中再集团

China Reinsurance (Group) Corporation

中國再保險（集團）股份有限公司

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

(Stock Code: 1508)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

The board of directors of China Reinsurance (Group) Corporation is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2015 together with the comparative figures for the corresponding period in 2014, which should be read in conjunction with the following management discussion and analysis.

FINANCIAL STATEMENTS AND MATERIAL NOTES

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2015

(in RMB thousand)	*Note*	**2015**	2014
Gross written premiums	*4*	**80,433,557**	73,752,706
Less: Premiums ceded to reinsurers and retrocessionaires	*4*	**(5,754,975)**	(4,191,500)
Net written premiums	*4*	**74,678,582**	69,561,206
Changes in unearned premium reserves	*5*	**(1,442,148)**	(708,798)
Net premiums earned		**73,236,434**	68,852,408
Reinsurance commission income		**705,982**	786,632
Investment income	*6*	**11,696,420**	7,633,167
Including:			
Negative goodwill arising from reclassification of investments in associates		**–**	2,066,311
Exchange gains/(losses), net		**152,446**	(93,391)
Other income		**526,483**	620,314
Total income		**86,317,765**	77,799,130

(in RMB thousand)	*Note*	**2015**	2014
Total income		**86,317,765**	77,799,130
Claims and policyholders' benefits	*7*	**(50,097,164)**	(50,377,066)
– Claims incurred		**(34,949,502)**	(34,143,650)
– Life and health reinsurance death and other benefits paid		**(7,153,330)**	(11,297,780)
– Changes in long-term life and health reinsurance contract liabilities		**(7,994,332)**	(4,935,636)
Handling charges and commissions		**(16,425,506)**	(13,226,446)
Finance costs		**(141,434)**	(130,311)
Other operating and administrative expenses		**(11,020,876)**	(7,952,399)
Total benefits, claims and expenses		**(77,684,980)**	(71,686,222)
Share of profits of associates		**1,256,091**	893,860
Profit before tax	*8*	**9,888,876**	7,006,768
Income tax	*9*	**(2,214,098)**	(1,531,205)
Profit for the year		**7,674,778**	5,475,563
Attributable to:			
Equity shareholders of the Company		**7,578,810**	5,404,320
Non-controlling interests		**95,968**	71,243
Profit for the year		**7,674,778**	5,475,563
Earnings per share (in RMB)	*10*		
– Basic		**0.20**	0.15
– Diluted		**0.20**	0.15

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

(in RMB thousand)	**2015**	2014
Profit for the year	**7,674,778**	5,475,563
Other comprehensive income for the year after tax		
Items that will not be reclassified to profit or loss:		
Remeasurement of defined benefit liability	**(7,447)**	–
Items that may be reclassified subsequently to profit or loss:		
Share of other comprehensive income of associates	**104,845**	102,605
Available-for-sale financial assets	**(301,504)**	3,587,290
Exchange differences on translation of financial statements of overseas subsidiaries	**7,102**	(5,617)
Other comprehensive income for the year after tax	**(197,004)**	3,684,278
Total comprehensive income for the year	**7,477,774**	9,159,841
Attributable to:		
Equity shareholders of the Company	**7,371,144**	9,036,536
Non-controlling interests	**106,630**	123,305
Total comprehensive income for the year	**7,477,774**	9,159,841

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

(in RMB thousand)	*Note*	**2015**	2014
Assets			
Cash and short-term time deposits		**20,448,273**	7,904,122
Financial assets at fair value through profit or loss		**10,011,755**	2,538,290
Financial assets held under resale agreements		**1,288,501**	1,155,100
Premiums receivable	*12*	**860,078**	589,138
Reinsurance debtors	*13*	**23,292,207**	11,733,594
Reinsurers' share of insurance contract liabilities		**8,699,269**	5,058,427
Time deposits		**27,890,005**	31,961,589
Available-for-sale financial assets		**50,186,175**	45,933,623
Held-to-maturity investments		**19,077,930**	18,186,456
Investments classified as loans and receivables		**13,810,000**	12,945,000
Policy loans		**302,561**	235,269
Investment contracts receivable		**109,343,386**	14,592,612
Investments in associates	*14*	**8,817,229**	7,708,646
Statutory deposits		**14,584,415**	12,180,351
Investment property		**3,191,767**	433,094
Property and equipment		**2,559,206**	2,564,604
Intangible assets		**336,172**	313,868
Goodwill		**1,188,538**	1,188,538
Deferred tax assets		**352,818**	441,955
Other assets		**12,753,016**	12,010,902
Total assets		**328,993,301**	189,675,178

(in RMB thousand)	*Note*	**2015**	2014
Liabilities and equity			
Liabilities			
Securities sold under agreements to repurchase		**6,470,650**	2,308,800
Reinsurance payables		**6,020,044**	4,697,941
Income tax payable		**387,658**	659,950
Policyholders' deposits		**927,332**	950,745
Investment contract liabilities		**118,992,978**	21,192,010
Insurance contract liabilities		**112,690,378**	97,245,538
Deferred tax liabilities		**1,509,188**	1,403,586
Other liabilities		**11,038,177**	6,581,900
Total liabilities		**258,036,405**	135,040,470
Equity			
Share capital	*15*	**42,479,808**	36,407,611
Reserves		**14,280,286**	6,167,430
Retained profits		**13,427,137**	11,318,253
Total equity attributable to equity shareholders of the Company		**70,187,231**	53,893,294
Non-controlling interests		**769,665**	741,414
Total equity		**70,956,896**	54,634,708
Total liabilities and equity		**328,993,301**	189,675,178

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

(in RMB thousand)	Attributable to equity shareholders of the Company											
		Reserves										
	Share capital	Capital reserve	Surplus reserve	General risk reserve	Agriculture catastrophic loss reserve	Defined benefit liability remeasu-rement reserve	Fair value reserve	Exchange reserve	Retained profits	Subtotal	Non-controlling interests	Total equity
Balance at 1 January 2015	36,407,611	1,166,250	697,827	1,745,000	–	–	2,563,817	(5,464)	11,318,253	53,893,294	741,414	54,634,708
Changes in equity for the year												
Profit for the year	–	–	–	–	–	–	–	–	7,578,810	7,578,810	95,968	7,674,778
Other comprehensive income	–	–	–	–	–	(7,447)	(207,321)	7,102	–	(207,666)	10,662	(197,004)
Total comprehensive income	–	–	–	–	–	(7,447)	(207,321)	7,102	7,578,810	7,371,144	106,630	7,477,774
Issue of H-shares	6,072,197	7,001,722	–	–	–	–	–	–	–	13,073,919	–	13,073,919
Appropriations to surplus reserve	–	–	351,495	–	–	–	–	–	(351,495)	–	–	–
Appropriations to general risk reserve	–	–	–	958,438	–	–	–	–	(958,438)	–	–	–
Distribution to shareholders	–	–	–	–	–	–	–	–	(4,150,025)	(4,150,025)	(34,748)	(4,184,773)
Appropriations to agriculture catastrophic loss reserve	–	–	–	–	9,968	–	–	–	(9,968)	–	–	–
Others	–	(1,101)	–	–	–	–	–	–	–	(1,101)	(43,631)	(44,732)
Balance at 31 December 2015	42,479,808	8,166,871	1,049,322	2,703,438	9,968	(7,447)	2,356,496	1,638	13,427,137	70,187,231	769,665	70,956,896

(in RMB thousand)	Attributable to equity shareholders of the Company										
		Reserves									
	Share capital	Capital reserve	Surplus reserve	General risk reserve	Agriculture catastrophic loss reserve	Fair value reserve	Exchange reserve	Retained profits	Subtotal	Non-controlling interests	Total equity
Balance at 1 January 2014	36,407,611	1,138,150	540,445	1,204,741	–	(1,074,016)	153	7,077,683	45,294,767	593,148	45,887,915
Changes in equity for the year											
Profit for the year	–	–	–	–	–	–	–	5,404,320	5,404,320	71,243	5,475,563
Other comprehensive income	–	–	–	–	–	3,637,833	(5,617)	–	3,632,216	52,062	3,684,278
Total comprehensive income	–	–	–	–	–	3,637,833	(5,617)	5,404,320	9,036,536	123,305	9,159,841
Capital contributions to subsidiaries	–	–	(26,333)	–	–	–	–	–	(26,333)	26,333	–
Acquisition of non-controlling interests	–	–	–	–	–	–	–	–	–	(64)	(64)
Appropriations to surplus reserve	–	–	183,715	–	–	–	–	(183,715)	–	–	–
Appropriations to general risk reserve	–	–	–	540,259	–	–	–	(540,259)	–	–	–
Distribution to shareholders	–	–	–	–	–	–	–	(436,891)	(436,891)	(1,308)	(438,199)
Transfer to National Social Security fund	–	–	–	–	–	–	–	(2,885)	(2,885)	–	(2,885)
Appropriations to agriculture catastrophic loss reserve	–	–	–	–	3,164	–	–	(3,164)	–	–	–
Utilisation of agriculture catastrophic loss reserve	–	–	–	–	(3,164)	–	–	3,164	–	–	–
Others	–	28,100	–	–	–	–	–	–	28,100	–	28,100
Balance at 31 December 2014	36,407,611	1,166,250	697,827	1,745,000	–	2,563,817	(5,464)	11,318,253	53,893,294	741,414	54,634,708

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2015

(in RMB thousand)	**2015**	2014
Operating activities		
Cash generated from operations	**227,725**	9,991,360
Income tax paid	**(2,224,672)**	(1,241,189)
Net cash flows (used in)/generated from operating activities	**(1,996,947)**	8,750,171
Investing activities		
Interests received	**5,216,319**	5,282,086
Dividends received	**936,536**	630,169
Purchases of property and equipment, investment property and intangible assets	**(587,847)**	(2,609,005)
Proceeds from disposals of property and equipment and intangible assets	**31,585**	3,425
Purchases of investments	**(120,915,085)**	(49,846,835)
Proceeds from disposals of investments	**114,496,751**	38,669,670
Disposal of subsidiaries	**36,757**	–
Disposals of associates	**831,533**	–
Investments in associates	**(621,535)**	(100,000)
Net cash flows used in investing activities	**(574,986)**	(7,970,490)

(in RMB thousand)	**2015**	2014
Financing activities		
Proceeds from shares issued	**13,443,496**	–
Payment for shares issued	**(21,444)**	–
Interests paid	**(140,126)**	(131,867)
Dividends paid to shareholders of the Company	**(728,152)**	(436,891)
Dividends paid by subsidiaries to non-controlling interests	**(904)**	(1,308)
Acquisition of non-controlling interests	–	(64)
Securities sold under agreements to repurchase, net	**2,961,363**	(1,172,080)
Net cash flows generated from/(used in) financing activities	**15,514,233**	(1,742,210)
Net increase/(decrease) in cash and cash equivalents	**12,942,300**	(962,529)
Cash and cash equivalents at the beginning of the year	**6,370,718**	7,395,518
Effect of foreign exchange rate changes	**559,880**	(62,271)
Cash and cash equivalents at the end of the year	**19,872,898**	6,370,718

NOTES:

1 Corporate information

The predecessor of the Company, PICC Reinsurance Company Limited, 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 China Insurance Regulatory Commission (the "**CIRC**"), PICC Reinsurance Company Limited was renamed to China Reinsurance Company. On 20 June 2003, with the approval of the 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 Financial Street, Xicheng District, Beijing 100033, the PRC.

