to identify new business opportunities.

In terms of environmental, social and governance (ESG), Chaucer initiated the formulation of relevant strategies, and improved relevant plans through active ESG cooperation with multiple partners. During the reporting period, Chaucer obtained a MSCI ESG rating of A.

## 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 2022, our reinsurance premium income from business via the CNIP platform amounted to RMB79 million.

# 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:

	<i>Unit: in RMB millions, except for percentages</i>		
	<b>For the six months ended 30 June</b>		
	<b>2022</b>	<b>2021</b>	<b>Change (%)</b>
Gross written premiums	31,797	25,403	25.2
Less: Premiums ceded to reinsurers and retrocessionaires	(3,807)	(2,938)	29.6
Net written premiums	27,990	22,466	24.6
Changes in unearned premium reserves	(2,460)	(811)	203.3
Net premiums earned	25,530	21,654	17.9
Reinsurance commission income	336	297	13.1
Investment income	1,046	2,178	(52.0)
Exchange gains/(losses), net	93	147	(36.7)
Other income	33	41	(19.5)
Total income	27,037	24,317	11.2
Claims and policyholders' benefits	(16,159)	(14,025)	15.2
Handling charges and commissions	(8,404)	(6,372)	31.9
Finance costs	(480)	(369)	30.1
Other operating and administrative expenses	(974)	(1,119)	(13.0)
Total benefits, claims and expenses	(26,017)	(21,885)	18.9
Share of profits and losses of associates	101	141	(28.4)
Profit before tax	1,121	2,573	(56.4)
Income tax	(218)	(517)	(57.8)
Net profit	903	2,056	(56.1)

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

# MANAGEMENT DISCUSSION AND ANALYSIS

## Gross Written Premiums

Gross written premiums of our P&C reinsurance segment increased by 25.2% from RMB25,403 million in the first half of 2021 to RMB31,797 million in the first half of 2022, mainly because (i) domestic businesses seized market opportunities and adjusted business structures to achieve rapid growth in the non-motor reinsurance business; and (ii) Chaucer leveraged its own professional strength and seized the opportunity of the overall trend of rising rates in

# 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 2022, the external operating environment of the Company was complicated and severe with increasing uncertainties. The domestic life and health insurance market experienced an overall loss of growth. At the same time, the industry exercised strict supervision with frequent new regulatory rules and enhanced control. The number of new policies in life and health insurance market in Hong Kong and Singapore declined. There was an increase in business costs and insufficient new business momentum in both domestic and overseas markets. We strove to overcome the adverse impact of the industry, pursued active innovative development, continued to optimise our business structure, 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 “Product+” and “Data+” models. To implement Healthy China Action and develop Inclusive Finance, we actively advanced Hui Min Bao business and opened up Hui Jun Bao market while giving full play to the Company’s technical advantages in product development and risk control, and promoted the integration of health insurance products and health industry by constantly implementing innovation in insurance payment models. As an important entity, we helped China Association of Actuaries with the compilation project of the Fourth Mortality Table and the Guangdong-Hong Kong-Macao Greater Bay Area Mortality Table for Life and Health Insurance Industry of China (《中國人身保險業第四套經驗生命表及粵港澳大灣區經驗生命表》). We achieved diversified development in savings-type reinsurance business, strengthened coordinated innovation in domestic and overseas markets, and attached great importance to cost control and asset-liability management. We developed 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 2022, reinsurance premium income from our life and health reinsurance segment amounted to RMB32,998 million, representing a year-on-year decrease of 6.9% and accounting for 36.9% of the Group’s gross written premiums (before inter-segment eliminations). Net profit amounted to RMB564 million, representing a year-on-year decrease of 64.0%, and annualised weighted average return on equity reached 4.99%, of which reinsurance premium income from China Re Life (consolidated with China Re HK) amounted to RMB32,897 million, representing a year-on-year decrease of 7.3%; total written premiums (“TWPs”) amounted to RMB35,947 million (including TWPs of RMB3,050 million from savings-type non-insurance business), representing a year-on-year decrease of 4.0%.

Considering the business significance and operational independence of China Re Life (consolidated with China Re HK), and given that the reinsurance premium income 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

## Business Analysis

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; we controlled the development pace of the savings-type reinsurance business according to market conditions; 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	2022		YoY change (%)	2021	
	Amount	Percentage (%)		Amount	Percentage (%)
Domestic protection-type reinsurance	13,506	41.1	12.6	11,998	33.8
Domestic savings-type reinsurance	1,106	3.4	(60.8)	2,819	7.9
Domestic financial reinsurance	13,581	41.3	12.7	12,055	34.0
<b>Domestic in total</b>	<b>28,193</b>	<b>85.7</b>	<b>4.9</b>	<b>26,872</b>	<b>75.7</b>
Overseas savings-type reinsurance	4,429	13.5	(47.6)	8,459	23.8
Other overseas business	275	0.8	61.7	170	0.5
<b>Overseas in total</b>	<b>4,704</b>	<b>14.3</b>	<b>(45.5)</b>	<b>8,629</b>	<b>24.3</b>
<b>Total</b>	<b>32,897</b>	<b>100.0</b>	<b>(7.3)</b>	<b>35,501</b>	<b>100.0</b>

In addition, we continued developing savings-type non-insurance business on the precondition of preventing risks and ensuring efficiency. TWPs of RMB3,050 million from savings-type non-insurance business were realised in the first half of 2022, representing a year-on-year increase of 55.8%.

# MANAGEMENT DISCUSSION AND ANALYSIS

## **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 2022, reinsurance premium income from the domestic life and health reinsurance business amounted to RMB28,193 million, representing a year-on-year increase of 4.9%. TWPs amounted to RMB31,253 million (including TWPs of RMB3,060 million from savings-type non-insurance business), representing a year-on-year increase of 8.9%.

In respect of the protection-type reinsurance business, the reinsurance premium income amounted to RMB13,506 million in the first half of 2022, achieving a year-on-year increase of 12.6% despite sluggish growth of the industry. Of which, reinsurance premium income of RMB5,789 million was from the yearly renewable term protection-type business<sup>1</sup> and RMB5,743 million was from the mid-end medical care insurance business, and the total reinsurance premium income was RMB11,532 million, accounting for 85.4% of the reinsurance premium income

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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 2022, the reinsurance premium income from our overseas life and health reinsurance business amounted to RMB4,704 million, representing a year-on-year decrease of 45.5%; TWPs amounted to RMB4,694 million (including TWPs of RMB-10 million from savings-type non-insurance business), representing a year-on-year decrease of 46.3%, of which the reinsurance premium income from China Re Life and China Re HK (both after intra-group eliminations) amounted to RMB1,250 million and RMB3,453 million respectively.

In respect of the overseas savings-type reinsurance business, we actively controlled the pace of development to prevent operational risks and strengthen cycle management. The reinsurance premium income amounted to RMB4,429 million in the first half of 2022, representing a year-on-year decrease of 47.6%.

In respect of other overseas business, we seized business opportunities. The reinsurance premium income amounted to RMB275 million in the first half of 2022, representing a year-on-year increase of 61.7%.

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*

Type of reinsurance arrangement	For the six months ended 30 June			
	2022		2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Treaty reinsurance	32,856	99.9	35,395	99.7
Facultative reinsurance	41	0.1	106	0.3
<b>Total</b>	<b>32,897</b>	<b>100.0</b>	<b>35,501</b>	<b>100.0</b>

# MANAGEMENT DISCUSSION AND ANALYSIS

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*

**For the six months ended 30 June**

Form of cession	2022		2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Proportional reinsurance	32,883	100.0	35,482	99.9
Non-proportional reinsurance	14	0.0	19	0.1
<b>Total</b>	<b>32,897</b>	<b>100.0</b>	<b>35,501</b>	<b>100.0</b>

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*

**For the six months ended 30 June**

Line of business	2022		YoY change (%)	2021	
	Amount	Percentage (%)		Amount	Percentage (%)
Life reinsurance	19,936	60.6	(17.4)	24,141	68.0
Health reinsurance	12,448	37.8	23.4	10,089	28.4
Accident reinsurance	513	1.6	(59.6)	1,271	3.6
<b>Total</b>	<b>32,897</b>	<b>100.0</b>	<b>(7.3)</b>	<b>35,501</b>	<b>100.0</b>

# 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		
	2022	2021	Change (%)
Gross written premiums	32,998	35,439	(6.9)
Less: premiums ceded to retrocessionaires	(2,957)	(4,451)	(33.6)
Net written premiums	30,041	30,988	(3.1)
Changes in unearned premium reserves	1,402	(414)	–
Net premiums earned	31,443	30,573	2.8
Reinsurance commission income	584	511	14.3
Investment income	2,028	4,641	(56.3)
Exchange gains/(losses), net	(185)	53	–
Other income	1,703	793	114.8
Total income	35,573	36,571	(2.7)
Claims and policyholders' benefits	(31,273)	(30,277)	3.3
Handling charges and commissions	(2,900)	(2,727)	6.3
Finance costs	(370)	(254)	45.7
Other operating and administrative expenses	(959)	(1,913)	(49.9)
Total benefits, claims and expenses	(35,502)	(35,170)	0.9
Share of profits and losses of associates	575	551	4.4
Profit before tax	646	1,952	(66.9)
Income tax	(82)	(385)	(78.7)
Net profit	564	1,567	(64.0)

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

# MANAGEMENT DISCUSSION AND ANALYSIS

## Gross Written Premiums

Gross written premiums of our life and health reinsurance segment decreased by 6.9% from RMB35,439 million in the first half of 2021 to RMB32,998 million in the first half of 2022, mainly due to the impact of the savings-type reinsurance business.

## Premiums Ceded to Retrocessionaires

Premiums ceded to retrocessionaires for our life and health reinsurance segment decreased by 33.6% from RMB4,451 million in the first half of 2021 to RMB2,957 million in the first half of 2022, mainly due to the decrease in premiums ceded to retrocessionaires from the savings-type reinsurance business.

## Investment Income

Investment income from our life and health reinsurance segment decreased by 56.3% from RMB4,641 million in the first half of 2021 to RMB2,028 million in the first half of 2022. For details of analysis on changes of investment income, please refer to relevant contents in asset management business segment.

## Claims and Policyholders' Benefits

Claims and policyholders' benefits for our life and health reinsurance segment increased by 3.3% from RMB30,277 million in the first half of 2021 to RMB31,273 million in the first half of 2022, mainly due to the impact of changes in business progress.

## Handling Charges and Commissions

Handling charges and commissions for our life and health reinsurance segment increased by 6.3% from RMB2,727 million in the first half of 2021 to RMB2,900 million in the first half of 2022, mainly due to the impact of changes in business structure.

## Share of Profits and Losses of Associates

Share of profits and losses of associates for our life and health reinsurance segment increased by 4.4% from RMB551 million in the first half of 2021 to RMB575 million in the first half of 2022, mainly due to the increase in profits of our associates in the first half of 2022.

## Net Profit

As a result of the foregoing reasons, net profit for our life and health reinsurance segment decreased by 64.0% from RMB1,567 million in the first half of 2021 to RMB564 million in the first half of 2022.

# 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 2022, we strove to transform and upgrade, and earnestly implemented the high-quality development goals of “strengthening foundation, seeking progress while maintaining stability, strengthening compliance work and creating profits”. The business development moved positively forward. We further strengthened our customer value management and comprehensive operation system construction for overall enhancement of our precise pricing capability, which led to an effective and fruitful outcome in the transformation and development of motor insurance. We continued to promote the “Non-motor” strategy, and achieved rapid growth in agriculture insurance, liability insurance, health insurance and other businesses by optimising the organisational structure, team building, product development, technology empowerment, resource allocation and policy support for the development of “Non-motor”. Through clarifying the business development direction, advancing the synergistic development of all business segments, and strengthening risk control and compliance management, we consolidated the management foundation and enhanced support capabilities.

In the first half of 2022, written premiums from our primary P&C insurance segment amounted to RMB24,678 million, representing a year-on-year increase of 4.6% and accounting for 27.6% of gross written premiums of the Group (before inter-segment eliminations), of which the primary premium income was RMB24,503 million, representing a year-on-year increase of 5.0%. Net profit was RMB-133 million and annualised weighted average return on equity reached -1.03%. The combined ratio was 103.00%, representing a year-on-year decrease of 7.28 percentage points. Of such combined ratio, the loss ratio and expense ratio were 68.05% and 34.95% respectively, representing a year-on-year decrease of 5.14 percentage points and a year-on-year decrease of 2.14 percentage points respectively. The year-on-year decrease in the combined ratio was mainly because, we actively adjusted its business structure, strengthened its business quality control, and continuously optimised cost management, which achieved positive results.

Based on primary premium income of P&C insurance companies in the domestic market in the first half of 2022 disclosed by the industry, we maintained leading market share in domestic primary P&C insurance business.



# MANAGEMENT DISCUSSION AND ANALYSIS

## Business Analysis

### 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	2022		Year-on-year change (%)	2021	
	Amount	Percentage (%)		Amount	Percentage (%)
Motor insurance	12,184	49.7	1.1	12,047	51.6
Accident and short-term health insurance	5,225	21.3	17.8	4,436	19.0
Liability insurance	2,073	8.5	35.5	1,530	6.6
Surety insurance	2,009	8.2	(14.4)	2,348	10.1
Agriculture insurance	975	4.0	71.4	569	2.4
Cargo insurance	561	2.3	(24.0)	738	3.2
Others <sup>1</sup>	1,476	6.0	(11.3)	1,664	7.1
<b>Total</b>	<b>24,503</b>	<b>100.0</b>	<b>5.0</b>	<b>23,332</b>	<b>100.0</b>

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

**Motor Insurance.** In the first half of 2022, primary premium income from our motor insurance amounted to RMB12,184 million, representing a year-on-year increase of 1.1%. We adhered to the business philosophy of “prioritising efficiency and accelerating development”, guided by the principle of comprehensive operation of motor insurance to establish the awareness on cost operation and consolidate the crucial status of motor insurance. With the management of policy cost as the core, we achieved pricing upgrade, structural optimisation, cost control and healthy development from four aspects, namely improvement in precise pricing, policy cost management, business development promotion and business quality control. 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

*Accident and Short-term Health Insurance.* In the first half of 2022, primary premium income from accident and short-term health insurance amounted to RMB5,225 million, representing a year-on-year increase of 17.8%, of which primary premium income from accident insurance amounted to RMB1,690 million, representing a year-on-year increase of 9.4%; primary premium income from short-term health insurance (critical illness insurance not included) amounted to RMB2,086 million, representing a year-on-year increase of 26.1%; primary premium income from critical illness insurance amounted to RMB1,449 million, representing a year-on-year increase of 17.1%. We continued to deepen the customer-oriented comprehensive operation, explored and expanded micro and small businesses' needs for corporate accident insurance and home accident insurance, and continued to optimise our business structure. We actively served the national strategies, participated in various livelihood project businesses such as major illness medical insurance for urban and rural residents, nursing care insurance and Hui Min Bao, and constantly explored the research and development of insurance products for new citizens, the old and young and women, and Hui Min Bao + derivative products as well as promoted the construction of Healthy China Action, so as to assume the function of insurance in serving the society actively.