The Company, mainly through subsidiaries, provides integrated financial products and services and are engaged in property and casualty reinsurance, life and health reinsurance, primary property and casualty insurance, asset management and other businesses.

2 Significant accounting policies

(1) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**"), which collective term includes International Accounting Standards and related interpretations, promulgated by the International Accounting Standards Board ("**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

For the purpose of preparing the financial statements, the Group has adopted all applicable new and revised IFRSs in issue which are relevant to the Group for the current accounting period, except for any new standards or interpretations that are not yet effective for the year ended 31 December 2015. The revised and new accounting standards and interpretations issued but not yet effective for the year ended 31 December 2015 are set out in Note 16.

(2) Basis of measurement

The financial statements are presented in Renminbi (RMB), rounded to the nearest thousand, which is the functional currency of the Company, except when otherwise indicated.

It has been prepared on the historical cost basis except for the following assets and liabilities as explained in the accounting policies set out below:

– financial instruments classified as available-for-sale or as trading securities.

– reinsurers' share of insurance contract liabilities and insurance contract liabilities, which have been measured based on actuarial methods.

(3) Changes in accounting policies

The IASB has issued the following amendments to IFRSs that are first effective for the current accounting period of the Group:

– Amendments to IAS 19, *Employee benefits: Defined benefit plans: Employee contributions*

– *Annual Improvements to IFRSs 2010-2012 Cycle*

– *Annual Improvements to IFRSs 2011-2013 Cycle*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 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 organised into business units based on their products and services and has the following operating and reportable segments:

- The property and casualty reinsurance segment offers a wide variety of reinsurance products for various property and casualty insurance, such as motor, property, agricultural and liability insurance, etc.

- The life and health reinsurance segment offers a wide range of reinsurance products, such as life, health and accident insurance.

- The primary property and casualty insurance segment offers a wide variety of primary insurance products to both personal and corporate customers including motor, property and liability insurance, etc.

- The asset management segment comprises asset management services.

- Other segment provides management and support for the Group's business through its strategy, risk management, actuary, finance, legal and human resources functions; and other operating and insurance agent business of the Group.

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

As the total income, net profit, assets and liabilities of operations outside Mainland China constitutes only around 1% of the consolidated amounts in the financial statements, geographical segmental information is not presented.

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

(in RMB thousand)	2015						
	Property and casualty reinsurance	**Life and health reinsurance**	**Primary property and casualty insurance**	**Asset management**	**Others**	**Elimination**	**Total**
Gross written premiums	31,923,511	22,977,842	26,684,575	–	–	(1,152,371)	80,433,557
Less: Premiums ceded to reinsurers and retrocessionaires	(590,166)	(4,201,622)	(2,112,776)	–	–	1,149,589	(5,754,975)
Net written premiums	31,333,345	18,776,220	24,571,799	–	–	(2,782)	74,678,582
Changes in unearned premium reserves	270,757	(186,657)	(1,658,945)	–	–	132,697	(1,442,148)
Net premiums earned	31,604,102	18,589,563	22,912,854	–	–	129,915	73,236,434
Reinsurance commission income	49,642	433,291	580,883	–	–	(357,834)	705,982
Investment income	3,704,837	4,764,575	2,363,306	32,464	2,900,216	(2,068,978)	11,696,420
Exchange gains/(losses), net	95,632	15,043	34,567	591	18,730	(12,117)	152,446
Other income	19,962	127,365	106,647	307,047	266,200	(300,738)	526,483
Total income	35,474,175	23,929,837	25,998,257	340,102	3,185,146	(2,609,752)	86,317,765
– External income	34,440,645	23,929,785	26,790,728	98,765	1,057,842	–	86,317,765
– Inter-segment income	1,033,530	52	(792,471)	241,337	2,127,304	(2,609,752)	–
Claims and policyholders' benefits	(19,294,973)	(18,102,000)	(12,689,432)	–	–	(10,759)	(50,097,164)
– Claims incurred	(19,294,973)	(2,953,785)	(12,689,432)	–	–	(11,312)	(34,949,502)
– Life and health reinsurance death and other benefits paid	–	(7,153,330)	–	–	–	–	(7,153,330)
– Changes in long-term life and health reinsurance contract liabilities	–	(7,994,885)	–	–	–	553	(7,994,332)
Handling charges and commissions	(11,723,015)	(2,449,751)	(2,616,702)	–	–	363,962	(16,425,506)
Finance costs	(24,975)	(84,475)	(16,133)	(379)	(15,472)	–	(141,434)
Other operating and administrative expenses	(509,996)	(786,796)	(8,905,300)	(334,326)	(784,334)	299,876	(11,020,876)
Total benefits, claims and expenses	(31,552,959)	(21,423,022)	(24,227,567)	(334,705)	(799,806)	653,079	(77,684,980)
Share of profits of associates	6,624	721,957	223	–	527,956	(669)	1,256,091
Profit before tax	3,927,840	3,228,772	1,770,913	5,397	2,913,296	(1,957,342)	9,888,876
Income tax	(846,897)	(697,959)	(419,335)	(3,170)	(208,427)	(38,310)	(2,214,098)
Profit for the year	3,080,943	2,530,813	1,351,578	2,227	2,704,869	(1,995,652)	7,674,778

(in RMB thousand)	2014						
	Property and casualty reinsurance	Life and health reinsurance	Primary property and casualty insurance	Asset management	Others	Elimination	Total
Gross written premiums	31,134,519	21,080,581	22,458,973	–	–	(921,367)	73,752,706
Less: Premiums ceded to reinsurers and retrocessionaires	(631,405)	(2,532,385)	(1,942,551)	–	–	914,841	(4,191,500)
Net written premiums	30,503,114	18,548,196	20,516,422	–	–	(6,526)	69,561,206
Changes in unearned premium reserves	482,826	(112,714)	(1,082,674)	–	–	3,764	(708,798)
Net premiums earned	30,985,940	18,435,482	19,433,748	–	–	(2,762)	68,852,408
Reinsurance commission income	80,004	462,000	618,083	–	–	(373,455)	786,632
Investment income	2,228,226	2,921,473	1,160,327	23,132	1,304,407	(4,398)	7,633,167
Exchange (losses)/gains, net	(101,281)	8,136	(1,549)	30	1,105	168	(93,391)
Other income	3,650	210,561	125,923	276,086	260,466	(256,372)	620,314
Total income	33,196,539	22,037,652	21,336,532	299,248	1,565,978	(636,819)	77,799,130
– External income	32,287,449	22,037,596	21,876,382	79,586	1,518,117	–	77,799,130
– Inter-segment income	909,090	56	(539,850)	219,662	47,861	(636,819)	–
Claims and policyholders' benefits	(19,818,605)	(19,086,167)	(11,472,532)	–	–	238	(50,377,066)
– Claims incurred	(19,818,605)	(2,852,751)	(11,472,532)	–	–	238	(34,143,650)
– Life and health reinsurance death and other benefits paid	–	(11,297,780)	–	–	–	–	(11,297,780)
– Changes in long-term life and health reinsurance contract liabilities	–	(4,935,636)	–	–	–	–	(4,935,636)
Handling charges and commissions	(10,382,893)	(989,836)	(2,232,209)	–	–	378,492	(13,226,446)
Finance costs	(42,662)	(23,288)	(41,983)	(477)	(21,901)	–	(130,311)
Other operating and administrative expenses	(257,215)	(598,801)	(6,449,875)	(280,561)	(630,147)	264,200	(7,952,399)
Total benefits, claims and expenses	(30,501,375)	(20,698,092)	(20,196,599)	(281,038)	(652,048)	642,930	(71,686,222)
Share of profits of associates	5,675	474,242	6,075	–	425,292	(17,424)	893,860
Profit before tax	2,700,839	1,813,802	1,146,008	18,210	1,339,222	(11,313)	7,006,768
Income tax	(557,963)	(398,573)	(272,773)	(5,407)	(299,613)	3,124	(1,531,205)
Profit for the year	2,142,876	1,415,229	873,235	12,803	1,039,609	(8,189)	5,475,563

(in RMB thousand)	**2015**						
	Property and casualty reinsurance	**Life and health reinsurance**	**Primary property and casualty insurance**	**Asset management**	**Others**	**Elimination**	**Total**
Segment assets	**56,693,753**	**197,510,509**	**38,602,683**	**855,132**	**63,448,685**	**(28,117,461)**	**328,993,301**
Segment liabilities	**(39,191,063)**	**(184,794,565)**	**(27,802,842)**	**(270,020)**	**(10,607,404)**	**4,629,489**	**(258,036,405)**
Other segment information							
Capital expenditures	**(87,307)**	**(116,073)**	**(268,050)**	**(18,208)**	**(98,209)**	**–**	**(587,847)**
Depreciation and amortisation	**(4,912)**	**(22,973)**	**(176,488)**	**(7,129)**	**(79,682)**	**–**	**(291,184)**
Interest income	**1,517,514**	**2,459,522**	**1,054,382**	**17,097**	**662,782**	**–**	**5,711,297**
Impairment loss charges	**(13,938)**	**(15,352)**	**(214,458)**	**–**	**(14,614)**	**–**	**(258,362)**

(in RMB thousand)	2014						
	Property and casualty reinsurance	Life and health reinsurance	Primary property and casualty insurance	Asset management	Others	Elimination	Total
Segment assets	52,035,193	87,119,292	30,348,713	788,962	44,323,718	(24,940,700)	189,675,178
Segment liabilities	(36,784,022)	(76,098,732)	(20,560,249)	(220,909)	(2,841,068)	1,464,510	(135,040,470)
Other segment information							
Capital expenditures	(617,796)	(862,995)	(451,895)	(6,156)	(670,163)	–	(2,609,005)
Depreciation and amortisation	(4,432)	(26,069)	(150,365)	(5,895)	(79,324)	–	(266,085)
Interest income	1,516,615	2,214,049	932,789	17,468	779,747	–	5,460,668
Impairment loss reversals/(charges)	1,031	14,877	(4,990)	–	460	–	11,378

4 Gross and net written premiums

(a) Gross written premiums

(in RMB thousand)	**2015**	2014
Long-term life and health reinsurance	**16,901,869**	15,220,825
Short-term life and health reinsurance	**6,075,973**	5,859,756
Property and casualty reinsurance	**30,869,777**	30,316,219
Primary property and casualty insurance	**26,585,938**	22,355,906
Total	**80,433,557**	73,752,706

(b) Premiums ceded to reinsurers and retrocessionaires

(in RMB thousand)	**2015**	2014
Long-term life and health reinsurance	**2,499,205**	1,018,065
Short-term life and health reinsurance	**1,702,417**	1,514,319
Property and casualty reinsurance	**586,581**	630,219
Primary property and casualty insurance	**966,772**	1,028,897
Total	**5,754,975**	4,191,500