*Liability Insurance.* In the first half of 2022, primary premium income from liability insurance amounted to RMB2,073 million, representing a year-on-year increase of 35.5%. We actively served the works of “six stabilities” and “six securities”, and focused on the development of safe production liability insurance, construction inherent defects insurance, first (set of) major technical equipment insurance, litigation preservation liability insurance and other business lines, thus maintaining a positive development trend for liability insurance business.

*Surety Insurance.* In the first half of 2022, primary premium income from surety insurance amounted to RMB2,009 million, representing a year-on-year decrease of 14.4%; Of which the cumulative bad debt rate of personal loan surety insurance business was 8.4% in the first half of the year, representing an increase of 1.2 percentage points compared to that of the same period last year, yet still achieved underwriting profitability. We persisted with the development concept of prioritising risk control, constantly improving management efficiency while striving to resolve existing risks and reduce compensation, sparing no efforts in dealing with the impact of the pandemic on businesses. 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 their normal operation as soon as possible. In the first half of the year, we provided risk protection for more than 28,000 micro, small and medium-sized enterprises cumulatively, underwriting risk protection amounted to RMB6,100 million.

*Agriculture Insurance.* In the first half of 2022, primary premium income from agriculture insurance amounted to RMB975 million, representing a year-on-year increase of 71.4%. 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, with an additional bid-winning amount of RMB290 million. 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, 173 products including 99 innovative products were developed and filed.

# MANAGEMENT DISCUSSION AND ANALYSIS

**Cargo Insurance.** In the first half of 2022, primary premium income from cargo insurance amounted to RMB561 million, representing a year-on-year decrease of 24.0%. The decrease in business was mainly attributable to the decline in the scale of return freight insurance of online shopping, except for which other business lines maintained steady development. Among which, we effectively promoted the development of harmless cold chain insurance business, providing risk protection of RMB10.5 billion for 466 customers.

## 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			
	2022		2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Insurance agents	13,607	55.5	13,602	58.3
Of which: Individual insurance agents	8,217	33.5	8,673	37.2
Ancillary insurance agencies	829	3.4	1,181	5.1
Professional insurance agencies	4,561	18.6	3,748	16.0
Direct sales	8,112	33.1	7,650	32.8
Insurance brokers	2,784	11.4	2,080	8.9
<b>Total</b>	<b>24,503</b>	<b>100.0</b>	<b>23,332</b>	<b>100.0</b>

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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			
	2022		2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Shanghai	3,220	13.1	3,685	15.8
Zhejiang	2,220	9.1	1,894	8.1
Yunnan	1,763	7.2	1,716	7.4
Shandong	1,379	5.6	1,359	5.8
Inner Mongolia	1,262	5.2	993	4.3
Jiangxi	1,102	4.5	902	3.9
Sichuan	928	3.8	856	3.7
Henan	841	3.4	875	3.8
Chongqing	833	3.4	732	3.1
Shaanxi	782	3.2	760	3.3
Others	10,173	41.5	9,560	41.0
<b>Total</b>	<b>24,503</b>	<b>100%</b>	<b>23,332</b>	<b>100%</b>

## 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	
	2022	2021
Loss ratio (%)	68.05	73.19
Expense ratio (%) <sup>1</sup>	34.95	37.09
<b>Combined ratio (%)</b>	<b>103.00</b>	<b>110.28</b>

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

# 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:

	<i>Unit: in RMB millions, except for percentages</i>		
	<b>For the six months ended 30 June</b>		
	<b>2022</b>	<b>2021</b>	<b>Change (%)</b>
Gross written premiums	<b>24,678</b>	23,585	4.6
Less: Premiums ceded to reinsurers	<b>(2,805)</b>	(2,629)	6.7
Net written premiums	<b>21,873</b>	20,957	4.4
Changes in unearned premium reserves	<b>(2,071)</b>	(2,389)	(13.3)
Net premiums earned	<b>19,802</b>	18,568	6.6
Reinsurance commission income	<b>790</b>	688	14.8
Investment income	<b>457</b>	1,936	(76.4)
Exchange (losses)/gains, net	<b>92</b>	(7)	–
Other income	<b>43</b>	50	(14.0)
Total income	<b>21,184</b>	21,235	(0.2)
Claims and policyholders' benefits	<b>(13,448)</b>	(13,575)	(0.9)
Handling charges and commissions	<b>(2,286)</b>	(2,268)	0.8
Finance costs	<b>(60)</b>	(74)	(18.9)
Other operating and administrative expenses	<b>(5,552)</b>	(5,536)	0.3
Total benefits, claims and expenses	<b>(21,346)</b>	(21,452)	(0.5)
Share of profits or losses of associates	<b>18</b>	47	(61.7)
Profit before tax	<b>(144)</b>	(169)	(14.8)
Income tax	<b>12</b>	71	(83.1)
Net profit	<b>(133)</b>	(98)	35.7

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

# MANAGEMENT DISCUSSION AND ANALYSIS

## Gross Written Premiums

Gross written premiums for our primary P&C insurance segment increased by 4.6% from RMB23,585 million in the first half of 2021 to RMB24,678 million in the first half of 2022, mainly due to the increase in premium income of non-motor insurance businesses such as health insurance, liability insurance and agriculture insurance.

## Premiums Ceded to Reinsurers

Premiums ceded to reinsurers for our primary P&C insurance segment increased by 6.7% from RMB2,629 million in the first half of 2021 to RMB2,805 million in the first half of 2022, mainly due to the increase in gross written premiums, which led to a corresponding increase in premiums ceded to reinsurers.

## Reinsurance Commission Income

Reinsurance commission income for our primary P&C insurance segment increased by 14.8% from RMB688 million in the first half of 2021 to RMB790 million in the first half of 2022, mainly due to the increase in premiums ceded to reinsurers, which led to a corresponding increase in reinsurance commission income.

## Investment Income

Investment income for our primary P&C insurance segment decreased by 76.4% from RMB1,936 million in the first half of 2021 to RMB457 million in the first half of 2022. For details of analysis on changes of investment income, please refer to relevant contents in the asset management business segment.

## Claims and Policyholders' Benefits

Claims and policyholders' benefits for our primary P&C insurance segment decreased by 0.9% from RMB13,575 million in the first half of 2021 to RMB13,448 million in the first half of 2022, basically the same as compared with the same period last year.

## Handling Charges and Commissions

Handling charges and commissions for our primary P&C insurance segment increased by 0.8% from RMB2,268 million in the first half of 2021 to RMB2,286 million in the first half of 2022, basically the same as compared with the same period last year.

## Net profit

As a result of the foregoing reasons, net profit for our primary P&C insurance segment decreased by 35.7% from RMB-98 million in the first half of 2021 to RMB-133 million in the first half of 2022.

# MANAGEMENT DISCUSSION AND ANALYSIS

## ASSET MANAGEMENT BUSINESS

In the first half of 2022, in the context of the resurgence of the pandemic, the intensifying geopolitical conflicts and the accelerated tightening of monetary policies of major developed economies, the pressure of overseas inflation continued to rise, while the domestic economic growth stabilisation was under pressure, contributing to the increasing complexity and uncertainty of the recovery prospect of global economy. As a result, in the first half of the year, major assets shared a rotation feature, A shares experienced a V-shaped bumpy ride with clear style division, while the yield of domestic bond market fluctuated narrowly.

As at the end of the Reporting Period, the balance of assets under the management of the Group amounted to RMB390,743 million, of which the total investment assets balance of the Group was RMB310,091 million, representing a decrease of 3.2% from the end of the previous year; the balance of assets of third parties under management was RMB80,652 million.

### Investment Portfolio

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

Investment assets	<i>Unit: in RMB millions, except for percentages</i>			
	As at 30 June 2022		As at 31 December 2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Cash and short-term time deposits	15,932	5.1	23,096	7.2
Fixed-income investments	251,842	81.2	257,338	80.3
Time deposits	18,542	6.0	21,366	6.7
Bonds	166,257	53.6	168,255	52.5
Government bonds	14,994	4.8	14,948	4.6
Financial bond	22,680	7.3	23,950	7.5
Enterprise (corporate) bonds	115,774	37.3	116,043	36.2
Subordinated bonds	12,809	4.2	13,314	4.2
Investments classified as loans and receivables	38,732	12.5	39,097	12.2
Other fixed-income investments <sup>1</sup>	28,311	9.1	28,620	8.9
Equity and investment funds	54,723	17.6	56,043	17.5
Investment funds <sup>2</sup>	22,523	7.3	26,246	8.2
Stocks	29,118	9.4	26,607	8.3
Unlisted equity shares <sup>3</sup>	3,082	1.0	3,190	1.0
Other investments	31,478	10.2	32,012	10.0
Investment in associates	25,608	8.3	25,584	8.0
Others <sup>4</sup>	5,870	1.9	6,428	2.0
Less: Financial assets sold under agreements to repurchase	(43,884)	(14.1)	(47,986)	(15.0)
<b>Total investment assets</b>	<b>310,091</b>	<b>100.0</b>	<b>320,503</b>	<b>100.0</b>

Notes: 1. Primarily including financial assets held under resale agreements, statutory deposits and reinsurers' share of policy loans and others.

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

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

4. Including investment properties, currency swaps, etc.



# MANAGEMENT DISCUSSION AND ANALYSIS

In terms of investment management, we adhered to seeking progress while maintaining stability amid the 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, allocating substantially more high-dividend assets in China and overseas, so as to obtain stable investment income. In terms of domestic fixed income, we flexibly mastered the pace of market fluctuation to steadily promote the re-allocation upon maturity and strictly controlled the credit risk, while optimising the allocation of non-standard products to play the crucial role of stabilisation. As for overseas fixed income, we focused on risk avoidance, highlighted the chance of sharp rebound of yields, and optimised allocation to improve medium-and-long-term returns. For equity investment, we maintained focused, controlled position, and balanced structure. In particular, we explored on 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 kept paying attention to high-growth quality enterprises and sought investment opportunities in due course.

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 with China Re AMC acting as the trustee, domestic credit bond investment accounted for 24.75%, of which bonds with AAA rating accounted for 93.45%, and bonds with AA rating<sup>1</sup> 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<sup>2</sup> which accounted for 11.15% of entrusted assets under the management of China Re AMC, of which those with an external rating of AA+ and above accounted for 84.91%. The top three industries in terms of positions held were real estate, transportation and public utilities, accounting for 27.43%, 23.91% and 19.44%, respectively.

Notes: 1. Some of the credit bonds have no external debt rating, and the bonds are rated according to external rating agencies.

2. 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 management of investment risk limits monitoring and conducted in-depth analysis and evaluation of allocation 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.

At the same time, 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 multi-dimensional 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, closely focused on the impact of market volatility on the investment income and the

# MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, we have been actively responding to the external changes of the COVID-19 pandemic and the aggravation of capital market credit risks. From adding the regional concentration limit for the new industry group of municipal investment on the basis of the original credit investment limit, adjusting the risk limit for real estate industry and reviewing and adjusting the list of industries with high credit risk, we improved the annual credit risk limits index system 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 based on industry experience data and debt credit enhancement measurement, making them more accurate in reflecting the changes of corporate credit risks and more effectively managing credit risk exposure. In terms of the risk of overseas interest rates, while continuing to monitor the impact of the intensified risk of overseas stagflation and the progress of the interest rate hike of the US Federal Reserve, we controlled and managed the loss of bond investment and made long-term deployment of bond investment.

As at the end of the Reporting Period, our significant investments held mainly include China Re – Bairong World Trade Center Real Estate Debt Investment Scheme, investments in associates, namely China Everbright Bank and Great Wall Asset, 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 RMB8,000 million 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 2022, China Everbright Bank continued to boost the strategy of “building a first-class wealth management bank”, and its business and performance growth were expected to benefit from the new momentum injected by retail business. The overall risk profile of the company was controllable and the overall operation was relatively stable. As at the end of the Reporting Period, China Re Group held approximately 4.29% 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.

In the first half of 2022, as the macro economy weakened, the financial assets management industry faced greater challenges, resulting in the deterioration of the assets' quality. In response, Great Wall Asset had adopted the arrangement of increasing provisions in accordance with the regulatory requirements, which consequently had great impacts on its profitability. In the future, as the national team and main force of the financial asset management industry, Great Wall Asset will focus on the main business, reform and innovate to achieve high-quality development in accordance with the guiding opinions of the CBIRC against the backdrop of maintaining healthy and stable development of the financial market as proposed by the State. As at the end of the Reporting Period, China Re P&C and China Continent Insurance respectively held 3.64% and 2.86% of Great Wall Asset's equity interest, China Re Group held 6.5% of Great Wall Asset's equity interest in aggregate.

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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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	
	2022	2021
Cash and fixed-income investments	4,557	4,769
Interest income	5,254	4,948
Realised losses	(350)	(57)
Unrealised gains	9	83
Impairment losses	(356)	(205)
Equity and investment funds	(375)	4,580
Dividend income	1,065	933
Realised (losses)/gains	(850)	3,619
Unrealised (losses)/gains	(507)	55
Impairment losses	(83)	(27)
Other investments	637	1,243
Total investment income from investment in associates	601	1,203
Other gains or losses <sup>1</sup>	36	40
Less: Interest expenses on financial assets sold under agreements to repurchase	(467)	(290)
Total investment income <sup>2</sup>	4,352	10,302
Annualised total investment yield (%) <sup>2</sup>	2.76	6.55
Net investment income <sup>3</sup>	7,606	7,205
Annualised net investment yield (%) <sup>3</sup>	4.82	4.58

Notes: 1. Including gains or losses from changes in fair value of derivative financial instruments, realised gains or losses from derivative financial instruments and rental income of investment properties.

2. Total investment income = Investment income + share of profit or loss of associates – interest expenses on financial assets sold under agreements to repurchase;

Annualised total investment yield = Total investment income ÷ average of total investment assets as at the beginning and end of the period × 2;

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 + available-for-sale financial assets + held-to-maturity investments + investments classified as loans and receivables + reinsurers' share of policy loans + investments in associates + statutory deposits + derivative financial instruments + investment properties – financial liabilities at fair value through profit or loss – financial assets sold under agreements to repurchase.

3. Net investment income = Interest income + dividend income + rental income + share of profit or loss of associates;

Annualised net investment yield = Net investment income ÷ average of total investment assets as at the beginning and end of the period × 2.

# MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of 2022, the Group's total investment income was RMB4,352 million, representing a year-on-year decrease of 57.8%. The annualised total investment yield was 2.76%, representing a year-on-year decrease of 3.79 percentage points, which was mainly due to the substantial decrease in investment income of equity and funds year-on-year as the capital market experienced significant fluctuations as affected by the factors such as the resurgence of the COVID-19 pandemic, geopolitical conflicts and macroeconomic pressure. The net investment income amounted to RMB7,606 million, representing a year-on-year increase of 5.6%. The annualised net investment yield was 4.82%, representing a year-on-year increase of 0.24 percentage points, mainly due to the year-on-year increase in dividend income and interest income as we seized the opportunities to increase our allocation of high-dividend assets and fixed income assets.

## 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 2022, against a general environment of intensifying competition and tightening regulatory policies in the insurance intermediary market, we adhered to the general principle of seeking progress while maintaining stability and striving for innovation and transformation, and strove to boost the "Going Out" marketing, industrial layout and coordinated development. However, affected by the pandemic, the development of various businesses and institutions of Huatai Insurance Agency exposed to certain pressure.

In the first half of 2022, revenue from insurance intermediary business amounted to RMB248 million, representing a year-on-year decrease of 8.8%. Profit before tax amounted to RMB1.695 million, representing a year-on-year decrease of 39.9%.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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:

	<i>Unit: in RMB millions, except for percentages</i>			
	30 June 2022	31 December 2021 (after adjustment)	31 December 2021 (before adjustment)	Change (%)
<b>China Re Group</b>				
Core capital	97,212	99,147	99,645	(2.0)
Available capital	113,300	112,145	112,643	1.0
Minimum capital	55,793	53,855	53,930	3.6
Core solvency adequacy ratio (%)	174	184	185	Decrease by 10 percentage points
Aggregated solvency adequacy ratio (%)	203	208	209	Decrease by 5 percentage points
<b>Group Company</b>				
Core capital	76,708	78,540	78,950	(2.3)
Available capital	76,708	78,540	78,950	(2.3)
Minimum capital	11,954	13,135	13,163	(9.0)
Core solvency adequacy ratio (%)	642	598	600	Increase by 44 percentage points
Aggregated solvency adequacy ratio (%)	642	598	600	Increase by 44 percentage points
<b>China Re P&amp;C</b>				
Core capital	20,801	22,309	22,627	(6.8)
Available capital	30,525	30,308	30,627	0.7
Minimum capital	14,702	14,233	14,304	3.3
Core solvency adequacy ratio (%)	141	157	158	Decrease by 16 percentage points
Aggregated solvency adequacy ratio (%)	208	213	214	Decrease by 5 percentage points
<b>China Re Life</b>				
Core capital	36,029	33,790	33,790	6.6
Available capital	41,028	38,788	38,788	5.8
Minimum capital	18,190	18,028	18,028	0.9
Core solvency adequacy ratio (%)	198	187	187	Increase by 11 percentage points
Aggregated solvency adequacy ratio (%)	226	215	215	Increase by 11 percentage points
<b>China Continent Insurance</b>				
Core capital	23,369	25,044	25,224	(6.7)
Available capital	24,852	25,044	25,224	(0.8)
Minimum capital	8,310	6,841	6,857	21.5
Core solvency adequacy ratio (%)	281	366	368	Decrease by 85 percentage points
Aggregated solvency adequacy ratio (%)	299	366	368	Decrease by 67 percentage points

# MANAGEMENT DISCUSSION AND ANALYSIS

- 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 2022 have not been audited or reviewed by the Company's auditors.
  4. The data on 30 June 2022 are the data after considering the effect of restatements, which are different from the relevant data in the summary of solvency report; the data on 31 December 2021 (after adjustment) are taken into account of the effect of restatements; and the data as at 31 December 2021 (before adjustment) are data submitted to the CBIRC previously subject to regulatory requirements, which have been audited in the previous period by the auditor of the Company.

As at the end of the Reporting Period, the Group, the Group Company and each of the reinsurance and insurance subsidiaries of the Group were all in compliance with the regulatory requirement regarding their respective solvency. The solvency calculation rules have been changed to the Solvency Regulatory Rules (II) for Insurance Companies (Yin Bao Jian Fa [2021] No. 51). Compared with the end of 2021, the consolidated solvency adequacy ratio of China Re Group remained stable. In particular, the solvency adequacy ratio of the Group Company saw an increase, which was mainly due to the changes in the retrocession arrangement within the Group. The solvency adequacy ratio of China Re P&C generally remained stable and that of China Re Life increased, mainly due to the insurance retrocession arrangements. The solvency adequacy ratio of China Continent Insurance decreased, mainly due to the change of calculation rules.

# 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 2022 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, adjusted after considering the impact of the restatement of the financial statements:

*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
<b>As at 30 June 2022</b>				
Total assets	81,593	104,776	219,494	86,655
Net assets	59,754	22,907	21,083	25,866
Insurance contract liabilities	12,516	50,128	137,955	46,180
<b>For the six months ended 30 June 2022</b>				
Insurance income	3,224	23,892	32,744	24,678
Net profit	727	852	291	(141)
Basic earnings per share (RMB)	0.017	0.074	0.036	(0.009)
Return on equity (%)	1.20	3.77	1.38	(0.54)
Return on total assets (%)	0.90	0.84	0.13	(0.17)
Investment yield (%)	1.53	1.49	1.79	1.03
Combined investment yield (%)	1.50	0.81	1.30	0.62



# MANAGEMENT DISCUSSION AND ANALYSIS

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

Unit: in RMB millions unless otherwise stated

Indicators	Entity
	China Continent Insurance
<b>For the six months ended 30 June 2022</b>	
Premiums of signed policies (total premiums for policies sold)	24,189
Premiums of signed policies for motor insurance	12,206
Premiums of signed policies for top 5 non-motor insurance	9,996
Average premiums per motor for motor insurance (RMB) (written premiums from new motor insurance policies/number of new motors underwritten)	1,168
Premiums of signed policies by channels	24,189
Premiums of signed policies of agency channels	13,706
Premiums of signed policies of direct sale channels	7,768
Premiums of signed policies of brokerage channels	2,714
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 2022 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 CBIRC, which are not audited or reviewed by the auditors of the Company. The above data disclosed in Table 1 and Table 2 has been adjusted according to the restatement of the financial statements, which is different from the relevant data in the Summary of Solvency Reports.

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 2022, 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.



# MANAGEMENT DISCUSSION AND ANALYSIS

## EXCHANGE RATE FLUCTUATION RISK

Substantial amount of assets and liabilities of the Group is 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 2022, the Group held foreign currency derivatives of RMB29 million (31 December 2021: RMB436 million).

## DETAILS OF ASSETS CHARGED AND BANK BORROWINGS

As at 30 June 2022, bonds with a carrying value of RMB19,497 million (as at 31 December 2021: RMB17,678 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 2022, the carrying value of bonds deposited in the collateral pool of the stock exchange held by the Group was RMB53,794 million (as at 31 December 2021: RMB49,593 million). The bonds deposited in the collateral pool are restricted from trading during the deposit period. The Group can withdraw the bonds deposited in 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 2022, the Group held a long-term borrowing of USD550 million with a coupon rate of 4.7%, and the term was 60 months.

# MANAGEMENT DISCUSSION AND ANALYSIS

## CONTINGENCIES

As at 30 June 2022, the Group has issued the following guarantees:

- (1) As at 30 June 2022, the Company provided maritime guarantee of RMB1,569 million (31 December 2021: RMB1,825 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 2022, CRIH provided letter of credit to Lloyd's to support Syndicate 1084's and Syndicate 1176's underwriting business of GBP313 million totally (31 December 2021: GBP335 million).
- (3) During the Reporting Period, CRIH has entered into Tier 1 securities lending arrangement for Funds at Lloyd's with two financial institutions. The facilities amounted to GBP80 million and USD50 million respectively (31 December 2021: GBP80 million and USD50 million respectively).

## EMPLOYEES

As of 30 June 2022, China Re Group had a total of 55,965 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 is 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 37 to the financial statements do not constitute the connected transactions under the Hong Kong Listing Rules. Therefore, they do not need to comply with the requirements of reporting, announcement or independent shareholders' approval under Chapter 14A of the Hong Kong Listing Rules.

### Use of Proceeds

Reference is made to the 2021 annual report published by the Company on 28 April 2022, which contains, among other things, the use of proceeds from the initial public offering of the Company.

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

### 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Other Major Events

### Maturity and Repayment of US Dollar-Denominated Notes

Reference is made to the voluntary announcement of the Company issued on 10 March 2022, in relation to the 3.375% notes in a principal amount of USD1,500 million (the “Notes”), which were due on 9 March 2022, and the repayment status.

With Notes due on 9 March 2022 (EST), China Reinsurance Finance Corporation Limited has fully repaid the principal and accrued interest of the notes in full, and the notes have been cancelled accordingly.

### Impact of Great Wall Asset Project

The Group’s equity in the joint venture Great Wall Asset was accounted for using the equity method. Before the disclosure of the 2021 annual report by the Group, Great Wall Asset failed to provide its audited 2021 annual financial statements to the Group. Therefore, according to the unaudited financial statements and relevant explanations provided by Great Wall Asset, the Group prepared the 2021 annual financial report after careful study and assessment, which was then audited by the auditor who issued a standard unqualified audit report. On 26 August 2022, Great Wall Asset provided the Group with its audited 2021 annual financial statements, which were materially different from the aforesaid unaudited financial statements, resulting in a decrease of RMB409 million in the Group’s net profit attributable to the parent company for 2021 from RMB6,363 million to RMB5,954 million. Please refer to Note 40 of the financial statements for details of the restatement.

In the first half of 2022, based on the estimated future operating results of Great Wall Asset provided by the management of Great Wall Asset to the Group, after prudent assessment, the Group made an impairment provision of RMB548 million for the Great Wall Asset project, resulting in the decrease in the Group’s net profit attributable to equity shareholders of the parent company for the interim period of 2022, which exceeded the decrease range of 40% to 50% as disclosed in the announcement on estimated decrease in results published by the Company on 2 August 2022, reaching 58.1%. Excluding the impact of the above factors of Great Wall Asset, the Group’s results for the first half of the year are consistent with that in the announcement on estimated decrease in results.

# MANAGEMENT DISCUSSION AND ANALYSIS

## PROSPECTS

China Re Group will consistently adhere to the general tone of “seeking progress while maintaining stability and value creation”, unswervingly insist on “profitable development, market benchmarks, holding out the bottom line of risk compliance and digital transformation”, and persist in the operational policy of “stabilising growth, adjusting structure, controlling risks and increasing profitability”, in order to enhance strategic guidance with transformative thinking, promote business empowerment with innovative thinking, deploy the blue ocean market with incremental thinking, strengthen risk prevention and control with bottom-line thinking, thereby continuously advancing the high-quality development of China Re Group.

In terms of P&C reinsurance business, we will adhere to the general tone of “seeking progress while maintaining stability and value creation”, unswervingly strive to maintain our position as a leading domestic reinsurer and constantly expand our influence in the international market. We will present new highlights in serving national strategies, achieve new breakthroughs in implementing the philosophy of green development, obtain new outcomes in leveraging the efficiency of scientific and technological innovation, take a new step forward in promoting business transformation and development, make new progress in strengthening risk control and compliance management, and create new values in high-quality development.

For the life and health reinsurance business, we will adhere to the requirements under the “14th Five-Year” Plan, 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 business, explore policy opportunities such as new critical illnesses, long-term medical care and inclusive medical care, innovate and upgrade product development and service integration, as well as continue to strengthen risk prevention and management to promote high-quality development of the protection-type business. We will strictly control operating cost, enhance the asset-liability matching and risk management of the savings-type business. We will anchor in meeting our customers’ needs, 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 Group's

# 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

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 Company has appointed four independent non-executive Directors in total, namely Mr. Hao Yansu, Mr. Li Sanxi, Ms. Mok Kam Sheung and Ms. Jiang Bo.

## INTERIM DIVIDEND

The Company does not declare interim dividend for the six months ended 30 June 2022.

## 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.

## OTHER INFORMATION

### 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
Wellington Management Group LLP	Investment manager	H share	398,291,722 (Long position)	0.94	5.96

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

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 are required to be disclosed or recorded in the register of the Company to be kept under Section 336 of the SFO.



# OTHER INFORMATION

## 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 are 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 are 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 are 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 Bingquan	Nil	Non-executive Director	Has served as a Non-executive Director since 10 January 2022.
Yuan Linjiang	Chairman of the Board of Directors, Executive Director	Nil	Ceased to serve as the Chairman of the Board of Directors and an Executive Director since 15 September 2022.
He Chunlei	Vice Chairman of the Board of Directors, Executive Director, President	Vice Chairman of the Board of Directors, Executive Director, President (Acting Legal Representative of the Company and Chairman of the Board of Directors)	Has been acting on behalf of Legal Representative of the Company and Chairman of the Board of Directors since 15 September 2022.

## OTHER INFORMATION

- Notes: 1. For details of Mr. Li Bingquan's appointment, please refer to the announcements of the Company dated 28 September 2021, 29 October 2021, 28 December 2021 and 11 January 2022 and the circular of the Company dated 5 October 2021.
2. For details of Mr. Yuan Linjiang's resignation, please refer to the announcement of the Company dated 15 September 2022.
3. On 15 September 2022, Mr. He Chunlei was appointed as the chairman of the fourth session of the Board of Directors and was nominated as the chairman of the Strategy and Investment Committee of the Board of Directors, and shall officially perform his duty upon the approval of his qualification by the CBIRC and the fulfillment of the procedures stipulated in the Articles of Association. Before officially performing the duties of chairman of the Board of Directors, Mr. He Chunlei shall perform the functions and powers of the legal representative of the Company and chairman of the Board of Directors on his behalf, with a term commencing from the date of resignation of Mr. Yuan Linjiang as the chairman of the Board of Directors and ending on the date of official performance of the duties of chairman of the Board of Directors of Mr. He Chunlei. For details of Mr. He Chunlei's appointment, please refer to the announcement of the Company dated 15 September 2022.
4. On 22 July 2022, upon the consideration and approval of the Board of Directors, Mr. Yang Changsong has been nominated as a non-executive Director candidate for the fourth session of the Board of Directors. His appointment is subject to the approval by the shareholders' general meeting of the Company. He will officially perform his duty after his qualification as a Director is approved by CBIRC and the procedural requirements set out in the Articles of Association are implemented. For details of Mr. Yang Changsong's nomination, please refer to the announcement of the Company dated 22 July 2022 and the circular of the Company dated 12 August 2022.
5. On 29 August 2022, 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. Yang Changsong has been appointed as a member of the Strategy and Investment Committee of the Board of Directors, a member and the vice chairman of the Nomination and Remuneration Committee of the Board of Directors;
  - (2) Mr. Wen Ning ceased to serve as a member of the Audit Committee of the Board of Directors;
  - (3) Ms. Wang Xiaoya has been appointed as a member and the vice chairlady of the Risk Management Committee of the Board of Directors;
  - (4) Mr. Li Bingquan has been appointed as a member and the vice chairman of the Audit Committee of the Board of Directors and ceased to serve as a member of the Risk Management Committee of the Board of Directors;
  - (5) Mr. Hao Yansu has been appointed as a member of the Risk Management Committee of the Board of Directors; and
  - (6) Ms. Jiang Bo ceased to serve as the vice chairlady of the Audit Committee of the Board of Directors.
- Except for the appointment of Mr. Yang Changsong which shall be subject to his official performance of the duties of the Director, the above adjustments have taken effect from 29 August 2022.