(c) Net written premiums

(in RMB thousand)	**2015**	2014
Net written premiums	**74,678,582**	69,561,206

5 Changes in unearned premium reserves

(in RMB thousand)	**2015**	2014
Short-term life and health reinsurance	**186,657**	112,714
Property and casualty reinsurance	**(376,492)**	(474,548)
Primary property and casualty insurance	**1,631,983**	1,070,632
Total	**1,442,148**	708,798

6 Investment income

(in RMB thousand)	**2015**	2014
Interest, dividend and rental income (a)	**6,460,335**	5,816,444
Realised gains/(losses) (b)	**5,257,664**	(304,647)
Unrealised (losses)/gains (c)	**(29,723)**	55,059
Negative goodwill arising from reclassification of investments in associates	**–**	2,066,311
Negative goodwill arising from investments in associates	**77,347**	–
Impairment losses (d)	**(69,203)**	–
Total	**11,696,420**	7,633,167

(a) Interest, dividend and rental income

(in RMB thousand)	**2015**	2014
Interest income		
Current and time deposits	**2,434,161**	2,593,148
Debt securities		
– Held-to-maturity	**975,255**	955,578
– Available-for-sale	**1,358,996**	1,162,668
– Held-for-trading	**29,573**	48,194
– Loans and receivables	**890,418**	671,313
Financial assets held under resale agreements	**17,720**	25,400
Policy loans	**5,174**	4,367
Subtotal	**5,711,297**	5,460,668
Dividend income		
Equity securities		
– Available-for-sale	**618,851**	284,718
– Held-for-trading	**86,648**	30,222
Subtotal	**705,499**	314,940
Rental income from investment property	**43,539**	40,836
Total	**6,460,335**	5,816,444

An analysis of the dividend income from listed and unlisted equity securities is as follows:

(in RMB thousand)	**2015**	2014
Dividend income		
Listed equity securities	**380,803**	241,607
Unlisted equity securities	**324,696**	73,333
Total	**705,499**	314,940

(b) Realised gains/(losses)

(in RMB thousand)	**2015**	2014
Debt securities		
– Available-for-sale	**27,843**	5,317
– Held-for-trading	**(6,847)**	348,479
Equity securities		
– Available-for-sale	**4,630,002**	(677,832)
– Held-for-trading	**404,572**	19,389
– Investments in associates	**202,094**	–
Total	**5,257,664**	(304,647)

(c) Unrealised (losses)/gains

(in RMB thousand)	**2015**	2014
Debt securities		
– Held-for-trading	**18,558**	47,292
Equity securities		
– Held-for-trading	**(48,281)**	7,767
Total	**(29,723)**	55,059

(d) Impairment losses

(in RMB thousand)	**2015**	2014
Equity securities		
– Available-for-sale	**(69,203)**	–
Total	**(69,203)**	–

7 Claims and policyholders' benefits

(in RMB thousand)		**2015**	
	Gross	**Ceded**	**Net**
Claims incurred	**38,461,689**	**(3,512,187)**	**34,949,502**
– Short-term life and health reinsurance	**4,124,060**	**(1,170,275)**	**2,953,785**
– Property and casualty reinsurance	**18,312,717**	**(443,794)**	**17,868,923**
– Primary property and casualty insurance	**16,024,912**	**(1,898,118)**	**14,126,794**
Life and health reinsurance death and other benefits paid	**8,208,572**	**(1,055,242)**	**7,153,330**
Changes in long-term life and health reinsurance contract liabilities	**9,530,824**	**(1,536,492)**	**7,994,332**
Total	**56,201,085**	**(6,103,921)**	**50,097,164**

(in RMB thousand)		2014	
	Gross	Ceded	Net
Claims incurred	36,697,453	(2,553,803)	34,143,650
– Short-term life and health reinsurance	3,834,986	(982,235)	2,852,751
– Property and casualty reinsurance	19,621,842	(186,516)	19,435,326
– Primary property and casualty insurance	13,240,625	(1,385,052)	11,855,573
Life and health reinsurance death and other benefits paid	11,583,114	(285,334)	11,297,780
Changes in long-term life and health reinsurance contract liabilities	5,699,417	(763,781)	4,935,636
Total	53,979,984	(3,602,918)	50,377,066

8 Profit before tax

Profit before tax is arrived at after charging/(crediting) the following items:

(in RMB thousand)	**2015**	2014
Employee costs (including directors' and supervisors' emoluments) (a) (note)	**3,960,987**	3,140,184
Depreciation of property and equipment (note)	**210,486**	185,002
Depreciation of investment property (note)	**26,714**	26,714
Amortisation of intangible assets (note)	**53,984**	54,369
Rental expenses (note)	**389,823**	324,111
Auditors' remuneration	**9,480**	3,100
Impairment losses on available-for-sale financial assets	**69,203**	–
Impairment losses/(reversal) on premiums receivable	**18,107**	(5,766)
Impairment (reversal)/losses on reinsurance debtors	**(3,558)**	9,513
Impairment losses/(reversal) on other assets	**174,610**	(15,125)

(a) ***Employee costs (including directors' and supervisors' emoluments)***

(in RMB thousand)	**2015**	2014
Salaries, allowances and performance related bonuses	**3,008,381**	2,455,711
Contributions to defined contribution plan	**828,209**	684,473
Contributions to defined benefit retirement plan	**124,397**	–
Total	**3,960,987**	3,140,184

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

9 Income tax

(in RMB thousand)	**2015**	2014
Current income tax		
Charge for the year	**1,948,207**	1,623,347
Under/(over)-provision in respect of prior years	**5,525**	(1,143)
Deferred income tax	**260,366**	(90,999)
Total	**2,214,098**	1,531,205

Reconciliation between income tax expense and accounting profit at applicable tax rates:

(in RMB thousand)	**2015**	2014
Profit before tax	**9,888,876**	7,006,768
Notional tax on profit before tax, calculated at the rates applicable to profits in the jurisdictions concerned (note)	**2,956,244**	1,750,699
Tax effect of non-deductible expenses	**114,430**	26,750
Tax effect of non-taxable income	**(894,554)**	(263,136)
Tax effect of unused tax losses not recognised	**9,825**	118
Tax effect of using unrecognised tax losses	**–**	(33)
Under/(over)-provision in prior years	**5,525**	(1,143)
Withheld income tax on dividends	**22,628**	17,950
Income tax	**2,214,098**	1,531,205

Note: The income tax rate applied to the Company and its subsidiaries in Mainland China is 25% for the reporting period. Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant jurisdictions.

10 Earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company and the weighted average of ordinary shares in issue for the reporting period as follows:

(in RMB thousand)	**2015**	2014
Net profit attributable to the equity shareholders of the Company	**7,578,810**	5,404,320
Weighted average number of ordinary shares (in thousands) (a)	**37,488,204**	36,407,611
Basic and diluted earnings per share attributable to equity shareholders of the Company (in RMB per share)	**0.20**	0.15

There were no potential diluted ordinary shares, so the diluted earnings per share were the same as the basic earnings per share for the reporting period.

(a) Weighted average number of ordinary shares (in thousands)

	2015	2014
Issued ordinary shares at 1 January	**36,407,611**	36,407,611
Effect of share issue	**1,080,593**	–
Weighted average number of ordinary shares at 31 December	**37,488,204**	36,407,611

11 Dividends

(in RMB thousand)	**2015**	2014
Dividends recognised as distributions during the year:		
2015 Special pre-IPO dividend, unpaid – RMB 9.4 cents per share	**3,421,873**	–
2014 Final dividend, paid – RMB 2.0 cents per share	**728,152**	–
2013 Final dividend, paid – RMB 1.2 cents per share	**–**	436,891
Total	**4,150,025**	436,891

As at 30 March 2016, final dividend in respect of the year ended 31 December 2015 of RMB 4.6 cents per share (2014: RMB 2.0 cents per share in respect of the year ended 31 December 2014) has been proposed by the Board of Directors and is subject to approval by the shareholders at the 2015 annual general meeting.

12 Premiums receivable

(in RMB thousand)	**2015**	2014
Premiums receivable	**928,666**	644,234
Less: impairment provision	**(68,588)**	(55,096)
Carrying amount	**860,078**	589,138

(a) *Ageing analysis*

(in RMB thousand)	**2015**	2014
Within 3 months (inclusive)	**703,437**	490,228
3 months to 1 year (inclusive)	**156,641**	98,910
1 to 2 years (inclusive)	**33,587**	55,096
Over 2 years	**35,001**	–
Sub-total	**928,666**	644,234
Less: impairment provision	**(68,588)**	(55,096)
Total	**860,078**	589,138

(b) *Impairment provision of premiums receivable*

(in RMB thousand)	**2015**	2014
Balance at the beginning of the year	**55,096**	82,127
Charge/(reversal) for the year	**18,107**	(5,766)
Written off	**(4,615)**	(21,265)
Balance at the end of the year	**68,588**	55,096

13 Reinsurance debtors

(in RMB thousand)	**2015**	2014
Reinsurance debtors	**23,388,324**	11,829,418
Less: impairment provision	**(96,117)**	(95,824)
Carrying amount	**23,292,207**	11,733,594

(a) Ageing analysis

(in RMB thousand)	**2015**	2014
Within 3 months (inclusive)	**22,761,894**	11,357,027
3 months to 1 year (inclusive)	**443,569**	237,851
1 to 2 years (inclusive)	**68,188**	39,552
Over 2 years	**114,673**	194,988
Sub-total	**23,388,324**	11,829,418
Less: impairment provision	**(96,117)**	(95,824)
Total	**23,292,207**	11,733,594

(b) Impairment provision of reinsurance debtors

(in RMB thousand)	**2015**	2014
Balance at the beginning of the year	**95,824**	86,041
(Reversal)/charge for the year	**(3,558)**	9,513
Exchange difference	**3,851**	270
Balance at the end of the year	**96,117**	95,824

14 Investments in associates

(in RMB thousand)	**2015**	2014
Share of net assets		
– Listed shares	**8,677,589**	7,605,127
– Unlisted shares	**139,640**	103,519
Total	**8,817,229**	7,708,646

(a) Particulars of the Group's material associate are as follows:

Name of associate	**Place of incorporation and business**	**Registered capital** *(RMB million)*	**Principle activities**
China Everbright Bank Company Limited ("CEB")	China	46,679	Commercial banking

	Proportion of ownership interest		
	Group's effective interest	**Held by the Company**	**Held by a subsidiary**
31 December 2015	4.29%	1.80%	2.49%
31 December 2014	4.28%	2.05%	2.23%

The Group has significant influence over CEB through a group representative being a director of CEB. As such, the interest in this associate is accounted for using the equity method.

As at 31 December 2015, the market value of the Group's investment in CEB was RMB 7,177 million (31 December 2014: RMB 8,126 million).

15 Share capital

(in RMB thousand)	**2015**	2014
Issued and fully paid ordinary shares of RMB 1 each		
– Domestic shares	**35,800,391**	36,407,611
– H shares	**6,679,417**	–
	42,479,808	36,407,611

The Company completed its initial public offering of overseas-listed foreign shares and was listed on the Main Board of The Stock Exchange of Hong Kong Limited on 26 October 2015. In this offering, the Company totally offered 6,072,197,000 H shares (including over-allotment of 302,307,000 H shares) with a nominal value of RMB 1.00 per share each and an issuance price of HKD 2.70 per share. This public offering had raised a total amount of RMB 13,443 million. As at 31 December 2015, the consideration received net of issue expenses was RMB 13,074 million, of which RMB 6,072 million was recorded in share capital and RMB 7,002 million was recorded in share premiums.

Pursuant to the relevant PRC regulations regarding transfers of state-owned shares and the related regulatory approvals, 607,219,700 domestic shares held by the state-owned shareholders were converted into H shares during the initial public offering of the Company.

16 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2015

Up to the date of issue of the financial statements, the IASB has issued a few amendments and new standards which are not yet effective for the accounting year ended 31 December 2015 and which have not been adopted in the financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Annual improvements to IFRSs 2012-2014 Cycle	1 January 2016
IFRS 14, *Regulatory deferral accounts*	1 January 2016
Amendments to IFRS 11, *Accounting for acquisitions of interests in joint operations*	1 January 2016
Amendments to IAS 16 and IAS 38, *Clarification of acceptable methods of depreciation and amortisation*	1 January 2016
Amendments to IFRS 10 and IAS 28, *Sale or contribution of assets between an investor and its associate or joint venture*	1 January 2016
Amendments to IAS 1, *Disclosure initiative*	1 January 2016
IFRS 15, *Revenue from contracts with customers*	1 January 2018
IFRS 9, *Financial instruments*	1 January 2018
IFRS 16, *Leases*	1 January 2019

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements except for IFRS 9, IFRS 15 and IFRS 16 which may have an impact on the Group's financial performance and financial position.

IFRS 9, *Financial instruments*

On 24 July 2014, the IASB issued the complete standard of IFRS 9 (IFRS 9 (2014)).

Classification and measurement of financial assets and financial liabilities

IFRS 9 retains but simplifies the mixed measurement model by allowing three primary measurement categories for financial assets: amortised cost, fair value and fair value through other comprehensive income, with the basis of classification dependent on the entity's business model and contractual cash flow characteristics of the financial assets. IFRS 9 introduces a new requirement that the gain or loss on a financial liability designated at fair value through profit or loss that is attributable to changes in the entity's own credit risk is recognised in other comprehensive income; the remaining amount of change in fair value is recognised in profit or loss ("own credit risk requirements").

Impairment

The new impairment methodology in IFRS 9 replaces the "incurred loss" model in IAS 39 with an "expected credit loss" model. Under IFRS 9 it is not necessary for a credit event to have occurred before credit losses are recognised.

Since the Group is in the process of making an assessment on overall impact of IFRS 9, given the nature of the Group's operations, this standard is expected to have a material impact on the Group's financial statements. For instance, the Group will replace incurred loss model with the expected loss model in the calculation of impairment of premiums receivable, reinsurance debtors, investments classified as loans and receivables, and held-to-maturity investments. The Group will change the categories for financial assets from four categories into three categories, and the corresponding measurement of financial assets. It is not practicable to provide a reasonable estimate of the effect and quantify the impact on its operating results and financial position until it performs a detailed review as the adoption of the new standard requires changes to systems and processes to collect the necessary data.

IFRS 15, *Revenue from contracts with customers*

IFRS 15 contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

IFRS 15 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. Some of these apply to interim financial reports prepared under IAS 34 as well as to annual financial statements. An entity may adopt IFRS 15 on a full retrospective basis. Alternatively, it may choose to adopt it from the date of initial application by adjusting opening balances at that date. Transitional disclosures are different depending on the approach adopted by the entity.

Application of IFRS 15 in the future may have a material impact on amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect until a detailed review has been completed.

IFRS 16, *Leases*

In January 2016, the IASB issued IFRS 16 Leases with an effective date of annual periods beginning on or after 1 January 2019. IFRS 16 results in lessees accounting for most leases within the scope of the standard in a manner similar to the way in which finance leases are currently accounted for under IAS 17 Leases. Lessees will recognise a 'right of use' asset and a corresponding financial liability on the balance sheet. The asset will be amortised over the length of the lease and the financial liability measured at amortised cost. Lessor accounting remains substantially the same as in IAS 17. The Group is currently assessing the impact of IFRS 16 and it is not practicable to quantify the effect as at the date of the publication of these financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Group is primarily engaged in P&C reinsurance, life and health reinsurance, primary P&C insurance and asset management businesses. We operate our domestic P&C reinsurance business primarily through our wholly-owned subsidiary China Re P&C, our life and health reinsurance business primarily through our wholly-owned subsidiary China Re Life, and our primary P&C insurance business through China Continent Insurance, in which the Group Company holds a 93.18% equity interest. We manage our insurance funds in a centralised and professional manner primarily through China Re AMC, which is jointly wholly-owned by the Group Company, China Re P&C, China Re Life and China Continent Insurance. In addition, the Group Company engages in CNIP business, operates overseas P&C reinsurance business and the Group's domestic and overseas legacy P&C reinsurance business through China Re P&C and operates the Group's domestic legacy life and health reinsurance through China Re Life. We conduct our Lloyd's business through China Re Syndicate 2088, a syndicate at Lloyd's.

(1) Key Operating Data

The following table sets forth our selected key operating data by business segment for the reporting periods indicated:

Unit: RMB in millions, except for percentages

	For the Year Ended 31 December	
	2015	2014
Gross written premiums by business segment		
Gross written premiums	**80,434**	73,753
P&C reinsurance[1]	**31,924**	31,135
Life and health reinsurance[1]	**22,978**	21,081
Primary P&C insurance[1]	**26,685**	22,459
Embedded value of life and health reinsurance business	**16,248**	13,783
Value of one year's new business of life and health reinsurance business	**934**	643
Total investment yield (%)	**8.48**	6.54
Solvency margin ratio (%)		
China Re Group (%)	**235**	248
Group Company (%)	**4,695**	16,309
China Re P&C (%)	**306**	217
China Re Life (%)	**212**	271
China Continent Insurance (%)	**206**	228

Note 1: Before inter-segment eliminations

In 2015, the Group focused on promoting growth, optimizing structure and strengthening capability. Although certain loss was incurred as a result of the Tianjin explosions, the Group was still able to deliver good performance, with stable growth of business and significant improvement in investment performance recorded. In 2015, gross written premiums of the Group increased by 9.1%, from RMB73,753 million in 2014 to RMB80,434 million in 2015, of which gross written premiums from P&C reinsurance, life and health reinsurance and primary P&C insurance (before inter-segment eliminations) were RMB31,924 million, RMB22,978 million and RMB26,685 million, respectively. Our core reinsurance business maintained steady market position, and we continued to have the leading Market Share in terms of Premiums Ceded in the PRC P&C reinsurance market and life and health reinsurance market. In terms of original premium income, we accounted for 3.2% market share of all primary P&C insurance companies in the PRC in 2015, ranking No.6 in the market. Our total investment yield on a consolidated basis was 8.48%.

In addition to achieving such performance, the Group also accomplished remarkable results in maintaining capital base and improving risk management. In 2015, we were rated "A (Excellent)" with a continuous stable outlook by A.M. Best for six consecutive years and rated "A+" by Standard & Poor's for two consecutive years with a stable outlook.

(2) Key Financial Indicators

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

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

	For the Year Ended 31 December	
	2015	2014
Gross written premiums	**80,434**	73,753
Profit before tax	**9,889**	7,007
Net profit	**7,675**	5,476
Net profit attributable to equity shareholders of the parent company	**7,579**	5,404
Earnings per share (RMB)	**0.20**	0.15
Weighted average return on equity(%)[1]	**12.99**	10.91
Total assets	**328,993**	189,675
Total liabilities	**258,036**	135,040
Total equity	**70,957**	54,635
Net assets per share attributable to equity shareholders of the parent company (RMB)	**1.65**	1.48

Note 1: Weighted average return on equity = Net profit attributable to equity shareholders of the parent company/ balance of weighted average net assets

In 2015, the Group's capital base has been further strengthened, with total equity growing by 29.9% from RMB54,635 million as at 31 December 2014 to RMB70,957 million as at 31 December 2015. Net profit of the Group increased by 40.2% from RMB5,476 million in 2014 to RMB7,675 million in 2015, and net profit attributable to equity shareholders of the parent company increased by 40.2% from RMB5,404 million in 2014 to RMB7,579 million in 2015. Weighted average return on equity of the Group increased by 2.1 percentage points from 10.91% in 2014 to 12.99% in 2015; earnings per share increased by 36.2% from RMB0.15 in 2014 to RMB0.20 in 2015.

P&C REINSURANCE

(1) Business Analysis

Our businesses of the P&C reinsurance segment mainly include domestic P&C reinsurance business of our wholly-owned subsidiary China Re P&C, international P&C reinsurance business, Lloyd's business, CNIP business and certain legacy P&C reinsurance business. In 2015, reinsurance premium income from our P&C reinsurance segment was RMB31,924 million, representing 39.1% of gross written premiums of China Re Group for the year (before inter-segment eliminations); in 2015, net profit for our P&C reinsurance segment was RMB3,081 million, combined ratio, expense ratio and loss ratio were 98.9%, 37.9% and 61.0%, respectively, and weighted average return on net assets was 18.66%.

1. Domestic P&C reinsurance business

Overview

In 2015, we adhered to our development strategy of "seizing opportunities, making progress while maintaining stability, controlling risks and adjusting structure" by thoroughly studying industry trends and cyclical changes. By seizing business opportunities, deepening cooperation, focusing on core clients and core business and planning for innovative business, our business size maintained steady growth. Through business condition optimisation, retrocession protection and the utilization of quantitative tools including economic capital model, our underwriting risks were effectively managed. Meanwhile, by refining internal management, strengthening technology improvement, optimising talent team and improving client services, a variety of adverse factors were overcome and solid progress was made for our business. In 2015, reinsurance premium income from our domestic P&C reinsurance business was RMB29,632 million, representing a year-on-year increase of 1.1% and accounting for 92.8% of reinsurance premium income from our P&C reinsurance business segment for the same period. The combined ratio, expense ratio and loss ratio of the segment were 99.99%, 37.83% and 62.16%, respectively. Despite the material disaster of explosions in Tianjin on 12 August 2015, we were still able to maintain positive momentum of development and record stable operating results.

In terms of type of reinsurance arrangement and form of cession, our domestic P&C reinsurance business primarily consists of treaty reinsurance and proportional reinsurance, which is generally in line with the business distribution in the PRC P&C reinsurance market and at the same level as 2014. In terms of business channel, by virtue of our good direct cooperation with domestic clients, our domestic P&C reinsurance business primarily consists of direct business channel, which keeps stable compared with 2014.