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.

# OTHER INFORMATION

## Changes of Supervisors and Their Information

Name	Original Position	Present Position	Changes of Biographies
Xiong Lianhua	Chairlady of the Board of Supervisors, Supervisor	Nil	Ceased to serve as a Chairlady of the Board of Supervisors and Supervisor since 29 April 2022.

- Notes: 1. For details of Ms. Xiong Lianhua's resignation, please refer to the announcement of the Company dated 29 April 2022.
2. On 27 July 2022, upon the consideration and approval of the Board of Supervisors, Mr. Zhu Hailin has been nominated as a shareholder representative Supervisor candidate for the fourth session of the Board of Supervisors. His appointment is subject to the approval by the shareholders' general meeting of the Company. He will officially perform his duty after his qualification as a Supervisor is approved by CBIRC and the procedural requirements set out in the Articles of Association are implemented. For details of Mr. Zhu Hailin's nomination, please refer to the announcement of the Company dated 27 July 2022 and the circular of the Company dated 12 August 2022.

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

## Changes of Senior Management and Their Information

Name	Original Position	Present Position	Changes of Biographies
Zhuang Qianzhi	Vice President, Compliance Controller, Chief Risk Officer	Vice President, Chief Risk Officer	Ceased to serve as the Compliance Controller of the Company since 15 March 2022.
Lei Jianming	Nil	Assistant to the President	Has served as the Assistant to the President of the Company since 21 March 2022.
Cao Shunming	Nil	Compliance Controller	Has served as the Compliance Controller of the Company since 15 March 2022.

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 2022 interim financial information prepared under International Financial Reporting Standards has been reviewed by PricewaterhouseCoopers. The Group's 2022 interim report has been reviewed by the Audit Committee of the Board.



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 2022. 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 2022;
- Quantifying value of one year's new business underwritten by the Group during the 12 months prior to 30 June 2022;
- Reviewing the assumptions used for embedded value and value of one year's new business valuation as at 30 June 2022;
- 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 2022.

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).

# EMBEDDED VALUE

## 2. Results Summary

The embedded value and value of one year's new business results as at 30 June 2022 and the corresponding results as at prior valuation date are summarised as below:

**Table 2.1 EV as at 30 June 2022 and 31 December 2021**

Valuation Date	<i>Unit: in RMB millions</i>	
	30 June 2022	31 Dec 2021 (Restated)
<b>Embedded Value</b>		
Adjusted Net Worth	97,909	103,090
Value of In-force Business before CoC	11,957	12,132
Cost of Required Capital	(4,695)	(4,636)
Value of In-force Business after CoC	7,262	7,496
Embedded Value	105,171	110,586
Of which :		
ANW of the life and health reinsurance business	25,781	28,390
VIF after CoC of the life and health reinsurance business	7,102	7,331
EV of the life and health reinsurance business	32,883	35,721

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.

Note 3: Due to that the Group's financial data for 2021 has been restated, the figures of ANW at the beginning of this period are adjusted accordingly.

**Table 2.2 1-year VNB for the 12 months up to 30 June 2022 and 31 December 2021**

Valuation Date	<i>Unit: in RMB millions</i>	
	30 June 2022	31 Dec 2021
<b>Value of One Year's New Business of the life and health reinsurance business</b>		
Value of One Year's New Business before CoC	3,449	3,483
Cost of Required Capital	(999)	(1,189)
Value of One Year's New Business after CoC	2,450	2,294



# EMBEDDED VALUE

## 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 2022 are the same as those used in 2021 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 2022. 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 2022**

Scenarios	<i>Unit: in RMB millions</i>	
	VIF after CoC	1-year VNB after CoC
Base Scenario	7,102	2,450
Risk discount rate increased by 100 basis points	6,198	2,281
Risk discount rate decreased by 100 basis points	8,151	2,640
Annual investment return rates increased by 50 basis points	8,351	2,658
Annual investment return rates decreased by 50 basis points	5,847	2,242
Mortality and morbidity rates increased by 10%	7,040	2,450
Mortality and morbidity rates decreased by 10%	7,166	2,450
Discontinuance rates increased by 10%	6,969	2,425
Discontinuance rates decreased by 10%	7,225	2,478
Expenses increased by 10%	6,950	2,405
Expenses decreased by 10%	7,254	2,495
Combined ratio of short-term reinsurance contracts increased by 1 percentage point on absolute basis	6,963	2,368
Combined ratio of short-term reinsurance contracts decreased by 1 percentage point on absolute basis	7,315	2,551

# 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 124, 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 2022 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 notes, comprising significant accounting policies and other explanatory information. 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 2022

# FINANCIAL STATEMENTS AND NOTES

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	Six months ended 30 June	
		2022 (Unaudited)	2021 (Unaudited)
Gross written premiums	5	87,980,266	83,277,134
Less: Premiums ceded to reinsurers and retrocessionaires	5	(8,081,739)	(8,868,302)
Net written premiums	5	79,898,527	74,408,832
Changes in unearned premium reserves		(3,123,991)	(3,617,260)
Net premiums earned		76,774,536	70,791,572
Reinsurance commission income		1,337,101	1,149,904
Investment income	6	3,670,281	9,389,284
Exchange (losses)/gains, net		(8,108)	170,097
Other income	7	2,068,528	1,203,523
<b>Total income</b>		<b>83,842,338</b>	<b>82,704,380</b>

The accompanying notes on pages 71 to 124 form part of the interim financial information.



# FINANCIAL STATEMENTS AND NOTES

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (continued)

For the six months ended 30 June 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	Six months ended 30 June	
		2022 (Unaudited)	2021 (Unaudited)
<b>Total income</b>		<b>83,842,338</b>	<b>82,704,380</b>
Claims and policyholders' benefits	8	(60,871,864)	(57,884,010)
– Claims incurred		(39,392,228)	(34,552,479)
– Life and health reinsurance death and other benefits paid		(12,538,955)	(23,482,957)
– Changes in long-term life and health reinsurance contract liabilities		(8,940,681)	151,426
Handling charges and commissions		(13,213,505)	(11,014,775)
Finance costs		(1,029,508)	(900,025)
Other operating and administrative expenses	9	(7,896,349)	(9,204,971)
<b>Total benefits, claims and expenses</b>		<b>(83,011,226)</b>	<b>(79,003,781)</b>
Share of profits of associates		1,149,261	1,203,421
<b>Profit before tax</b>	10	<b>1,980,373</b>	<b>4,904,020</b>
Income tax	11	(343,217)	(926,696)
<b>Profit for the period</b>		<b>1,637,156</b>	<b>3,977,324</b>
<b>Attributable to:</b>			
Equity shareholders of the parent		1,680,938	4,010,807
Non-controlling interests		(43,782)	(33,483)
<b>Profit for the period</b>		<b>1,637,156</b>	<b>3,977,324</b>
<b>Earnings per share (in RMB)</b>	13		
– Basic		0.04	0.09
– Diluted		0.04	0.09

The accompanying notes on pages 71 to 124 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 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
<b>Profit for the period</b>	<b>1,637,156</b>	<b>3,977,324</b>
Other comprehensive income for the period after tax		
Items that will not be reclassified to profit or loss:		
Remeasurement of defined benefit obligation	(9)	4
Items that may be reclassified subsequently to profit or loss:		
Share of other comprehensive income of associates, after tax	(27,935)	(133,871)
Available-for-sale financial assets, after tax	(3,712,570)	(1,364,154)
Exchange differences on translation of financial statements of foreign operations	105,484	(80,260)
Other comprehensive income for the period after tax	(3,635,030)	(1,578,281)
<b>Total comprehensive income for the period</b>	<b>(1,997,874)</b>	<b>2,399,043</b>
Attributable to:		
Equity shareholders of the parent	(1,903,933)	2,594,691
Non-controlling interests	(93,941)	(195,648)
<b>Total comprehensive income for the period</b>	<b>(1,997,874)</b>	<b>2,399,043</b>

The accompanying notes on pages 71 to 124 form part of the interim financial information.

# FINANCIAL STATEMENTS AND NOTES

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	30 June 2022 (Unaudited)	31 December 2021 (Restated)
<b>Assets</b>			
Cash and short-term time deposits	14	15,931,813	23,096,286
Financial assets at fair value through profit or loss	15	10,667,045	14,836,705
Derivative financial assets		36,833	436,422
Financial assets held under resale agreements		3,133,962	3,465,964



# FINANCIAL STATEMENTS AND NOTES

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at 30 June 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	30 June 2022 (Unaudited)	31 December 2021 (Restated)
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
Financial liabilities at fair value through profit or loss		308,062	267,054
Derivative financial liabilities		7,825	–
Securities sold under agreements to repurchase		43,883,978	47,985,583
Reinsurance payables	27	22,192,763	19,115,393
Income tax payable		931,896	2,402,562
Policyholders' deposits		4,259,783	4,291,416
Investment contract liabilities	28	20,023,548	20,786,743
Insurance contract liabilities	29	279,906,009	257,959,374
Notes and bonds payable	30	12,998,491	22,556,059
Long-term borrowings	31	3,685,258	3,499,098
Lease liabilities		1,058,623	1,172,466
Deferred tax liabilities		1,854,713	1,047,352
Other liabilities	32	19,217,644	16,622,936
<b>Total liabilities</b>		<b>410,328,593</b>	<b>397,706,036</b>
<b>Equity</b>			
Share capital	33	42,479,808	42,479,808
Reserves		19,072,875	22,655,595
Retained profits		27,341,239	27,571,892
<b>Total equity attributable to equity shareholders of the parent</b>		<b>88,893,922</b>	<b>92,707,295</b>
Non-controlling interests		9,288,485	9,382,426
<b>Total equity</b>		<b>98,182,407</b>	<b>102,089,721</b>
<b>Total liabilities and equity</b>		<b>508,511,000</b>	<b>499,795,757</b>

Approved and authorized for issue by the Board of Directors on 29 August 2022.

**Yuan Linjiang**  
Director

**He Chunlei**  
Director

**Tian Meipan**  
Chief Actuary

The accompanying notes on pages 71 to 124 form part of the interim financial information.

## FINANCIAL STATEMENTS AND NOTES

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

	Attributable to equity shareholders of the parent	Reserves	Share
Note			



# FINANCIAL STATEMENTS AND NOTES

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the six months ended 30 June 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

Attributable to equity shareholders of the parent												
Reserves												
				General		Defined					Non-	
Note	Share	Capital	Surplus	risk	Catastrophic	remeasurement	Fair value	Exchange	Retained	Subtotal	controlling	Total
	capital	reserve	reserve	reserve	loss reserve	reserve	reserve	reserve	profits		interests	equity
As at 1 January 2021 (Audited)	42,479,808	10,599,448	2,548,437	6,118,790	74,519	409	7,122,982	(392,287)	24,476,359	93,028,465	9,872,389	102,900,854
Profit/(loss) for the period	-	-	-	-	-	-	-	-	4,010,807	4,010,807	(33,483)	3,977,324
Other comprehensive income	-	-	-	-	-	4	(1,335,860)	(80,260)	-	(1,416,116)	(162,165)	(1,578,281)
Total comprehensive income	-	-	-	-	-	4	(1,335,860)	(80,260)	4,010,807	2,594,691	(195,648)	2,399,043
Distributions to shareholders of the parent	12	-	-	-	-	-	-	-	(1,741,672)	(1,741,672)	-	(1,741,672)
Others	-	10,703	-	-	-	-	-	-	-	10,703	-	10,703
As at 30 June 2021 (Unaudited)	42,479,808	10,610,151	2,548,437	6,118,790	74,519	413	5,787,122	(472,547)	26,745,494	93,892,187	9,676,741	103,568,928

The accompanying notes on pages 71 to 124 form part of the interim financial information.

# FINANCIAL STATEMENTS AND NOTES

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
<b>Operating activities</b>		
Cash generated from operations	158,814	7,886,675
Income tax paid	(1,166,893)	(1,297,646)
<b>Net cash flows (used)/generated from operating activities</b>	<b>(1,008,079)</b>	<b>6,589,029</b>
<b>Investing activities</b>		
Interests received	5,247,502	4,459,005
Dividends received	612,497	669,536
Purchases of property and equipment, investment properties and intangible assets	(52,357)	(152,983)
Proceeds from disposals of property and equipment, investment properties and intangible assets	21,184	2,615
Purchases of investments	(79,179,462)	(89,406,013)
Proceeds from disposals of investments	84,882,693	82,339,630
<b>Net cash flows generated/(used) in investing activities</b>	<b>11,532,057</b>	<b>(2,088,210)</b>

The accompanying notes on pages 71 to 124 form part of the interim financial information.

# FINANCIAL STATEMENTS AND NOTES

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the six months ended 30 June 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
<b>Financing activities</b>		
Changes in third party investors' interests of consolidated structured entities, net	–	138,000
Cash paid for debt	(9,483,330)	(29,990)
Interests paid	(783,707)	(545,238)
Cash paid for lease liabilities	(238,134)	(209,767)
Net proceeds from securities sold under agreements to repurchase	(5,195,538)	(233,288)
<b>Net cash flows used in financing activities</b>	<b>(15,700,709)</b>	<b>(880,283)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(5,176,731)</b>	<b>3,620,536</b>
Cash and cash equivalents at the beginning of the period	22,203,831	14,837,049
Effect of foreign exchange rate changes	309,975	(79,884)
<b>Cash and cash equivalents at the end of the period</b>	<b>17,337,075</b>	<b>18,377,701</b>
Cash and short-term time deposits	15,931,813	18,378,862
Add: Financial assets held under resale agreements with original maturity of no more than three months	3,133,962	3,743,350
Less: Restricted cash and short-term time deposits	(1,728,700)	(3,744,511)
<b>Cash and cash equivalents at the end of the period</b>	<b>17,337,075</b>	<b>18,377,701</b>

The accompanying notes on pages 71 to 124 form part of the interim financial information.



# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2022

(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 AND SIGNIFICANT ACCOUNTING POLICIES

#### (1) Basis of preparation

The condensed consolidated interim financial information has been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) issued by the International Accounting Standards Board (IASB), 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 condensed consolidated interim financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2021.

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six months ended 30 June 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

## 2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

### (2) Significant accounting policies

#### (a) New accounting standards and amendments adopted by the Group for the first time for the financial year beginning on 1 January 2022

Amendments to IFRS 3	Update Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before intended use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Annual improvements	Annual Improvements to IFRS Standards 2018-2020 Cycle

These amendment did not have any significant impact on the financial position and performance of the Group.

#### (b) Accounting standards and amendments that are effective but temporary exemption is applied by the Group

##### IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9, bringing together all phases of the financial instruments project to replace IAS 39 and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. Based on the current assessment, the Group expects that the adoption of IFRS 9 will have a significant impact on the Group's consolidated financial statements. The Group adopts the temporary exemption permitted in Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts ("IFRS 4 Amendment") to apply IAS 39 rather than IFRS 9, until the effective date of IFRS 17.