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: RMB in millions, except for percentages

Type of reinsurance arrangement	For the Year Ended 31 December			
	2015		2014	
	Amount	**Percentage**	Amount	Percentage
Treaty reinsurance	**29,265**	**98.8%**	28,988	98.9%
Facultative reinsurance	**367**	**1.2%**	308	1.1%
Total	**29,632**	**100.0%**	29,296	100.0%

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

Unit: RMB in millions, except for percentages

Form of cession	For the Year Ended 31 December			
	2015		2014	
	Amount	**Percentage**	Amount	Percentage
Proportional reinsurance	**29,300**	**98.9%**	28,973	98.9%
Non-proportional reinsurance	**332**	**1.1%**	323	1.1%
Total	**29,632**	**100.0%**	29,296	100.0%

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

Unit: RMB in millions, except for percentages

Business channel	For the Year Ended 31 December			
	2015		2014	
	Amount	**Percentage**	Amount	Percentage
Direct	**28,852**	**97.4%**	28,521	97.4%
Brokerage	**780**	**2.6%**	775	2.6%
Total	**29,632**	**100.0%**	29,296	100.0%

Lines of Business

As the largest domestic specialised P&C reinsurance company in the PRC, China Re P&C offers a wide variety of P&C reinsurance coverage catering to the characteristics of the PRC market. Our lines of business cover a wide range of P&C insurance types in the PRC, including motor, commercial property and household, agricultural, liability and engineering insurance.

The table below sets forth the structure breakdown of the domestic P&C insurance type covered by the reinsurance provided by China Re P&C for the reporting periods indicated. The business structure remained stable in 2015 compared to 2014.

Unit: RMB in millions, except for percentages

Type of insurance	For the Year Ended 31 December			
	2015		2014	
	Amount	**Percentage**	Amount	Percentage
Motor	**18,151**	**61.3%**	17,491	59.7%
Commercial property and household	**4,007**	**13.5%**	4,354	14.9%
Agricultural	**3,227**	**10.9%**	3,227	11.0%
Liability	**1,571**	**5.3%**	1,455	5.0%
Engineering	**1,067**	**3.6%**	983	3.4%
Others[1]	**1,609**	**5.4%**	1,786	6.0%
Total	**29,632**	**100.0%**	29,296	100.0%

Note 1: Others include, among others, cargo, marine hull, specialty, credit and accident insurance.

Motor insurance. In 2015, although certain major primary insurance companies adjusted their ceding structures, we implemented a proactive business strategy to explore emerging business opportunities. Premium income from motor insurance for the year amounted to RMB18,151 million, representing a year-on-year increase of 3.8% and accounting for 61.3% of the reinsurance premium income from domestic P&C reinsurance business for the same period.

Commercial property and household insurance. In 2015, as a result of the weakened growth of primary insurance market and the adjustment to ceding structures by certain major companies, we recorded premium income from commercial property and household insurance of RMB4,007 million, representing a year-on-year decrease of 8.0% and accounting for 13.5% of the reinsurance premium income from domestic P&C reinsurance business for the same period.

Agricultural insurance. In 2015, we recorded premium income from agricultural insurance of RMB3,227 million, largely at the same level as last year and accounting for 10.9% of the reinsurance premium income from domestic P&C reinsurance business for the same period.

Liability insurance. In 2015, as a result of strengthened marketing of liability insurance and rapid growth of primary insurance market, we recorded premium income from liability insurance of RMB1,571 million, representing a year-on-year increase of 8.0% and accounting for 5.3% of the reinsurance premium income from domestic P&C reinsurance business for the same period.

Engineering insurance. In 2015, driven by the government's large-scale investments and the Company's proactive business strategy, we recorded premium income from engineering insurance of RMB1,067 million, representing a year-on-year increase of 8.5% and accounting for 3.6% of the reinsurance premium income from domestic P&C reinsurance business for the same period.

Clients and Client Services

In 2015, we continued to maintain good client relationship, covering 93% of P&C insurance companies in the PRC. We have established long-term stable relationship with major primary insurance companies in the PRC and strengthened our relationship with them through business cooperation, technical communication and client services.

2. International P&C Reinsurance Business

In 2015, we proactively advanced our overall planning and business expansion based on the principle of "maintaining profitability while keeping risks under control" as well as the philosophy of "rational operation and prudent growth." By proper capacity allocation, strict control of liability accumulation of catastrophe risks, and active development of non-catastrophe P&C insurance business, we achieved growth of premium income, optimization of business structure and improvement in profitability. The international P&C reinsurance premium income in 2015 was RMB1,604 million, representing a year-on-year increase of 18.2% and accounting for 5.0% of our P&C reinsurance business segment's premium income. The combined ratio, expense ratio and loss ratio of this segment were 82.4%, 30.0% and 52.4%, respectively.

In terms of type of reinsurance arrangement, our International P&C reinsurance business consists primarily of treaty reinsurance. In 2015, we increased our efforts to develop more facultative reinsurance business. Our facultative premium income increased by 108.1% on a year-on-year basis and its percentage to the total international P&C reinsurance premium income increased slightly from the previous year.

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

Unit: RMB in millions, except for percentages

Type of reinsurance arrangement	**For the Year Ended 31 December**			
	2015		2014	
	Amount	**Percentage**	Amount	Percentage
Treaty reinsurance	**1,527**	**95.2%**	1,320	97.3%
Facultative reinsurance	**77**	**4.8%**	37	2.7%
Total	**1,604**	**100.0%**	1,357	100.0%

In terms of geographic area, Europe, Asia, and North America were the main sources of our International P&C reinsurance business, respectively representing 41.7%, 37.8% and 17.0%, of total reinsurance premium income. Compared to last year, the percentage of North American reinsurance premium increased significantly as a result of rapid business growth which is due to the continuous improvement of brand recognition of China Re in North America.

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

Unit: RMB in millions, except for percentages

Source region of business	For the Year Ended 31 December			
	2015		2014	
	Amount	**Percentage**	Amount	Percentage
Europe	**668**	**41.7%**	585	43.2%
Asia	**606**	**37.8%**	565	41.6%
North America	**273**	**17.0%**	156	11.5%
Latin America	**43**	**2.7%**	44	3.2%
Africa	**10**	**0.6%**	4	0.3%
Oceania	**4**	**0.2%**	3	0.2%
Total	**1,604**	**100.0%**	1,357	100.0%

For products, our International P&C reinsurance business primarily provides coverage on non-marine, specialty, liability and motor insurance.

For business channels, reputable international brokers remain our major source of international P&C reinsurance business. We also cooperate with small-and-medium-sized brokers to seek quality regional business.

For customers, by keeping our strategic relationship with international reinsurance companies such as XL Catlin and The Toa Reinsurance Co., Ltd., we devoted efforts towards our key customers and commenced all-round business cooperation with them.

3. Lloyd's business

Our Lloyd's business is mainly conducted by China Re Syndicate 2088. As an independent syndicate, China Re Syndicate 2088 operates underwriting business with Lloyd's under our brand. We are the first Chinese company to set up a syndicate at Lloyd's.

In 2015, reinsurance premium income from our Lloyd's business amounted to RMB752 million, representing an increase of 58.0% as compared with the corresponding period of last year, accounting for 2.4% of reinsurance premium income from our P&C reinsurance business segment for the same period. In 2015, the combined ratio, expense ratio and loss ratio of our Lloyd's business were 112.2%, 50.7% and 61.5%, respectively.

4. CNIP business

Our CNIP business is operated through China Nuclear Insurance Pool. The Company is the management institution and chairman company of CNIP. As at 31 December 2015, members of CNIP included 29 domestic and international P&C insurance and reinsurance companies. Our CNIP business primarily includes nuclear P&C insurance and nuclear third-party liability insurance. The Group Company, together with China Re P&C and China Continent Insurance, underwrites global nuclear insurance business via CNIP. In 2015, reinsurance premium income from the business underwritten by the Group Company amounted to RMB56 million. The insured subjects relating to our CNIP business widely located in the PRC and overseas countries with nuclear energy, achieving good regional diversification of business risks.

(2) Financial Analysis

The following table sets forth selected key financial data of our P&C reinsurance segment (including the domestic P&C reinsurance business of our wholly-owned subsidiary China Re P&C, international P&C reinsurance business, Lloyd's, CNIP business and certain legacy P&C reinsurance business retained at the Group Company level) for the reporting periods indicated:

Unit: RMB in millions, except for percentages

	For the Year Ended 31 December		
	2015	2014	Change
Gross written premiums	**31,924**	31,135	2.5%
Less: Premiums retroceded	**(590)**	(631)	(6.5%)
Net written premiums	**31,334**	30,504	2.7%
Change in unearned premium reserves	**270**	483	(44.1%)
Net premiums earned	**31,604**	30,987	2.0%
Reinsurance commission income	**50**	80	(37.5%)
Investment income	**3,705**	2,228	66.3%
Exchange gains/(losses), net	**95**	(101)	(194.1%)
Other income	**20**	4	400.0%
Total income	**35,474**	33,198	6.9%
Claims and policyholders' benefits	**(19,295)**	(19,819)	(2.6%)
Handling charges and commissions	**(11,723)**	(10,383)	12.9%
Finance costs	**(25)**	(43)	(41.9%)
Other operating and administrative expenses	**(510)**	(257)	98.4%
Total benefits, claims and expenses	**(31,553)**	(30,502)	3.4%
Share of profits of associates	**7**	6	16.7%
Profit before tax	**3,928**	2,702	45.4%
Income tax	**(847)**	(559)	51.5%
Net profit	**3,081**	2,143	43.8%

Gross written premiums

Gross written premiums for our P&C reinsurance segment increased by 2.5% from RMB31,135 million in 2014 to RMB31,924 million in 2015, mainly due to the growth of domestic motor reinsurance business and international P&C reinsurance business.

Premiums retroceded

Premiums retroceded for our P&C reinsurance segment decreased by 6.5% from RMB631 million in 2014 to RMB590 million in 2015, mainly due to the decrease in retrocession volume for certain retrocessionaires in our domestic P&C reinsurance business.

Reinsurance commission income

Reinsurance commission income from our P&C reinsurance segment decreased by 37.5% from RMB80 million in 2014 to RMB50 million in 2015, in line with the decrease in premiums retroceded for the same period.

Investment income

Investment income from our P&C reinsurance segment increased by 66.3% from RMB2,228 million in 2014 to RMB3,705 million in 2015, mainly because investment income was increased significantly following the surge in the capital market in 2015.

Claims and policyholders' benefits

Claims and policyholders' benefits for our P&C reinsurance segment decreased by 2.6% from RMB19,819 million in 2014 to RMB19,295 million in 2015, mainly due to the decrease in policyholders' benefits paid during current accounting period for insurance policies recognised in previous periods as the growth of premium income slowed down since 2013.

Handling charges and commissions

Handling charges and commissions for our P&C reinsurance segment increased by 12.9% from RMB10,383 million in 2014 to RMB11,723 million in 2015, mainly due to the increase in handling charges prepaid as a result of the increase in gross written premiums in 2015, as well as the increase in handling charges payable for adjustment as a result of the decrease in expected loss ratio for previous years.