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six months ended 30 June 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

## 2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

### (2) Significant accounting policies (continued)

(b) Accounting standards and amendments that are effective but temporary exemption is



# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six months ended 30 June 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

## 2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

### (2) Significant accounting policies (continued)

- (b) Accounting standards and amendments that are effective but temporary exemption is applied by the Group (continued)

#### IFRS 9 Financial Instruments (continued)

##### *Hedge accounting*

The Group concludes that the new hedge accounting model under IFRS 9 will have no significant impact on the Group's consolidated financial statements.

IAS 28 Investments in Associates and Joint Ventures require an entity to apply uniform accounting policies when using the equity method. Nevertheless, for annual periods beginning before 1 January 2023, an entity is permitted, but not required, to retain the relevant accounting policies applied by the associate or joint venture as follows:

- (a) The entity applies IFRS 9 but the associate or joint venture applies the temporary exemption from IFRS 9; or
- (b) The entity applies the temporary exemption from IFRS 9 but the associate or joint venture applies IFRS 9.

The Group's major associates, China Everbright Bank Company Limited ("CEB"), applied IFRS 9 from 1 January 2018. The Group decides not to adopt uniform accounting policies for associates in group level.

- (c) 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 2022

Amendments to IAS 1	Classification of Liabilities as Current or Non-current
IFRS 17	Insurance Contracts
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
IFRS 10 and IAS 28 Amendments	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IAS 8	Definition of Accounting Estimates

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six months ended 30 June 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

## 2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

### (2) Significant accounting policies (continued)

- (c) 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 2022 (continued)

#### IFRS 17, Insurance Contracts

IFRS 17 was published on 18 May 2017 and amended in June 2020 and Dec 2021. IFRS 17 established principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It will replace IFRS 4, which currently permits a wide variety of practices. IFRS 17 requires a current measurement model, where estimates are remeasured in each reporting period. The measurement is based on the building blocks of discounted, probability-weighted cashflows, an explicit risk adjustment and a contractual service margin representing the unearned profit of the contract which is recognised as revenue over the coverage period.

IFRS 17 (including amendments) is currently mandatorily effective for annual reporting periods beginning on or after 1 January 2023 and early adoption is permitted. The impact is expected to be significant and the Group is in the process of assessing the adoption impact of IFRS 17.

Except for IFRS 17, there are no standards and amendments that are not yet effective that would be expected to have a significant impact on the Group's consolidated financial statements.

## 3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The preparation of the interim financial information 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 expense. Actual results may differ from these estimates.

In determining insurance contract liabilities, assumptions such as discount rate, mortality and morbidity, surrender rate, and expense assumptions are applied to long term life and health reinsurance contracts. Such assumptions should be determined based on current information available at the end of the reporting period. The Group changed the above assumptions based on current information available as at 30 June 2022 (mainly the risk free discount rate) and updated estimates for future cash flows, with the corresponding impact on insurance contract liabilities taken into the current period's statement of profit or loss. As a result of such changes in assumptions, long term life and health reinsurance contracts liabilities were increased by RMB227 million as at 30 June 2022 and the profit before tax for the six months ended 30 June 2022 was decreased by RMB227 million.



# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six months ended 30 June 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 4 SEGMENT INFORMATION

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

For management purposes, the Group is organized 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, etc., 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, etc.
- 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, etc.
- 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 Mainland China.

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

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six months ended 30 June 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 4 SEGMENT INFORMATION (continued)

	For the six months ended 30 June 2022						
	Property and casualty reinsurance	Life and health reinsurance	Primary property and casualty insurance	Asset management	Others	Elimination	Total
Gross written premiums	31,796,511	32,997,998	24,678,159	–	–	(1,492,402)	87,980,266
Less: Premiums ceded to reinsurers and retrocessionaires	(3,806,876)	(2,957,099)	(2,804,909)	–	–	1,487,145	(8,081,739)
Net written premiums	27,989,635	30,040,899	21,873,250	–	–	(5,257)	79,898,527
Changes in unearned premium reserves	(2,459,751)	1,402,251	(2,071,492)	–	–	5,001	(3,123,991)
Net premiums earned	25,529,884	31,443,150	19,801,758	–	–	(256)	76,774,536
Reinsurance commission income	335,812	583,800	789,719	–	–	(372,230)	1,337,101
Investment income	1,045,797	2,028,194	457,488	19,968	122,866	(4,032)	3,670,281
Exchanges gains/(losses), net	93,316	(185,224)	91,807	(42,493)	20,644	13,842	(8,108)
Other income	32,453	1,703,248	42,956	238,244	303,276	(251,649)	2,068,528
<b>Total income</b>	<b>27,037,262</b>	<b>35,573,168</b>	<b>21,183,728</b>	<b>215,719</b>	<b>446,786</b>	<b>(614,325)</b>	<b>83,842,338</b>
– External income	26,377,250	35,235,890	21,820,639	22,146	386,413	–	83,842,338
– Inter-segment income	660,012	337,278	(636,911)	193,573	60,373	(614,325)	–
Claims and policyholders' benefits	(16,158,569)	(31,273,069)	(13,448,046)	–	–	7,820	(60,871,864)
– Claims incurred	(16,158,569)	(9,793,433)	(13,448,046)	–	–	7,820	(39,392,228)
– Life and health reinsurance death and other benefits paid	–	(12,538,955)	–	–	–	–	(12,538,955)
– Changes in long-term life and health reinsurance contract liabilities	–	(8,940,681)	–	–	–	–	(8,940,681)
Handling charges and commissions	(8,404,837)	(2,900,123)	(2,285,787)	–	–	377,242	(13,213,505)
Finance costs	(479,993)	(369,813)	(60,010)	(66,227)	(53,465)	–	(1,029,508)
Other operating and administrative expenses	(973,778)	(959,430)	(5,551,627)	(137,747)	(533,861)	260,094	(7,896,349)
<b>Total benefits, claims and expenses</b>	<b>(26,017,177)</b>	<b>(35,502,435)</b>	<b>(21,345,470)</b>	<b>(203,974)</b>	<b>(587,326)</b>	<b>645,156</b>	<b>(83,011,226)</b>
Share of profits of associates	100,973	575,383	17,507	(7,871)	451,932	11,337	1,149,261
<b>Profit before tax</b>	<b>1,121,058</b>	<b>646,116</b>	<b>(144,235)</b>	<b>3,874</b>	<b>311,392</b>	<b>42,168</b>	<b>1,980,373</b>
Income tax	(217,779)	(81,953)	11,692	(36,382)	(18,795)	–	(343,217)
<b>Profit for the period</b>	<b>903,279</b>	<b>564,163</b>	<b>(132,543)</b>	<b>(32,508)</b>	<b>292,597</b>	<b>42,168</b>	<b>1,637,156</b>



# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six months ended 30 June 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 4 SEGMENT INFORMATION (continued)

	For the six months ended 30 June 2021						
	Property and casualty reinsurance	Life and health reinsurance	Primary property and casualty insurance	Asset management	Others	Elimination	Total
Gross written premiums	25,403,139	35,438,737	23,585,420	–	–	(1,150,162)	83,277,134
Less: Premiums ceded to reinsurers and retrocessionaires	(2,937,517)	(4,451,186)	(2,628,505)	–	–	1,148,906	(8,868,302)
<b>Net written premiums</b>	<b>22,465,622</b>	<b>30,987,551</b>	<b>20,956,915</b>	<b>–</b>	<b>–</b>	<b>(1,256)</b>	<b>74,408,832</b>
Changes in unearned premium reserves	(811,282)	(414,459)	(2,389,388)	–	–	(2,131)	(3,617,260)
Net premiums earned	21,654,340	30,573,092	18,567,527	–	–	(3,387)	70,791,572
Reinsurance commission income	297,080	510,876	688,254	–	–	(346,306)	1,149,904
Investment income	2,178,132	4,640,598	1,936,274	234,583	407,969	(8,272)	9,389,284
Exchanges gains/(losses), net	147,272	53,232	(7,045)	(12,201)	(3,710)	(7,451)	170,097
Other income	40,643	793,294	50,401	236,741	335,474	(253,030)	1,203,523
<b>Total income</b>	<b>24,317,467</b>	<b>36,571,092</b>	<b>21,235,411</b>	<b>459,123</b>	<b>739,733</b>	<b>(618,446)</b>	<b>82,704,380</b>
– External income	23,337,154	36,491,163	21,936,978	257,320	681,765	–	82,704,380
– Inter-segment income	980,313	79,929	(701,567)	201,803	57,968	(618,446)	–
Claims and policyholders' benefits	(14,024,906)	(30,276,525)	(13,574,713)	–	–	(7,866)	(57,884,010)
– Claims incurred	(14,024,906)	(6,944,994)	(13,574,713)	–	–	(7,866)	(34,552,479)
– Life and health reinsurance death and other benefits paid	–	(23,482,957)	–	–	–	–	(23,482,957)
– Changes in long-term life and health reinsurance contract liabilities	–	151,426	–	–	–	–	151,426
Handling charges and commissions	(6,372,116)	(2,726,821)	(2,267,754)	–	–	351,916	(11,014,775)
Finance costs	(368,694)	(253,793)	(73,606)	(175,965)	(27,967)	–	(900,025)
Other operating and administrative expenses	(1,119,036)	(1,913,211)	(5,535,553)	(211,364)	(684,823)	259,016	(9,204,971)
<b>Total benefits, claims and expenses</b>	<b>(21,884,752)</b>	<b>(35,170,350)</b>	<b>(21,451,626)</b>	<b>(387,329)</b>	<b>(712,790)</b>	<b>603,066</b>	<b>(79,003,781)</b>
Share of profits of associates	140,512	551,225	47,114	(221)	481,515	(16,724)	1,203,421
<b>Profit before tax</b>	<b>2,573,227</b>	<b>1,951,967</b>	<b>(169,101)</b>	<b>71,573</b>	<b>508,458</b>	<b>(32,104)</b>	<b>4,904,020</b>
Income tax	(517,326)	(384,565)	71,112	(18,679)	(77,238)	–	(926,696)
<b>Profit for the period</b>	<b>2,055,901</b>	<b>1,567,402</b>	<b>(97,989)</b>	<b>52,894</b>	<b>431,220</b>	<b>(32,104)</b>	<b>3,977,324</b>

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six months ended 30 June 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 4 SEGMENT INFORMATION (continued)

	30 June 2022						
	Property and casualty reinsurance	Life and health reinsurance	Primary property and casualty insurance	Asset management	Others	Elimination	Total
Segment assets	145,510,464	247,259,210	86,464,208	4,439,287	64,972,290	(40,134,459)	508,511,000
Segment liabilities	(116,946,480)	(226,567,284)	(60,796,742)	(470,961)	(11,956,643)	6,409,517	(410,328,593)

  

	31 December 2021						
	Property and casualty reinsurance	Life and health reinsurance	Primary property and casualty insurance	Asset management	Others	Elimination	Total
Segment assets	134,851,688	241,533,748	83,553,865	14,619,336	64,427,227	(39,190,107)	499,795,757
Segment liabilities	(106,673,076)	(216,987,837)	(57,611,825)	(10,635,130)	(11,162,614)	5,364,446	(397,706,036)

### 5 GROSS AND NET WRITTEN PREMIUMS

#### (a) Gross written premiums

	Six months ended 30 June	
	2022	2021
Long-term life and health reinsurance	19,402,748	23,320,744
Short-term life and health reinsurance	13,595,205	12,025,362
Property and casualty reinsurance	26,624,499	21,680,253
Primary property and casualty insurance	28,357,814	26,250,775
Total	87,980,266	83,277,134



# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six months ended 30 June 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 5 GROSS AND NET WRITTEN PREMIUMS (continued)

#### (b) Premiums ceded to reinsurers and retrocessionaires

	Six months ended 30 June	
	2022	2021
Long-term life and health reinsurance	122,850	1,737,817
Short-term life and health reinsurance	2,834,249	2,620,726
Property and casualty reinsurance	2,200,968	1,901,543
Primary property and casualty insurance	2,923,672	2,608,216
<b>Total</b>	<b>8,081,739</b>	<b>8,868,302</b>

#### (c) Net written premiums

	Six months ended 30 June	
	2022	2021
Net written premiums	79,898,527	74,408,832

### 6 INVESTMENT INCOME

	Six months ended 30 June	
	2022	2021
Interest, dividend and rental income (a)	6,456,835	6,001,178
Realised (losses)/gains (b)	(908,527)	3,546,491
Unrealised (losses)/gains (c)	(889,907)	73,793
Impairment losses on financial assets (d)	(439,688)	(232,178)
Impairment losses on investments in associates (note)	(548,432)	–
<b>Total</b>	<b>3,670,281</b>	<b>9,389,284</b>

Note: For the six months ended 30 June 2022, based on the latest estimated operating results of China Great Wall Asset Management Co., Ltd. ("Great Wall AMC"), provided by the management of Great Wall AMC to the Group, after prudent assessment, the Group made an impairment provision of RMB548 million.