Finance costs

Finance costs for our P&C reinsurance segment decreased by 41.9% from RMB43 million in 2014 to RMB25 million in 2015, mainly due to the decrease in the average balance of securities sold under agreements to repurchase.

Share of profits of associates

Share of profits of associates for our P&C reinsurance segment increased by 16.7% from RMB6 million in 2014 to RMB7 million in 2015, mainly due to the increase in net profit of associates.

Net profit

As a result of the foregoing reasons, net profit for our P&C reinsurance segment increased by 43.8% from RMB2,143 million in 2014 to RMB3,081 million in 2015.

LIFE AND HEALTH REINSURANCE

Our life and health reinsurance business segment comprises the life and health reinsurance business operated by China Re Life, our wholly-owned subsidiary, and the legacy life and health reinsurance business retained by the Group Company. In the complex and volatile business environment, especially with the adverse factors such as fluctuations of exchange rates and downward interest rate, we continued to consolidate the dominant position of our traditional business with competitive advantages in the domestic market, diversified into domestic and overseas savings-type business, actively seized opportunities in the financial reinsurance market, accelerated the cultivation of new growth drivers, and continued to strengthen assets and liabilities management. As a result, we achieved a positive result driven by two-wheel operation of both insurance and investment, together with the concurrent development in both domestic and overseas markets. In 2015, the reinsurance premium income of our life and health reinsurance business segment was RMB22,978 million, representing 28.2% of gross written premiums of the China Re Group (before inter-segment eliminations), net profit for the segment was RMB2,531 million, and the weighted average return on equity reached 20.64%. In particular, the reinsurance premium income of China Re Life amounted to RMB22,861 million and the total written premiums ("TWPs") of China Re Life amounted to RMB26,192 million (including TWPs of RMB3,331 million for savings-type universal life reinsurance), representing a year-on-year increase of 14.7%. Given the business significance and operational independence of China Re Life, unless otherwise stated, references to our life and health reinsurance business in this section shall be the business of China Re Life.

(1) Business Analysis

1. In terms of business lines, our life and health reinsurance business is featured by concurrent development of protection-type reinsurance, savings-type reinsurance and financial reinsurance in domestic and overseas markets.

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: RMB in millions, except for percentages

Business lines	For the Year Ended 31 December			
	2015		2014	
	Amount	**Percentage**	Amount	Percentage
Domestic protection-type reinsurance	**3,642**	**15.9%**	2,877	13.7%
Domestic savings-type reinsurance	**531**	**2.3%**	671	3.2%
Domestic financial reinsurance	**14,809**	**64.8%**	11,455	54.7%
Domestic in total	**18,982**	**83.0%**	15,003	71.6%
Overseas savings-type reinsurance	**3,361**	**14.7%**	5,302	25.3%
Other overseas business	**518**	**2.3%**	652	3.1%
Overseas in total	**3,879**	**17.0%**	5,954	28.4%
Total	**22,861**	**100.0%**	20,957	100.0%

In addition, we also actively developed savings-type universal life reinsurance business. The following table sets forth the TWPs for the savings-type universal life reinsurance for the reporting periods indicated:

Unit: RMB in millions, except for percentages

Universal life reinsurance	For the Year Ended 31 December			
	2015		2014	
	Amount	**Percentage**	Amount	Percentage
Domestic savings-type universal life reinsurance	**409**	**12.3%**	–	–
Overseas savings-type universal life reinsurance	**2,922**	**87.7%**	1,881	100.0%
Total	**3,331**	**100.0%**	1,881	100.0%

Domestic life and health reinsurance

We continued to consolidate the dominant position of traditional domestic business with our key clients by developing popular products including critical illness and cancer insurance, new types of accident insurance etc., promoted our “assets driving liabilities” buiness model, made breakthroughs in domestic single premium universal life insurance business, and seized the opportunities in the financial reinsurance market. As a result, we achieved a balanced development of both business volume and profit. In 2015, our domestic business reached a new record high with TWPs of RMB19,391 million, representing an increase of 29.2% from 2014, of which reinsurance premium income was RMB18,982 million, representing an increase of 26.5% from 2014.

We adopted proactive pricing strategies and differentiated underwriting policies in protection-type reinsurance business. On one hand, we improved service experiences of key clients by providing value-added services such as health management and expedited access. On the other hand, we promoted technical research and results sharing, and actively supported client companies in product development and upgrading by product cooperation and experience sharing. Positive progress has been achieved in life, health and accident insurance business simultaneously. In 2015, our reinsurance premium income from protection-type reinsurance business was RMB3,642 million, representing an increase of 26.6% from 2014.

We adopted a strategy of selecting proper timing to conduct savings-type reinsurance business. Amid continuous relatively high business cost in domestic market, we promoted the business model of “assets driving liabilities”, explored business opportunities with effective support from assets, and made breakthroughs in domestic single premium universal life insurance business. In 2015, the TWPs of our domestic savings-type reinsurance business amounted to RMB940 million, representing an increase of 40.1% from 2014, of which reinsurance premium income from savings-type reinsurance business was RMB531 million, representing a decrease of 20.9% from 2014.

In respect of financial reinsurance business, we insist on an underwriting strategy with a focus on profitability and business quality. We captured market opportunities brought by the rapid growth of high-cash value products as well as capital market fluctuations, actively expanding into financial reinsurance business with relatively lower risk and higher profit margin while ensuring our own solvency sufficeincy, which has helped to increase our domestic market share and further promoted the cooperation in other reinsurance businesses. In 2015, the reinsurance premium income from financial reinsurance business was RMB14,809 million, representing an increase of 29.3% from 2014.

Overseas life and health reinsurance

Against the background of fluctuations in RMB exchange rate, increased competition and decrease in market demand, we strengthened the cooperation with clients and successfully implemented several conversion programs with regards to near-maturity policies, continued to advance RMB-denominated insurance product innovations and expanded asset-driven universal life reinsurance business in order to promote the diversified development of our cross-border RMB reinsurance business. We also actively strengthened the communication with regulatory authorities and primary insurance companies in markets outside Hong Kong and reasonably developed foreign-currency savings-type business, and as a result we maintained relatively stable volume and cash flows of overseas savings-type business. In 2015, the overseas savings-type business declined with TWPs amounting to RMB6,283 million, representing a decrease of 12.5% from 2014, of which the reinsurance premium income from overseas saving-type business was RMB3,361 million, representing a decrease of 36.6% from 2014 and the TWPs of overseas saving-type universal life reinsurance were RMB2,922 million, representing an increase of 55.3% from 2014.

We continued to deepen overseas business cooperation and communication. In addition to overseas savings-type reinsurance business, we also carried out reciprocal business and catastrophe reinsurance business. In 2015, the reinsurance premium income from other overseas business amounted to RMB518 million, representing a decrease of 20.6% from 2014, mainly due to RMB exchange rates fluctuations and accounting adjustments.

2. In terms of reinsurance arrangement and form of reinsurance, our life and health reinsurance business primarily consists of treaty reinsurance and proportional reinsurance, in line with the business distribution of life and health reinsurance market.

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

Unit: RMB in millions, except for percentages

	For the Year Ended 31 December			
Reinsurance arrangement	**2015**		2014	
	Amount	**Percentage**	Amount	Percentage
Treaty reinsurance	**22,650**	**99.1%**	20,716	98.9%
Facultative reinsurance	**211**	**0.9%**	241	1.1%
Total	**22,861**	**100.0%**	20,957	100.0%

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

Unit: RMB in millions, except for percentages

Form of reinsurance	For the Year Ended 31 December			
	2015		2014	
	Amount	**Percentage**	Amount	Percentage
Proportional reinsurance	**22,816**	**99.8%**	20,922	99.8%
Non-proportional reinsurance	**45**	**0.2%**	35	0.2%
Total	**22,861**	**100.0%**	20,957	100.0%

3. In terms of type of insurance, our life and health reinsurance business is primarily comprised of life insurance. Due to the overall growth of the health insurance market, the percentage of health insurance increased by 2.0 percentage points from 2014, and the percentages of life insurance and accident insurance decreased by 1.2 percentage points and 0.8 percentage point, respectively. The business structure remained largely stable.

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

Unit: RMB in millions, except for percentages

Type of insurance	For the Year Ended 31 December			
	2015		2014	
	Amount	**Percentage**	Amount	Percentage
Life	**17,804**	**77.9%**	16,577	79.1%
Health	**3,255**	**14.2%**	2,551	12.2%
Accident	**1,802**	**7.9%**	1,829	8.7%
Total	**22,861**	**100.0%**	20,957	100.0%

(2) Financial Analysis

The following table sets forth the key financial data of our life and health reinsurance segment (including the life and health reinsurance business operated by China Re Life, our wholly-owned subsidiary, and the legacy life and health reinsurance business retained by the Group Company) for the reporting periods indicated:

Unit: RMB in millions, except for percentages

	For the Year Ended 31 December		
	2015	2014	Change
Gross written premiums	**22,978**	21,081	9.0%
Less: premiums ceded to retrocessionaires	**(4,202)**	(2,533)	65.9%
Net written premiums	**18,776**	18,548	1.2%
Change in unearned premium reserves	**(186)**	(113)	64.6%
Net premiums earned	**18,590**	18,435	0.8%
Reinsurance commission income	**433**	462	(6.3%)
Investment income	**4,765**	2,921	63.1%
Exchange gains/(losses), net	**15**	8	87.5%
Other income	**127**	211	(39.8%)
Total income	**23,930**	22,037	8.6%
Claims and policyholders' benefits	**(18,102)**	(19,086)	(5.2%)
Handling charges and commissions	**(2,450)**	(990)	147.5%
Finance costs	**(84)**	(23)	265.2%
Other operating and administrative expenses	**(787)**	(599)	31.4%
Total benefits, claims and expenses	**(21,423)**	(20,698)	3.5%
Share of profits of associates	**722**	475	52.0%
Profit before tax	**3,229**	1,814	78.0%
Income tax	**(698)**	(399)	74.9%
Net profit	**2,531**	1,415	78.9%

Gross written premiums

Reinsurance premium income from our life and health reinsurance segment increased by 9.0% from RMB21,081 million in 2014 to RMB22,978 million in 2015, mainly due to the increase in domestic protection-type reinsurance and domestic financial reinsurance business.

Premiums ceded to retrocessionaires

Total premiums ceded to retrocessionaires for our life and health reinsurance segment increased by 65.9% from RMB2,533 million in 2014 to RMB4,202 million in 2015, mainly due to the addition of retrocession arrangements for savings-type reinsurance.

Reinsurance commission income

Reinsurance commission income from our life and health reinsurance segment decreased by 6.3% from RMB462 million in 2014 to RMB433 million in 2015, mainly due to the fluctuations caused by retrocession arrangements of different business types.

Investment income

Investment income from our life and health reinsurance segment increased by 63.1% from RMB2,921 million in 2014 to RMB4,765 million in 2015, benefiting from the surge in the PRC capital market in 2015.

Other income

Other income from our life and health reinsurance segment decreased by 39.8% from RMB211 million in 2014 to RMB127 million in 2015. It was mainly due to the decrease in interest income as a result of the decrease in deposits retained by cedants which was in turn caused by the termination of certain modified co-insurance contracts in 2015.

Claims and policyholders' benefits

Claims and policyholders' benefits for our life and health reinsurance segment decreased by 5.2% from RMB19,086 million in 2014 to RMB18,102 million in 2015, mainly due to the decrease in surrender payments as the size of financial reinsurance business terminated in 2015 was lower than that of last year. This factor partially offset the impact of the increase in maturity benefits for our life and health reinsurance business during the year.

Handling charges and commissions

Handling charges and commissions for our life and health reinsurance segment increased by 147.5% from RMB990 million in 2014 to RMB2,450 million in 2015, mainly due to the fluctuations caused by financial reinsurance arrangements in different periods.

Finance costs

Finance costs for our life and health reinsurance segment increased by 265.2% from RMB23 million in 2014 to RMB84 million in 2015, mainly due to the increase in the average balance of securities sold under agreements to repurchase.

Other operating and administrative expenses

Other operating and administrative expenses for our life and health reinsurance segment increased by 31.4% from RMB599 million in 2014 to RMB787 million in 2015, mainly due to the increase in business taxes and surcharges as a result of the significant increase in investment income, as well as the increase in the cost of investment contracts as a result of the expansion of universal reinsurance business, which was recognised as investment contracts under the criteria of the risk significance test.

Share of profits of associates

Share of profits of associates for our life and health reinsurance segment increased by 52.0% from RMB475 million in 2014 to RMB722 million in 2015, mainly due to a further increase of shareholding in the associates and an increase in net profit of the associates.

Net profit

As a result of the foregoing reasons, net profit for our life and health reinsurance segment increased by 78.9% from RMB1,415 million in 2014 to RMB2,531 million in 2015.

PRIMARY P&C INSURANCE

In 2015, the growth of the PRC primary P&C insurance slowed down. Original premium income from P&C insurance companies grew at 11.6%, decreasing from 16.4% in 2014. The underwriting profit margin for the industry was low in general.

We continued to promote the transformation of our primary P&C insurance business and further enhanced the construction of the sale capability and channels to effectively improve its market competitiveness. We vigorously developed profitable business by continuously implementing the strategy of "identifying, controlling and introducing" to improve business quality for motor insurance business and using the "vehicle + person" hybrid sales model for non-motor insurance, in order to develop profitable business segment. We accelerated the development of telesales and online sales business to optimise organisational structure and improve operational efficiency. We strengthened the synergies between online and offline channels and continued to improve the quality of offline services. We accelerated our development in key regions to facilitate the construction of teams and channels in key cities. We continued to enhance management of and control over claims settlement and launched a new claims settlement system to further improve cost control.

In 2015, premium income from our primary P&C insurance business segment recorded steady growth. Gross written premiums amounted to RMB26,685 million for the year, representing a year-on-year increase of 18.8%, of which the original premium income was RMB26,589 million, representing a year-on-year increase of 18.9%. Our operating performance achieved significant improvement with net profit of RMB1,352 million for the year, representing a year-on-year increase of 54.9% and the weighted average return on equity reached 12.82%. In terms of original premium income from P&C insurance companies in 2015 published by CIRC, the market share of our primary P&C insurance business segment reached 3.2%, representing an increase of 0.19 percentage point from 2014.

(1) Product Business Analysis

The following table sets forth gross written premiums of various products of our primary P&C insurance segment for the reporting periods indicated:

Unit: RMB in millions, except for percentages

	For the Year Ended 31 December			
Product	**2015**		2014	
	Amount	**Percentage**	Amount	Percentage
Motor	**21,508**	**80.6%**	17,840	79.4%
Accident and short-term health	**2,016**	**7.6%**	1,717	7.6%
Commercial property	**918**	**3.4%**	906	4.0%
Liability	**825**	**3.1%**	686	3.1%
Marine hull	**316**	**1.2%**	291	1.3%
Agricultural	**162**	**0.6%**	62	0.3%
Others[1]	**940**	**3.5%**	957	4.3%
Total	**26,685**	**100.0%**	22,459	100.0%

Note 1: Others include, among others, credit insurance, engineering insurance, cargo insurance, specialty insurance, household and surety insurance.

1. Motor insurance

In 2015, gross written premiums from our primary P&C insurance segment amounted to RMB21,508 million, representing a year-on-year increase of 20.6%.

In 2015, we continued to implement the strategy of "identifying, controlling and introducing", while focusing on "identifying" and "introducing", to optimise business structure. The percentage of family cars business, volume of business for which no claim is filed and business excluding vehicle damage coverage continued to increase. The percentage of claims filed and annual policy loss ratio were both at the lowest level for the recent four years.

2. Accident and short-term health insurance

In 2015, gross written premiums from accident and short-term health insurance of our primary P&C insurance segment amounted to RMB2,016 million, representing a year-on-year increase of 17.4%, of which gross written premiums from accident insurance was RMB1,127 million, representing a year-on-year increase of 16.2%; gross written premiums from short-term health insurance was RMB685 million, representing a year-on-year increase of 13.2%; and gross written premiums from critical illness insurance was RMB204 million, representing an increase of 43.7%.

In 2015, we accelerated the implementation of close-end management of underwriting and claims settlement for accident and short-term health insurance products, and boost the service capacity and performance at our headquarters through our efforts. In the meantime, we focused on the "vehicle + person" sales model, students and children accident insurance and medical insurance to drive comprehensive development.

3. Commercial property insurance

In 2015, due to downward Chinese macro-economy, premium income from the commercial property insurance market decreased. In 2015, gross written premiums from our commercial property insurance amounted to RMB918 million, representing a year-on-year increase of 1.3%, achieving a performance better than industry average.

4. Liability insurance

In 2015, gross written premiums from liability insurance of our primary P&C insurance segment amounted to RMB825 million, representing a year-on-year increase of 20.3%. In particular, new types of liability insurance such as action reservation insurance, vehicle lessee and driving service insurance and 25-year photovoltaic quality insurance achieved strong growth.

5. **Marine hull insurance**

Due to downward Chinese macro-economy and decrease in global shipping volume, premium income from the marine hull insurance market in the P&C insurance market decreased. In 2015, by means of vigorously developing insurance business with large fleets and state-owned shipyards and bringing forth ocean engineering construction projects' risk insurance, gross written premiums from marine hull insurance of our primary P&C insurance segment amounted to RMB316 million, representing a year-on-year increase of 8.6%. Our marine hull insurance business achieved superior growth than industry average.

6. **Agricultural insurance**

In 2015, gross written premiums from agricultural insurance of our primary P&C insurance segment amounted to RMB162 million, representing a year-on-year increase of 161.3%. In 2015, China Continent Insurance won the bid for a large policy agriculture insurance order, leading to the significant increase in premium income from agricultural insurance sector.

(2) Analysis of Operation by Channel

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

Unit: RMB in millions, except for percentages

	For the Year Ended 31 December			
Channel	**2015**		2014	
	Amount	**Percentage**	Amount	Percentage
Insurance agents (of which)	**13,525**	**50.9%**	13,093	58.6%
Individual insurance agents	**6,346**	**23.9%**	6,244	27.9%
Ancillary insurance agencies	**4,907**	**18.5%**	4,909	22.0%
Professional insurance agencies	**2,272**	**8.5%**	1,940	8.7%
Direct sales	**11,625**	**43.7%**	7,919	35.4%
Insurance brokers	**1,439**	**5.4%**	1,346	6.0%
Total	**26,589**	**100.0%**	22,358	100.0%

In 2015, we continued to accelerate the development of telesales and online sales of our primary P&C insurance business segment by changing the e-commerce business centre to an e-commerce division with more delegated power to improve operational efficiency. Original premium income from telesales and online channel amounted to RMB7,815 million in 2015, representing a year-on-year increase of 44.1%; premium income accounted for 29.4%, which is 5.1 percentage points higher than last year, resulting in a significant increase in the contribution from the direct sales channel.

(3) Original Premium Income by Region

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

Unit: RMB in millions, except for percentages

Region	For the Year Ended 31 December 2015 Amount	2015 Percentage	2014 Amount	2014 Percentage
Shandong	**2,411**	**9.1%**	2,096	9.4%
Zhejiang	**2,290**	**8.6%**	1,956	8.7%
Yunnan	**2,153**	**8.1%**	1,825	8.2%
Shanghai	**1,676**	**6.3%**	1,274	5.7%
Guangdong	**1,479**	**5.6%**	1,228	5.5%
Inner Mongolia	**1,347**	**5.1%**	1,130	5.1%
Sichuan	**1,141**	**4.3%**	994	4.4%
Jiangsu	**1,074**	**4.0%**	877	3.9%
Jiangxi	**946**	**3.6%**	758	3.4%
Anhui	**943**	**3.5%**	731	3.3%
Others	**11,129**	**41.8%**	9,489	42.4%
Total	**26,589**	**100.0%**	22,358	100.0%

(4) Combined Ratio

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

	For the Year Ended 31 December 2015 (%)	2014 (%)
Loss ratio	**55.4**	59.0
Expense ratio	**45.9**	40.8
Combined ratio	**101.3**	99.8

In 2015, the combined ratio of our primary P&C insurance business segment was 101.3%, representing a year-on-year increase of 1.5 percentage points, due to the explosion accident in Tianjin. The expense ratio increased by 5.1 percentage points year-on-year, due to the continuous increase in marketing expenses as a result of more intense market competition, as well as the decrease in reinsurance commission income as a result of the explosion accident in Tianjin; the loss ratio decreased by 3.6 percentage points year-on-year, as our primary P&C insurance business segment's measures to select quality business and accurately incur marketing expenses continued to achieve strong results, which offset the adverse impact of the explosion accident in Tianjin.

(5) Financial Analysis

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

Unit: RMB in millions, except for percentages

	For the Year Ended 31 December		
	2015	2014	Change
Gross written premiums	**26,685**	22,459	18.8%
Less: premiums ceded	**(2,113)**	(1,943)	8.7%
Net written premiums	**24,572**	20,516	19.8%
Change in unearned premium reserves	**(1,659)**	(1,082)	53.3%
Net premiums earned	**22,913**	19,434	17.9%
Reinsurance commission income	**581**	618	(6.0%)
Investment income	**2,363**	1,160	103.7%
Exchange gains/(losses), net	**34**	(2)	(1,800.0%)
Other income	**107**	127	(15.7%)
Total income	**25,998**	21,337	21.8%
Claims and policyholders' benefits	**(12,689)**	(11,473)	10.6%
Handling charges and commissions	**(2,617)**	(2,232)	17.2%
Finance costs	**(16)**	(42)	(61.9%)
Other operating and administrative expenses	**(8,905)**	(6,450)	38.1%
Total benefits, claims and expenses	**(24,227)**	(20,197)	20.0%
Share of profits of associates	**0.2**	6	(96.7%)
Profit before tax	**1,771**	1,146	54.5%
Income tax	**(419)**	(273)	53.5%
Net profit	**1,352**	873	54.9%

Gross written premiums

Gross written premiums for our primary P&C insurance segment increased by 18.8% from RMB22,459 million in 2014 to RMB26,685 million in 2015, mainly due to the rapid growth of motor insurance, liability insurance, accident insurance and agricultural insurance as more efforts were put in channel expansion, sales team building and product development in light of the overall steady development of the primary P&C insurance industry.