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six months ended 30 June 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 6 INVESTMENT INCOME (continued)

#### (a) Interest, dividend and rental income

	Six months ended 30 June	
	2022	2021
Interest income		
Current and time deposits	1,023,910	834,589
Fixed maturity investment		
– Held-to-maturity investments	852,577	997,253
– Available-for-sale financial assets	2,354,847	2,128,302
– Financial assets at fair value through profit or loss	100,085	40,386
– Investment classified as loans and receivables	883,242	905,159
Financial assets held under resale agreements	34,802	38,670
Reinsurers' share of policy loans	5,046	3,781
Subtotal	5,254,509	4,948,140
Dividend income		
Equity securities		
– Available-for-sale financial assets	1,036,543	895,787
– Financial assets at fair value through profit or loss	28,397	37,311
Subtotal	1,064,940	933,098
Rent income from investment properties	137,386	119,940
Total	6,456,835	6,001,178

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six months ended 30 June 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 6 INVESTMENT INCOME (continued)



# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six months ended 30 June 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 6 INVESTMENT INCOME (continued)

#### (d) Impairment losses on financial assets

	Six months ended 30 June	
	2022	2021
Fixed maturity investment		
– Investments classified as loans and receivables	(22,000)	(205,401)
– Available-for-sale financial assets	(334,379)	–
Equity securities		
– Available-for-sale financial assets	(83,309)	(26,777)
Total	(439,688)	(232,178)

### 7 OTHER INCOME

	Six months ended 30 June	
	2022	2021
Fee income from investment contracts and insurance related business	1,942,634	1,064,482
Management fee income	46,472	30,174
Commission income arising from the tax collection of motor vehicles and vessels	21,700	25,795
Sale of goods	2,839	3,817
Others	54,883	79,255
Total	2,068,528	1,203,523



# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six months ended 30 June 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 8 CLAIMS AND POLICYHOLDERS' BENEFITS

	Six months ended 30 June 2022		
	Gross	Ceded	Net
Claims incurred	44,312,616	(4,920,388)	39,392,228
– Short-term life and health reinsurance	12,044,029	(2,547,089)	9,496,940
– Property and casualty reinsurance	15,393,433	(999,690)	14,393,743
– Primary property and casualty insurance	16,875,154	(1,373,609)	15,501,545
Life and health reinsurance death and other benefits paid	12,388,703	150,252	12,538,955
Changes in long-term life and health reinsurance contract liabilities	9,171,817	(231,136)	8,940,681
<b>Total</b>	<b>65,873,136</b>	<b>(5,001,272)</b>	<b>60,871,864</b>

	Six months ended 30 June 2021		
	Gross	Ceded	Net
Claims incurred	37,701,493	(3,149,014)	34,552,479
– Short-term life and health reinsurance	9,004,394	(2,107,971)	6,896,423
– Property and casualty reinsurance	12,734,769	52,646	12,787,415
– Primary property and casualty insurance	15,962,330	(1,093,689)	14,868,641
Life and health reinsurance death and other benefits paid	24,045,561	(562,604)	23,482,957
Changes in long-term life and health reinsurance contract liabilities	1,040,240	(1,191,666)	(151,426)
<b>Total</b>	<b>62,787,294</b>	<b>(4,903,284)</b>	<b>57,884,010</b>

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six months ended 30 June 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 9 OTHER OPERATING AND ADMINISTRATIVE EXPENSES

	Six months ended 30 June	
	2022	2021
Employee costs	2,854,372	2,842,509
Interest expenses of policyholders' deposits and investment contracts	615,213	1,431,331
Outsourcing costs	1,339,735	1,372,063
Advertising, promotion and consulting expenses	762,319	883,997
Depreciation and amortisation	511,287	515,094
Official and travel expenses	261,045	306,124
Taxes and surcharges	279,941	258,318
Impairment losses charges	121,636	249,467
Insurance guarantee fund	184,430	176,772
Rental expenses	57,915	82,422
Traffic accident rescue expense	37,838	53,495
Asset management fee	59,275	50,927
Bank settlement fee	69,666	49,354
Others	741,677	933,098
<b>Total</b>	<b>7,896,349</b>	<b>9,204,971</b>

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six months ended 30 June 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 10 PROFIT BEFORE TAX

Profit before tax is recognized at after charging the following items:

	Six months ended 30 June	
	2022	2021
Employee costs (including directors' and supervisors' emoluments) (note)	3,292,728	3,330,279
Depreciation of property and equipment (note)	194,037	183,091
Depreciation of right-of-use assets (note)	162,508	148,716
Depreciation of investment properties	109,855	109,931
Amortisation of intangible assets (note)	99,868	106,481
Rental expenses (note)	94,048	121,420
Impairment losses on available-for-sale financial assets	417,688	26,777
Impairment losses on investments classified as loans and receivables	22,000	205,401
Impairment losses on premiums receivable	105,656	137,039
Impairment losses on reinsurance debtors	15,980	20,452
Impairment losses on investment in associates	548,432	–
Impairment losses on other assets	–	91,976

Note: Certain employee costs, depreciation, amortization and rental expenses are recorded as loss adjustment expenses and are not included in other operating and administrative expenses.

### 11 INCOME TAX

	Six months ended 30 June	
	2022	2021
Current income tax		
Charge for the year	965,346	1,053,222
Adjustments in respect of prior years	(43,739)	647
Deferred income tax	(578,390)	(127,173)
<b>Total</b>	<b>343,217</b>	<b>926,696</b>

Note: The income tax rate applied to the Company and its subsidiaries in Mainland China is 25% for the six months ended 30 June 2022 (six months ended 30 June 2021: 25%). Taxation for overseas subsidiaries and branches is charged at the appropriate current rates of taxation ruling in the relevant jurisdictions.



# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six months ended 30 June 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 12 DIVIDENDS

	Six months ended 30 June	
	2022	2021
In respect of previous year:		
2021 final dividend (declared in 2022):		
RMB0.045 per ordinary share	1,911,591	
2020 final dividend (declared in 2021):		
RMB0.041 per ordinary share		1,741,672

### 13 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 during the six months ended 30 June 2022 and the six months ended 30 June 2021.

	Six months ended 30 June	
	2022	2021
Net profit attributable to the equity shareholders of the parent	1,680,938	4,010,807
Weighted average number of ordinary shares (in thousands)	42,479,808	42,479,808
Basic and diluted earnings per share (in RMB)	0.04	0.09

There were no potential diluted ordinary shares in issue during the six months ended 30 June 2022 and the six months ended 30 June 2021, so the diluted earnings per share were the same as the basic earnings per share.

### 14 CASH AND SHORT TERM TIME DEPOSITS

	30 June 2022	31 December 2021
Cash at banks and on hand	13,045,987	16,874,624
Time deposits with original maturity of no more than three months	1,286,895	2,247,565
Other monetary deposits	1,598,931	3,974,097
Total	15,931,813	23,096,286

As at 30 June 2022, cash and short-term time deposits of RMB1,728,700 thousand (31 December 2021: RMB4,358,419 thousand) were restricted from use, which are mainly trading deposits and securities settlement deposits.

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six months ended 30 June 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 15 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2022	31 December 2021
<b>Listed</b>		
<b>Fixed maturity investment</b>		
Government bonds	3,821	–
Financial bonds	305,557	264,628
Corporate bonds	5,363,154	5,148,380
<b>Equity securities</b>		
Investment funds	484,851	3,251,728
Stocks	1,367,268	2,251,141
<b>Sub-total</b>	<b>7,524,651</b>	<b>10,915,877</b>
<b>Unlisted</b>		
<b>Fixed maturity investment</b>		
Government bonds	79,328	40,392
Financial bonds	80,823	183,441
Corporate bonds	90,473	42,960
<b>Equity securities</b>		
Investment funds	2,665,238	1,926,342
Structured notes (note)	–	1,272,750
Products from insurance asset managers	226,532	454,943
<b>Sub-total</b>	<b>3,142,394</b>	<b>3,920,828</b>
<b>Total</b>	<b>10,667,045</b>	<b>14,836,705</b>

Note: The structured notes were issued by closed-end funds of which the underlying assets are offshore dollar debt.

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six months ended 30 June 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 16 PREMIUMS RECEIVABLE

	30 June 2022	31 December 2021
Premiums receivable	18,674,802	16,844,105
Less: impairment provision	(817,685)	(711,878)
Premiums receivable, net	17,857,117	16,132,227

#### (a) Aging analysis

	30 June 2022	31 December 2021
Within 3 months (inclusive)	16,904,748	15,486,430
3 months to 1 year (inclusive)	1,061,847	741,930
1 to 2 years (inclusive)	258,775	267,547
Over 2 years	449,432	348,198
Total	18,674,802	16,844,105
Less: impairment provision	(817,685)	(711,878)
Net	17,857,117	16,132,227

#### (b) Impairment provision of premiums receivable

	Six months ended 30 June	
	2022	2021
At the beginning of the period	711,878	549,933
Net charge for the period	105,656	137,039
Exchange difference	151	295
At the end of the period	817,685	687,267



# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six months ended 30 June 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 17 REINSURANCE DEBTORS

	30 June 2022	31 December 2021
Reinsurance debtors	61,073,523	49,867,583
Less: impairment provision	(201,656)	(181,157)
Reinsurance debtors, net	60,871,867	49,686,426

#### (a) Aging analysis

	30 June 2022	31 December 2021
Within 3 months (inclusive)	54,704,131	44,815,283
3 months to 1 year (inclusive)	4,320,502	3,472,110
1 to 2 years (inclusive)	921,594	732,721
Over 2 years	1,127,296	847,469
Total	61,073,523	49,867,583
Less: impairment provision	(201,656)	(181,157)
Net	60,871,867	49,686,426

#### (b) Impairment provision of reinsurance debtors

	Six months ended 30 June	
	2022	2021
At the beginning of the period	181,157	170,522
Charge for the period	15,980	20,452
Exchange difference	4,519	(576)
At the end of the period	201,656	190,398

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six months ended 30 June 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 18 INVESTMENT CONTRACTS RECEIVABLE

	30 June 2022	31 December 2021
Investment contracts receivable	5,242,193	5,266,570
Less: impairment provision	–	–
Investment contracts receivable, net	5,242,193	5,266,570
Within 3 months (inclusive)	5,242,193	5,266,570
Total	5,242,193	5,266,570
Less: impairment provision	–	–
Net	5,242,193	5,266,570

Investment contracts receivable represents receivable from cedants arising from reinsurance contracts which do not meet the definition of an insurance contract.

### 19 TIME DEPOSITS

	30 June 2022	31 December 2021
Within 3 months (inclusive)	604,026	3,372,058
3 months to 1 year (inclusive)	3,237,939	293,938
1 to 2 years (inclusive)	–	3,000,000
2 to 3 years (inclusive)	11,700,000	6,000,000
3 to 4 years (inclusive)	–	5,700,000
4 to 5 years (inclusive)	3,000,000	3,000,000
Total	18,541,965	21,365,996



# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six months ended 30 June 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 20 AVAILABLE FOR SALE FINANCIAL ASSETS

	30 June 2022	31 December 2021
<b>Listed</b>		
<b>Fixed maturity investment</b>		
Government bonds	4,721,193	4,746,755
Financial bonds	2,148,562	2,034,243
Corporate bonds	68,827,977	66,450,645
Subordinated bonds	2,122,438	1,484,254
Assets backed securities	303,480	162,996
<b>Equity securities</b>		
Investment funds	2,186,518	1,175,362
Stocks	27,751,057	24,355,545
Perpetual bonds	4,113,732	4,395,538
<b>Sub-total</b>	<b>112,174,957</b>	<b>104,805,338</b>
<b>Unlisted</b>		
<b>Fixed maturity investment</b>		
Government bonds	7,051,766	7,024,325
Financial bonds	15,667,724	16,041,048
Corporate bonds	21,318,444	24,274,581
Subordinated bonds	3,098,982	3,142,934
Other fixed maturity investment	2,350,038	1,122,514
<b>Equity securities</b>		
Investment funds	17,186,412	18,619,600
Unlisted equity investments	860,424	936,464
Equity investment plans	312,841	412,660
Products from insurance asset managers	1,681,430	1,386,332
<b>Sub-total</b>	<b>69,528,061</b>	<b>72,960,458</b>
<b>Total</b>	<b>181,703,018</b>	<b>177,765,796</b>
<b>Including: Impairment provision</b>	<b>(995,713)</b>	<b>(707,052)</b>

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six months ended 30 June 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 21 HELD TO MATURITY INVESTMENTS

	30 June 2022	31 December 2021
<b>Listed</b>		
Government bonds	3,034,927	3,034,596
Financial bonds	918,790	868,605
Corporate bonds	10,870,934	9,524,610
Subordinated bonds	1,719,651	1,719,856
<b>Sub-total</b>	<b>16,544,302</b>	<b>15,147,667</b>
<b>Unlisted</b>		
Government bonds	102,717	102,415
Financial bonds	3,558,336	4,557,870
Corporate bonds	9,302,967	10,602,252
Subordinated bonds	5,868,252	6,966,748
<b>Sub-total</b>	<b>18,832,272</b>	<b>22,229,285</b>
<b>Total</b>	<b>35,376,574</b>	<b>37,376,952</b>

### 22 INVESTMENTS CLASSIFIED AS LOANS AND RECEIVABLES

	30 June 2022	31 December 2021
Loans	15,723,024	15,737,156
Trust schemes	11,528,609	10,327,344
Debt investment plans	12,670,000	14,100,000
Asset backed plans	1,075,000	1,175,000
<b>Less: impairment provision</b>	<b>(2,264,432)</b>	<b>(2,242,432)</b>
<b>Total</b>	<b>38,732,201</b>	<b>39,097,068</b>

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six months ended 30 June 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 23 SCOPE OF CONSOLIDATION

(a) Particulars of the Company's primary subsidiaries as at 30 June 2022 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	London	Paid-in capital of GBP 95,300,000	100.00%	–	Property and casualty reinsurance, UK
China Re Underwriting Agency Limited	London	Paid-in capital of GBP 18,000,000	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



# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six months ended 30 June 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 23 SCOPE OF CONSOLIDATION (continued)

(a) Particulars of the Company's primary subsidiaries as at 30 June 2022 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 2022, all the Company's primary subsidiaries registered in mainland China are companies with limited liabilities.

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six months ended 30 June 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 23 SCOPE OF CONSOLIDATION (continued)

(b) As at 30 June 2022, the Company consolidated the following structured entities:

Name	Paid-in capital	Attributable equity interest	Principal activities
China Re Zhongzai Alternative Equity Fund	RMB1,120,992,625	100.00%	aFund

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six months ended 30 June 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 23 SCOPE OF CONSOLIDATION (continued)

(b) As at 30 June 2022, the Company consolidated the following structured entities: (continued)

Name	Paid-in capital	Attributable equity interest	Principal activities
China Re Healthy Life Asset Management Product	RMB330,000,250	100.00%	Investment in equity
China Re Hong Kong Stock Connect Program Asset Management Product	RMB330,000,250	100.00%	Investment in equity
China Re Industry Prosperity and Hedge Asset Management Product	RMB330,000,250	100.00%	Investment in 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	RMB500,000,000	100.00%	Investment in loans
Huaxin Trust Haorui No. 36 Hongdao Trust Investment Plans	RMB180,386,717	100.00%	Investment in loans
Huaxin Trust Haorui No. 36 Xining Trust Investment Plans	RMB186,691,643	100.00%	Investment in loans
Huaxin Trust Haorui No. 36 Tongtian Trust Investment Plans	RMB189,601,453	100.00%	Investment in loans
Huaxin Trust Haorui No. 36 Guangde Trust Investment Plans	RMB206,344,472	100.00%	Investment in loans
China Re FOF Active configuration 1st Asset Management Product	RMB3,000,050	100.00%	Investment in debt/Investment in equity
China Re FOF Flexible configuration 1st Asset Management Product	RMB31,500,025	100.00%	Investment in debt/Investment in equity
China Re Ruicheng 1st Asset Management Product	RMB3,000,050	100.00%	Investment in debt/Investment in equity



# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six months ended 30 June 2022

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### 23 SCOPE OF CONSOLIDATION (continued)

(b) As at 30 June 2022, the Company consolidated the following structured entities: (continued)

Name	Paid-in capital	Attributable equity interest	Principal activities
China Re Ruicheng 2nd Asset Management Product	RMB3,000,050	100.00%	Investment in debt/Investment in equity
China Re Ruicheng 3rd Asset Management Product	RMB3,000,050	100.00%	Investment in debt/Investment in equity
China Re Ruicheng 4th Asset Management Product	RMB3,000,050	100.00%	Investment in debt/Investment in equity
China Re Ruicheng 7th Asset Management Product	RMB3,000,050	100.00%	Investment in debt/Investment in equity
China Re Wengying 1st Asset Management Product	RMB100,500,030	100.00%	Investment in debt/Investment in equity
China Re Peace of mind income 2nd Asset Management Product	RMB300,005	100.00%	Investment in debt
China Re Peace of mind income 3rd Asset Management Product	RMB300,005	100.00%	Investment in debt
China Re Solid harvest more measurement slightly 1st Asset Management Product	RMB300,005	100.00%	Investment in debt
China Re Solid harvest more measurement slightly 2nd Asset Management Product	RMB300,005	100.00%	Investment in debt
China Re Ruitong 1st Asset Management Product	RMB217,507,131	87.84%	Investment in debt/Investment in equity



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## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six months ended 30 June 2022

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### 24 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 2022	31 December 2021
The Company	8,721,318	9,521,318
China Re P&C	2,400,000	2,400,000
China Re Life	3,600,000	3,900,000
China Continent Insurance	3,023,184	3,023,184
Total	17,744,502	18,844,502

### 25 INVESTMENTS IN ASSOCIATES

	30 June 2022	31 December 2021
Book balance		
– Listed shares	19,236,442	18,784,160
– Unlisted shares	6,920,266	6,799,376
Total	26,156,708	25,583,536
Less: Impairment provision	(548,432)	–
Carrying amount	25,608,276	25,583,536

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six months ended 30 June 2022

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### 25 INVESTMENTS IN ASSOCIATES (continued)

	Six months ended 30 June	
	2022	2021
As at 1 January 2022	25,583,536	25,758,482
Share of profit or loss	1,149,261	1,203,421
Declared dividends	(539,067)	(634,711)
Other equity movements	(37,022)	22,219
Impairment	(548,432)	–
As at 30 June 2022	25,608,276	26,349,411

Particulars of the Group's major associate is as follows:

Name of associate	Place of incorporation and business	Registered capital (in RMB millions)	Principal activities
CEB	China	54,032	Commercial banking

	Proportion of ownership interest		
	Group's effective interest	Held by the Company	Held by a subsidiary
30 June 2022	4.29%	1.46%	2.83%
31 December 2021	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 interest in this associate is 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 2022, the market value of the Group's investment in CEB was RMB5,385 million (31 December 2021: RMB5,674 million).

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six months ended 30 June 2022

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### 25 INVESTMENTS IN ASSOCIATES (continued)

Particulars of the Group's major associate is as follows: (continued)

As at 30 June 2022, the fair value of the Group's investment in CEB had been below the carrying amount. As a result, the Group performed an impairment test on the carrying amount, which confirmed that there was no impairment at 30 June 2022 as the recoverable amount as determined by a value-in-use ('VIU') calculation was higher than the carrying value.

	As at 30 June 2022 (RMB in millions)		
	VIU	Carrying value	Fair value
CEB	18,849	16,332	5,385

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

Management used a number of assumptions in VIU calculation:

	As at 30 June 2022	As at 31 December 2021
Discount rate	11.0%	11.0%
Sustainable growth rate	2.0%	2.0%
Capital adequacy ratio	11.5%	11.5%



# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six months ended 30 June 2022

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### 26 OTHER ASSETS

	30 June 2022	31 December 2021
Deposits retained by other parties	20,236,126	16,899,994
Interest receivables	4,838,688	4,783,139
Subscription prepayment for securities and securities clearance receivable	1,489,033	439,791
Overseas deposits	1,196,758	1,184,560
Claims prepaid	1,174,319	1,196,762
Dividend receivable	951,014	11,177
Tax prepaid	522,495	435,892
Investment contract assets	354,272	288,935
Receivables from co-insurers	168,010	157,079
Deferred expenses	112,723	53,143
Handling charges prepaid	112,128	106,953
Defined benefit plan assets	65,684	68,763
Prepayment	5,605	7,986
Others	1,215,702	973,094
Total	32,442,557	26,607,268
Less: impairment provision	(226,904)	(229,931)
Net	32,215,653	26,377,337

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six months ended 30 June 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 27 REINSURANCE PAYABLE

	30 June 2022	31 December 2021
Reinsurance payable	22,192,763	19,115,393

#### (a) Aging analysis

	30 June 2022	31 December 2021
Within 3 months (inclusive)	14,208,395	15,013,222
3 months to 1 year (inclusive)	5,066,283	2,526,211
1 to 2 years (inclusive)	1,455,657	764,119
Over 2 years	1,462,428	811,841
Total	22,192,763	19,115,393

### 28 INVESTMENT CONTRACT LIABILITIES

	Six months ended 30 June	
	2022	2021
At the beginning of the period	20,786,743	23,990,655
Additions	11,112,974	62,287,508
Payments, surrenders, recaptures	(11,539,213)	(9,964,883)
Fees (deducted)/accrued, net	(635,779)	220,117
Interest credited	222,591	296,647
Exchange difference	76,232	(15,255)
At the end of the period	20,023,548	76,814,789



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## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six months ended 30 June 2022

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### 29 INSURANCE CONTRACT LIABILITIES

	30 June 2022		
	Insurance contract liabilities	Reinsurers' share	Net
Long-term life and health reinsurance contracts	127,818,336	(3,466,275)	124,352,061
Short-term life and health reinsurance contracts			
– Claim reserves	21,181,833	(5,327,195)	15,854,638
– Unearned premium reserves	6,155,989	(569,159)	5,586,830
Property and casualty reinsurance contracts			
– Claim reserves	48,496,360	(5,856,685)	42,639,675
– Unearned premium reserves	17,673,083	(1,475,274)	16,197,809
Primary property and casualty insurance contracts			
– Claim reserves	29,493,858	(5,714,981)	23,778,877
– Unearned premium reserves	29,086,550	(2,477,339)	26,609,211
<b>Total insurance contract liabilities</b>	<b>279,906,009</b>	<b>(24,886,908)</b>	<b>255,019,101</b>

  

	31 December 2021		
	Insurance contract liabilities	Reinsurers' share	Net
Long-term life and health reinsurance contracts	117,073,533	(3,235,136)	113,838,397
Short-term life and health reinsurance contracts			
– Claim reserves	20,433,834	(3,695,247)	16,738,587
– Unearned premium reserves	7,472,161	(422,889)	7,049,272
Property and casualty reinsurance contracts			
– Claim reserves	45,890,574	(5,656,609)	40,233,965
– Unearned premium reserves	14,312,264	(734,638)	13,577,626
Primary property and casualty insurance contracts			
– Claim reserves	26,377,221	(5,429,923)	20,947,298
– Unearned premium reserves	26,399,787	(1,865,385)	24,534,402
<b>Total insurance contract liabilities</b>	<b>257,959,374</b>	<b>(21,039,827)</b>	<b>236,919,547</b>

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six months ended 30 June 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 30 NOTES AND BONDS PAYABLE

	30 June 2022	31 December 2021
Bonds payable	12,998,491	12,997,931
Notes payable	–	9,558,128
<b>Total</b>	<b>12,998,491</b>	<b>22,556,059</b>

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

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

### 31 LONG TERM BORROWINGS

	30 June 2022	31 December 2021
Bank loans	3,685,258	3,499,098
<b>Total</b>	<b>3,685,258</b>	<b>3,499,098</b>

As at 30 June 2022, the Group holds a long-term borrowings of USD550 million (31 December 2021: USD550 million) with a coupon rate of 4.7%, final maturity date is 28 December 2023.

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six months ended 30 June 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 32 OTHER LIABILITIES

	30 June 2022	31 December 2021
Payable to third party investors of consolidated structured entities	3,468,822	3,496,279
Investment contracts payable	2,888,673	2,191,281
Salaries and welfare payable	1,812,525	2,335,867
Dividends payable	1,912,106	–
Premiums received in advance	1,539,914	1,694,532
Unallocated cash	1,216,073	1,126,627
Deposits from cedants	983,766	1,037,405
Handling charges and commissions payable	895,828	679,265
Property and equipment payables	394,605	528,619
Vehicle and vessel tax withheld	300,801	300,163
Securities clearance payable	275,812	324,270
Taxes payable	258,177	332,296
Defined benefit obligation	151,819	151,692
Claims payable	123,892	189,627
Insurance guarantee fund payable	61,959	53,030
Others	2,932,872	2,181,983
<b>Total</b>	<b>19,217,644</b>	<b>16,622,936</b>

### 33 SHARE CAPITAL

	30 June 2022	31 December 2021
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
<b>Total</b>	<b>42,479,808</b>	<b>42,479,808</b>



# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six months ended 30 June 2022

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### 34 RISK MANAGEMENT

#### (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 contracts, claims are often affected by natural disasters, catastrophes, terrorist attacks and other factors. For the Group's health and accident insurance 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 insurance 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.



# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six months ended 30 June 2022

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### 34 RISK MANAGEMENT (continued)

#### (1) Insurance risk (continued)

##### (a) Primary property and casualty insurance, property and casualty reinsurance and short-term life and health reinsurance business

When measuring insurance contract reserves, the risk margin has been considered and measured at the 75% percentile approach by the Group. The risk margin for claim reserves falls between 2.5% and 15%, while the risk margin for unearned premium reserves falls between 3.0% and 15%. If the Group's calculated risk margin falls above/below the chosen interval, the Group chooses the upper/lower limit as the risk margin.

When determining the reserves, the Group discounts relevant future cash flows if the impact of time value of money is significant. Impact significance depends on the "duration" of insurance liability. If the duration of insurance liability is longer than one year, the time value of money is

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six months ended 30 June 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 34 RISK MANAGEMENT (continued)

#### (2) Financial risk

##### (a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation.

The Group evaluates its credit risks in investments by both qualitative and quantitative analysis, including studying the relevant industry, enterprise management, financial factors, company prospects, as well as the use of internal credit models. The Group mitigates credit risk by using a variety of methods including impositions of aggregate counterparty exposure limits and increasing the diversification of fixed income investment portfolios. The Group is exposed to credit risks primarily associated with commercial banks, investment in bonds, premiums receivable and reinsurance arrangements. Majority of the Group's financial assets are debt investments which include government bonds, financial bonds, corporate bonds, subordinated bonds, debt investment plan, trust schemes and wealth management products with high credit ratings and time deposits in state-owned commercial banks, etc. As at 30 June 2022, there was material breach for the few debt investments held by the group. The total book balance for the debt investments was RMB7,960 million. The Group had taken legal measures to preserve and recover the assets of the debt investments and the collateral. The Group performed impairment test about the debt investments and recorded provision for impairment loss of about RMB2,264 million in Note 22.

##### (i) Credit risk exposure

The Group's maximum exposure to credit risk is the carrying amount of the financial assets in the interim condensed consolidated statement of financial position. The maximum exposure to credit risk in respect of the financial guarantees of the Group at 30 June 2022 is disclosed in Note 38.

##### (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.



# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

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### 34 RISK MANAGEMENT (continued)

#### (2) Financial risk (continued)

##### (b) Market risk (continued)

###### (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.

##### (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.

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## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

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### 34 RISK MANAGEMENT (continued)

#### (2) Financial risk (continued)

##### (c) Liquidity risk (continued)

The tables below summarise the remaining contractual maturity profile of the financial assets and financial liabilities, the expected timing of insurance contract liabilities and reinsurers' share of insurance contract liabilities of the Group based on undiscounted cash flow.

	30 June 2022					Carrying amount
	Within 1 year or on undated	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	
<b>Assets:</b>						
Cash and short-term time deposits	15,931,813	-	-	-	15,931,813	15,931,813
Fixed maturity investments carried at fair value through profit or loss	1,128,427	1,490,509	2,962,226	910,351	6,491,513	5,923,156
Equity securities carried at fair value through profit or loss	4,743,889	-	-	-	4,743,889	4,743,889
Derivative financial assets	36,833	-	-	-	36,833	36,833
Financial assets held under resale agreements	3,134,317	-	-	-	3,134,317	3,133,962
Premiums receivable	11,818,853	4,455,154	1,546,994	36,116	17,857,117	17,857,117
Reinsurance debtors	59,577,243	1,080,123	173,080	41,421	60,871,867	60,871,867
Investment contracts receivable	5,242,193	-	-	-	5,242,193	5,242,193
Reinsurers' share of insurance contract liabilities	9,301,419	6,693,441	3,518,928	19,267,381	38,781,169	24,886,908
Reinsurers' share of policy loans	665,681	-	-	-	665,681	665,681
Time deposits	5,138,602	290,390	15,738,142	-	21,167,134	18,541,965
Available-for-sale fixed maturity investments	20,134,405	17,312,392	59,530,302	78,291,096	175,268,195	127,610,604
Available-for-sale equity securities	54,092,414	-	-	-	54,092,414	54,092,414
Held-to-maturity investments	7,203,359	2,728,357	9,319,194	27,336,812	46,587,722	35,376,574
Investments classified as loans and receivables	4,202,606	3,575,761	25,434,554	19,966,999	53,179,920	38,732,201
Statutory deposits	10,545,046	5,949,183	2,135,049	-	18,629,278	17,744,502
Other financial assets	20,979,588	(1,798,543)	(16,369,185)	216,831,682	219,643,542	30,288,383
<b>Total</b>	<b>233,876,688</b>	<b>41,776,767</b>	<b>103,989,284</b>	<b>362,681,858</b>	<b>742,324,597</b>	<b>461,680,062</b>
<b>Liabilities:</b>						
Financial liabilities carried at fair value through profit or loss	308,062	-	-	-	308,062	308,062
Derivative financial liabilities	7,825	-	-	-	7,825	7,825
Securities sold under agreements to repurchase	43,905,382	-	-	-	43,905,382	43,883,978
Reinsurance payables	20,641,679	1,103,367	324,454	123,263	22,192,763	22,192,763
Income tax payable	931,896	-	-	-	931,896	931,896
Policyholders' deposits	3,849,506	136,759	273,518	-	4,259,783	4,259,783
Investment contract liabilities	(15,382,918)	411,216	(6,290,762)	186,960,776	165,698,312	20,023,548
Insurance contract liabilities	102,936,484	49,835,016	86,621,742	104,779,945	344,173,187	279,906,009
Notes and bonds payable	343,714	614,800	2,154,400	14,921,600	18,034,514	12,998,491
Long-term borrowings	176,609	3,868,353	-	-	4,044,962	3,685,258
Lease liabilities	428,075	256,822	352,999	124,021	1,161,917	1,058,623
Other financial liabilities	16,571,222	738,261	1,281,775	4,008,958	22,600,216	16,737,514
<b>Total</b>	<b>174,717,536</b>	<b>56,964,594</b>	<b>84,718,126</b>	<b>310,918,563</b>	<b>627,318,819</b>	<b>405,993,750</b>



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## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

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### 34 RISK MANAGEMENT (continued)

#### (2) Financial risk (continued)

##### (c) Liquidity risk (continued)

	31 December 2021					
	Within 1 year or undated	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
<b>Assets:</b>						
Cash and short-term time deposits	23,096,286	-	-	-	23,096,286	23,096,286
Debt securities carried at fair value through profit or loss	865,330	1,141,196	4,230,358	307,430	6,544,314	5,679,801
Equity securities carried at fair value through profit or loss	9,156,904	-	-	-	9,156,904	9,156,904
Derivative financial assets	436,422	-	-	-	436,422	436,422
Financial assets held under resale agreements	3,467,915	-	-	-	3,467,915	3,465,964
Premiums receivable	9,708,993	4,499,267	1,910,359	13,608	16,132,227	16,132,227
Reinsurance debtors	48,884,704	508,179	253,716	39,827	49,686,426	49,686,426
Investment contracts receivable	5,266,570	-	-	-	5,266,570	5,266,570
Reinsurers' share of insurance contract liabilities	10,400,843	3,366,914	5,685,913	1,388,344	20,842,014	21,039,827
Reinsurers' share of policy loans	628,518	-	-	-	628,518	628,518
Time deposits	3,956,597	3,437,171	15,975,651	-	23,369,419	21,365,996
Available-for-sale fixed maturity investments	18,028,632	15,649,685	58,761,922	76,571,974	169,012,213	126,484,295
Available-for-sale equity securities	51,281,501	-	-	-	51,281,501	51,281,501
Held-to-maturity investments	6,250,261	5,548,577	8,459,981	29,124,728	49,383,547	37,376,952
Investments classified as loans and receivables	13,266,106	5,909,011	14,524,163	19,308,735	53,008,015	39,097,068
Statutory deposits	3,460,516	13,447,341	3,237,133	-	20,144,990	18,844,502
Other financial assets	(1,575,040)	1,923,815	(10,046,913)	216,173,837	206,475,699	24,576,601
<b>Total</b>	<b>206,581,058</b>	<b>55,431,156</b>	<b>102,992,283</b>	<b>342,928,483</b>	<b>707,932,980</b>	<b>453,615,860</b>
<b>Liabilities:</b>						
Financial liabilities at fair value through profit or loss	267,054	-	-	-	267,054	267,054
Securities sold under agreements to repurchase	48,094,351	-	-	-	48,094,351	47,985,583
Reinsurance payables	18,142,775	395,443	433,034	144,141	19,115,393	19,115,393
Income tax payable	2,402,562	-	-	-	2,402,562	2,402,562
Policyholders' deposits	3,875,230	118,036	298,150	-	4,291,416	4,291,416
Investment contract liabilities	(54,854,956)	1,710,031	16,576,326	260,291,381	223,722,782	20,786,743
Insurance contract liabilities	102,852,781	34,084,615	78,699,187	107,090,209	322,726,792	257,959,374
Notes and bonds payable	10,217,430	614,800	2,154,400	14,921,600	27,908,230	22,556,059
Long-term borrowings	262,523	3,507,160	-	-	3,769,683	3,499,098
Lease liabilities	446,727	345,907	332,075	151,166	1,275,875	1,172,466
Other financial liabilities	16,033,227	178,783	529,748	3,989,001	20,730,759	15,076,009
<b>Total</b>	<b>147,739,704</b>	<b>40,954,775</b>	<b>99,022,920</b>	<b>386,587,498</b>	<b>674,304,897</b>	<b>395,111,757</b>

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six months ended 30 June 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 34 RISK MANAGEMENT (continued)

#### (2) Financial risk (continued)

##### (c) Liquidity risk (continued)

The amounts set forth in the tables above for financial assets, borrowings, notes and bonds payable, securities sold under agreements to repurchase, and benefits claims and surrenders payable are undiscounted contractual cash flows. The amounts for insurance and investment contracts in each column are the undiscounted cash flows representing expected future benefit payments taking into consideration of future premiums payments or deposits from policyholders. The results of above estimates are affected by a number of assumptions. The estimate is subject to assumptions related to mortality, morbidity, lapse rates, loss ratio, expenses and other assumptions. Actual experience may differ from estimates. The excess cash inflow from matured financial assets will be reinvested to cover any future liquidity exposures.

### 35 FAIR VALUE MEASUREMENT

#### (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 at 30 June 2022 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.



# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six months ended 30 June 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 35 FAIR VALUE MEASUREMENT (continued)

#### (1) Financial assets and liabilities measured at fair value (continued)

##### Fair value hierarchy (continued)

	Fair value as at 30 June 2022	Fair value measurements as at 30 June 2022 categorised into		
		Level 1	Level 2	Level 3
<b>Assets</b>				
Financial assets at fair value through profit or loss				
– Fixed maturity investment	5,923,156	1,343,192	4,579,964	–
– Equity securities	4,743,889	3,825,753	226,532	691,604
Available-for-sale financial assets				
– Fixed maturity investment	127,610,604	3,050,266	124,232,792	327,546
– Equity securities	54,092,414	41,734,597	5,162,232	7,195,585
Derivative financial instruments	36,833	–	–	36,833
<b>Total assets</b>	<b>192,406,896</b>	<b>49,953,808</b>	<b>134,201,520</b>	<b>8,251,568</b>
<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss	(308,062)	–	–	(308,062)
Derivative financial liabilities	(7,825)	–	–	(7,825)
<b>Total liabilities</b>	<b>(315,887)</b>	<b>–</b>	<b>–</b>	<b>(315,887)</b>

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six months ended 30 June 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 35 FAIR VALUE MEASUREMENT (continued)

#### (1) Financial assets and liabilities measured at fair value (continued)

##### Fair value hierarchy (continued)

	Fair value at 31 December 2021	Fair value measurements as at 31 December 2021 categorised into		
		Level 1	Level 2	Level 3
<b>Assets</b>				
Financial assets at fair value through profit or loss				
– Fixed maturity investment	5,679,801	1,838,427	3,841,374	–
– Equity securities	9,156,904	6,912,292	1,586,923	657,689
Available-for-sale financial assets				
– Fixed maturity investment	126,484,295	12,359,235	113,002,547	1,122,513
– Equity securities	51,281,501	37,688,098	6,272,140	7,321,263
Derivative financial assets	436,422	–	–	436,422
<b>Total Assets</b>	<b>193,038,923</b>	<b>58,798,052</b>	<b>124,702,984</b>	<b>9,537,887</b>
<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss	(267,054)	–	–	(267,054)
Derivative financial liabilities	–	–	–	–
<b>Total Liabilities</b>	<b>(267,054)</b>	<b>–</b>	<b>–</b>	<b>(267,054)</b>



# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six months ended 30 June 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 35 FAIR VALUE MEASUREMENT (continued)

#### (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	Available- for-sale financial assets	Derivative financial assets	Derivative financial liabilities	Financial liabilities at fair value through profit or loss
1 January 2022	657,689	8,443,776	436,422	–	(267,054)
Additions	–	101,801	–	–	–
Disposals	(622)	(1,072,444)	(225,837)	–	–
Gains/(losses) through profit or loss	34,537	10,899	(173,752)	(7,825)	(41,008)
Gains/(losses) through other comprehensive income	–	39,099	–	–	–
30 June 2022	691,604	7,523,131	36,833	(7,825)	(308,062)

	Financial assets at fair value through profit or loss	Available- for-sale financial assets	Derivative financial assets	Derivative financial liabilities	Financial liabilities at fair value through profit or loss
1 January 2021	701,383	13,582,269	246,287	(172,014)	(214,579)
Additions	–	412,073	–	–	–
Disposals	(24,990)	(869,185)	–	–	–
Transfer out from Level 3	–	(56,990)	–	–	–
Gains/(losses) through profit or loss	1,856	(104,379)	(39,866)	122,489	(11,735)
Gains/(losses) through other comprehensive income	–	(72,448)	–	–	–
30 June 2021	678,249	12,891,340	206,421	(49,525)	(226,314)

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six months ended 30 June 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 35 FAIR VALUE MEASUREMENT (continued)

#### (1) Financial assets and liabilities measured at fair value (continued)

##### Valuation techniques and inputs used in Level 2 fair value measurements

As at 30 June 2022, 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 utilize a discounted cash flow valuation model using observable market parameters, mainly interest rate, to determine a fair value.

During the six months ended 30 June 2022, the Group did not transfer securities from Level 2 to Level 1 (During the six months ended 30 June 2021: nil).

During the six months ended 30 June 2022, the Group did not transfer certain securities (During the six months ended 30 June 2021: RMB57 million) from level 3 to level 2. The transfer from level 3 to level 2 is due to the change in availability of quoted prices in active markets, which certain securities have been listed with transfer restriction.

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six months ended 30 June 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 35 FAIR VALUE MEASUREMENT (continued)

#### (1) Financial assets and liabilities measured at fair value (continued)

##### Valuation techniques and inputs used in Level 3 fair value measurements

As at 30 June 2022 and 31 December 2021, significant unobservable inputs such as discount rate and discounts for lack of marketability were used in the valuation of primarily assets and liabilities at fair value classified as Level 3.

The table below presents information about the significant unobservable inputs used for primary assets and liabilities at fair value classified as Level 3 as at 30 June 2022 and 31 December 2021:

	Fair Value	Valuation techniques	Significant unobservable inputs	Range	Relationships between fair value and unobservable inputs
	30 June 2022: 1,078,970 31 December 2021: 1,206,580	Comparable companies approach	Discounts for lack of marketability	30 June 2022: 4%-20% 31 December 2021: 4%-35%	The higher of discounts for lack of marketability, the lower the fair value
Equity securities	30 June 2022: 5,672,863 31 December 2021: 5,569,220	Net asset value method	Net asset	N/A	N/A
	30 June 2022: 1,069,183 31 December 2021: 1,072,652	Discounted cash flow method	Discount rate	30 June 2022: 3.95%-4.65% 31 December 2021: 4.43%-4.65%	The higher of discount rate, the lower the fair value
Debt securities	30 June 2022: 317,546 31 December 2021: 1,122,513	Discounted cash flow method	Discount rate	30 June 2022: 3.95%-4.63% 31 December 2021: 2.01%-4.51%	The higher of discount rate, the lower the fair value



# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six months ended 30 June 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 35 FAIR VALUE MEASUREMENT (continued)

#### (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 2022 except for the following financial instruments, for which their carrying amounts, fair value and the level of fair value hierarchy are disclosed below:

	30 June 2022		30 June 2022		
	carrying amount	fair value	The fair value hierarchy		
			Level 1	Level 2	Level 3
<b>Assets</b>					
Held-to-maturity investments	35,376,574	37,293,713	–	37,293,713	–
Investment classified as loans and receivables	38,732,201	39,946,777	–	–	39,946,777



# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six months ended 30 June 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 35 FAIR VALUE MEASUREMENT (continued)

#### (2) Fair value of financial assets and liabilities carried at other than fair value (continued)

The fair value of the held-to-maturity investments, 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 loans and receivables as level 3 is determined using recognized pricing models, including the analysis of discounted cash flows based on unobservable discount rates, which reflects the relevant credit risk.

### 36 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.

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six months ended 30 June 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 37 SIGNIFICANT RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

#### (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.

#### (2) Significant related parties

Name of significant related party	Relationship with the Company
CEB	Associate

#### (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	
	2022	2021
Interest income	34,755	36,697
Premium income	240	1,577
Claims payments	291,434	454,457
Fees and commissions	39	54



# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six months ended 30 June 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 37 SIGNIFICANT RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

#### (3) Transactions with related parties except for key management personnel (continued)

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

	30 June 2022	31 December 2021
Cash and short-term time deposits	146,535	153,611
Time deposits	–	45,285
Statutory deposits	437,187	437,187
Interest receivables	54,352	29,774
Dividends receivable	387,836	–
Debt investments	–	999,216

#### (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.

# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six months ended 30 June 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 38 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 2022, 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 2022 and operating results of the Group for the six months ended 30 June 2022.

As at 30 June 2022, the Group has issued the following guarantees:

- (1) As at 30 June 2022, the Company provided maritime guarantee of RMB1,569 million (31 December 2021: RMB1,825 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 2022, CRIH provided letter of credit to Lloyd's to support Syndicate 1084's and Syndicate 1176's underwriting business of GBP313 million totally (31 December 2021: GBP335 million).
- (3) CRIH has entered into two Tier 1 securities lending arrangement for Funds at Lloyd's with two financial institutions. The facilities amounted to GBP80 million and USD50 million (December 31 2021: GBP80 million and USD50 million).

### 39 COMMITMENTS

#### Capital commitments

	30 June 2022	31 December 2021
Contracted for		
– Intangible assets commitments	63,886	42,210
– Property and equipment commitments	6,097	6,320
– Investment commitments	596,525	582,226
<b>Total</b>	<b>666,508</b>	<b>630,756</b>



# FINANCIAL STATEMENTS AND NOTES

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six months ended 30 June 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

### 40 RESTATEMENTS

In preparing the condensed consolidated financial statements for the six-month period ended 30 June 2022, the Group made the following restatement to its previous reported financial information.

The Group held 6.5% of the common stock in Great Wall AMC and accounted for its shareholding using the equity method. On 26 August 2022, Great Wall AMC provided its audited 2021 financial statements to the Group, which differed from its unaudited financial results provided previously to the Group. So the Group had to make adjustments on the Group's relevant 2021 results calculated using the equity method accordingly. At the same time, the Group complies with the relevant regulations of the Ministry of Finance concerning the compensation management of state-owned financial enterprises, and as the 2021 operating performance was the basis for determining its compensation of the year, the Group made corrections to its 2021 compensation accordingly.

The condensed consolidated financial statements for the six-month period ended 30 June 2021 of the Group have not been restated. A summary of the accumulated effects of the restatements described above on the consolidated statement of financial statements of the Group as at 31 December 2021 by each financial statement line item affected are presented in the table below:

	31 December 2021 (As previously reported) (RMB '000)	Restatements (RMB '000)	31 December 2021 (As Restated) (RMB '000)
– Investments in associates	26,193,714	(610,178)	25,583,536
– Deferred tax assets	3,445,589	(32,839)	3,412,750
– Deferred tax liabilities	1,045,492	1,860	1,047,352
– Other liabilities	16,770,541	(147,605)	16,622,936
– Reserves	22,689,344	(33,749)	22,655,595
– Retained profits	27,948,269	(376,377)	27,571,892
– Non-controlling interests	9,469,572	(87,146)	9,382,426

### 41 APPROVAL OF THE INTERIM FINANCIAL INFORMATION

The interim financial information was approved and authorised for issue by the Board of Directors on 29 August 2022.

# 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
“Board of Directors” or “Board”	the board of directors of our Company
“Board of Supervisors”	the board of supervisors 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
“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

# DEFINITIONS

“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 Syndicate 2088”	the syndicate established at Lloyd’s in December 2011 by the Company through China Re UK, which completed business clearance at the end of 2021
“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
“Director(s)”	the director(s) of the Company

# DEFINITIONS

“Great Wall Asset”	China Great Wall Asset Management Co., Ltd. (中國長城資產管理股份有限公司), a joint stock limited liability company incorporated in the PRC
“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 2022, 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 2022 until 30 June 2022
“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

Room 1618, Sun Hung Kai Centre,  
30 Harbour Road, Wanchai, Hong Kong

## 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

## WEBSITE

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

## INVESTOR RELATIONS DEPARTMENT

*Office of the Board of Directors*

Telephone: (8610) 66576880

Email: IR@chinare.com.cn

## LEGAL REPRESENTATIVE<sup>1</sup>

Mr. Yuan Linjiang

## 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

9110000010002371XD

Note: 1. Mr. He Chunlei has been acting on behalf of legal representative of the Company since 15 September 2022. For details, please refer to Note 3 on page 53 of this report.