Premiums ceded

Premiums ceded for our primary P&C insurance segment increased by 8.7% from RMB1,943 million in 2014 to RMB2,113 million in 2015, mainly due to the increase in premiums ceded as a result of steady business growth.

Reinsurance commission income

Reinsurance commission income from our primary P&C insurance segment decreased by 6.0% from RMB618 million in 2014 to RMB581 million in 2015, mainly due to the year-on-year decrease in reinsurance commission income as a result of the payment of reinsurance commissions in respect of the 2015 Tianjin explosions along with the steady growth of premiums ceded in 2015.

Investment income

Investment income from our primary P&C insurance segment increased by 103.7% from RMB1,160 million in 2014 to RMB2,363 million in 2015, which was mainly because investment income was increased significantly following the surge in the PRC capital market in 2015.

Claims and policyholders' benefits

Claims and policyholders' benefits for our primary P&C insurance segment increased by 10.6% from RMB11,473 million in 2014 to RMB12,689 million in 2015, mainly due to the increase in claims as business size grew and the claims settled in relation to the Tianjin explosions in 2015.

Handling charges and commissions

Handling charges and commissions for our primary P&C insurance segment increased by 17.2% from RMB2,232 million in 2014 to RMB2,617 million in 2015, which was in line with the growth of our business.

Net profit

As a result of the foregoing reasons, net profit for our primary P&C insurance segment increased by 54.9% from RMB873 million in 2014 to RMB1,352 million in 2015.

ASSET MANAGEMENT

As at 31 December 2015, the total investment assets of the Group was RMB163,138 million, including RMB146,570 million under the management of China Re AMC. In addition, China Re AMC also managed assets of third parties of RMB46,296 million.

In 2015, the Chinese stock markets experienced wide fluctuations while the interest rates of bonds dropped significantly. In face of increasingly complex market conditions, we adhered to the investment philosophy of prudence and long-term value investment and followed the thinking of strengthening risk management and control while refining management through selective investment and enhanced active management. As a result, our overall investment income further increased and the returns on major asset classes largely exceeded targets.

In 2015, we promoted the establishment of a specialised investment platform and made impressive progress in the development of our asset management segment. China Re AMC established China Re Asset Management (Hong Kong) Company Ltd. to set up an international investment platform for China Re Group. As for innovative businesses, alternative investment business continued to promote equity investments and real estate investments and diversified business presence by expanding investments into overseas real estate funds while steadily promoting post-investment management of existing projects. Innovations were made for the insurance asset management products development business, which received the first prize of the first "Insurance Asset Management Product Innovation Contest" held by the Insurance Asset Management Association of China. For third party asset management business, breakthroughs were made in active management products and fixed-income investment advisory business recorded steady growth.

(1) Investment Portfolio

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

Unit: RMB in millions, except for percentages

	As at 31 December			
	2015		2014	
Investment assets	**Amount**	**Percentage**	Amount	Percentage
Cash and short-term time deposits	**20,448**	**12.5%**	7,904	5.7%
Fixed-income investments	**106,542**	**65.3%**	102,778	74.0%
Time deposits	**27,890**	**17.0%**	31,962	23.0%
Bonds	**48,586**	**29.8%**	44,144	31.8%
Government bonds	**183**	**0.1%**	182	0.1%
Financial bonds	**7,311**	**4.5%**	6,915	5.0%
Enterprise (corporate) bonds	**32,649**	**20.0%**	27,303	19.7%
Subordinated bonds	**8,443**	**5.2%**	9,744	7.0%
Investments classified as loans and receivables	**13,810**	**8.5%**	12,945	9.3%
Other fixed-income investments[1]	**16,256**	**10.0%**	13,727	9.9%
Equity and investment funds	**30,610**	**18.8%**	22,358	16.1%
Investment funds[2]	**18,504**	**11.4%**	12,704	9.2%
Stocks	**10,627**	**6.5%**	9,354	6.7%
Unlisted equity shares	**1,479**	**0.9%**	300	0.2%
Investment properties	**3,192**	**2.0%**	433	0.3%
Investments in associates	**8,817**	**5.4%**	7,709	5.6%
Less: securities sold under agreements to repurchase	**(6,471)**	**(4.0%)**	(2,309)	(1.7%)
Total investment assets	**163,138**	**100.0%**	138,873	100.0%

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

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

The following table sets forth the external credit rating status of the bonds under the management of China Re AMC entrusted by China Re Group in terms of market value:

Bonds	**Percentage by market value as at 31 December 2015**
Exempt from rating [1]	18.1%
AAA	75.1%
AA+	6.8%
AA	0.0%
Total	**100.0%**

Note 1: Primarily PRC government bonds and bonds issued by policy banks.

The following table sets forth the composition of the investment fund assets under the management of China Re AMC entrusted by China Re Group in terms of market value:

Investment funds	**Percentage by market value as at 31 December 2015**
Monetary funds	51.3%
Bond funds	18.3%
Senior tranche of structured index funds	9.6%
Equity funds	20.8%
Total	**100.0%**

(2) Investment Performance

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

Unit: RMB in millions, except for percentages

Investment income	For the Year Ended 31 December 2015	2014
Cash and fixed-income investments	**5,751**	5,862
Interest income	**5,711**	5,461
Realised gains/(losses)	**21**	354
Unrealised gains/(losses)	**19**	47
Impairment loss	**–**	–
Equity and investment funds	**5,824**	(336)
Dividend income	**705**	314
Realised gains/(losses)	**5,236**	(658)
Unrealised gains/(losses)	**(48)**	8
Impairment loss	**(69)**	–
Rental income from investment properties	**44**	41
Investment income from investment in associates	**1,333**	2,960
Less: interest expenses related to securities sold under agreements to repurchase	**(141)**	(130)
Total investment income	**12,811**	8,397
Total investment yield (%)[1]	**8.48**	6.54
Net investment income	**7,716**	6,710
Net investment yield (%)[2]	**5.11**	5.22

Notes: 1. *Ratio of total investment income to the average of investment assets as at the beginning and end of the period. Total investment income equals the sum of investment income and share of profit of associates, net of interest expenses on securities sold under agreements to repurchase. Investment assets equals the sum of 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, policy loans, investments in associates, statutory deposits and investment property, net of securities sold under agreements to repurchase.*

2. *Ratio of net investment income to the average of investment assets as at the beginning and end of the period. Net investment income equals to the sum of interest, dividends, rental income and share of profit of associates.*

INSURANCE INTERMEDIARY

In 2015, Huatai Insurance Agency followed the guiding principle of "market-oriented development, systematic management and professional services" and the goal of "introducing innovations in development, management and services" and maintained strong performance in overall development and business growth.

Revenue from our insurance intermediary business in 2015 amounted to RMB188 million, representing a year-on-year increase of 21.3% and profit before tax was RMB7.063 million, representing a year-on-year increase of 2.9%.

SOLVENCY

The Group calculates and discloses actual capital, minimum regulatory capital and solvency margin ratio in accordance with the requirements of the China Insurance Regulatory Commission. The following table sets forth the solvency margin ratios of the Group, the Group Company and each of the reinsurance and insurance subsidiaries of the Group as at the dates indicated:

Unit: RMB in millions, except for percentages

	As at 31 December		
	2015	2014	Change
China Re Group			
Actual capital	**59,178**	44,296	33.6%
Minimum regulatory capital	**25,189**	17,846	41.1%
Solvency margin ratio	**235%**	248%	Decrease of 13 percentage points
Group Company			
Actual capital	**56,722**	51,484	10.2%
Minimum regulatory capital	**1,208**	316	282.3%
Solvency margin ratio	**4,695%**	16,309%	Decrease of 11,614 percentage points
China Re P&C			
Actual capital	**12,460**	10,033	24.2%
Minimum regulatory capital	**4,076**	4,617	(11.7%)
Solvency margin ratio	**306%**	217%	Increase of 89 percentage points
China Re Life			
Actual capital	**18,870**	8,881	112.5%
Minimum regulatory capital	**8,882**	3,275	171.2%
Solvency margin ratio	**212%**	271%	Decrease of 59 percentage points
China Continent Insurance			
Actual capital	**7,584**	7,037	7.8%
Minimum regulatory capital	**3,686**	3,088	19.4%
Solvency margin ratio	**206%**	228%	Decrease of 22 percentage points

As at 31 December 2015, the Group, the Group Company and each of our reinsurance and insurance subsidiaries all met the minimum solvevey margin ratio requirements stipulated by the CIRC.

As at 31 December 2015, the solvency margin ratio of China Re Group was 235%, representing a decrease of 13 percentage points from 31 December 2014, mainly due to the increase in actual capital following the listing of China Re Group as a whole in 2015 and the increase in minimum regulatory capital, which was higher than the increase in actual capital, as a result of the steady growth of its each line of business.

As at 31 December 2015, the solvency margin ratio of the Group Company was 4,695%, representing a decrease of 11,614 percentage points from 31 December 2014, mainly due to the significant increase in minimum regulatory capital, which was higher than the increase in actual capital, as the Group Company received large-sum business ceded from China Re P&C and China Re Life in 2015.

As at 31 December 2015, the solvency margin ratio of China Re P&C was 306%, representing an increase of 89 percentage points from 31 December 2014, mainly due to the increase in actual capital as a result of investment income and underwriting profit, as well as the decrease in minimum regulatory capital as a result of the decrease in retained premiums scale.

As at 31 December 2015, the solvency margin ratio of China Re Life was 212%, representing a decrease of 59 percentage points from 31 December 2014, mainly because the increase in actual capital as a result of investment income and underwriting profit was surpassed by the increase in minimum regulatory capital due to enlarged business scale.

As at 31 December 2015, the solvency margin ratio of China Continent Insurance was 206%, representing a decrease of 22 percentage points from 31 December 2014, mainly because the increase in actual capital as a result of high investment income was surpassed by the increase in minimum regulatory capital due to enlarged business scale.

EXCHANGE RATE FLUCTUATION RISK

Substantially all assets and liabilities of the Group are denominated in Renminbi, but certain assets and liabilities are denominated in Hong Kong dollars, US dollars and other foreign currencies. The fluctuations of the value of Renminbi against such currencies expose us to foreign exchange risks. We manage the adverse impacts of the fluctuations of foreign exchange rates through enhancing the matching management of assets and liabilities in different currencies and keeping foreign exchange positions under control.

CONTINGENCIES

As at the end of the Reporting Period, the Group has issued the following guarantees:

(1) As at 31 December 2015, the Group provided maritime guarantee of RMB 1,894 million (31 December 2014: RMB 2,006 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) China Re UK Limited, a subsidiary of the Company, became a member of Lloyd's and established China Re Syndicate 2088 since 2011. As at 31 December 2015, the Company provided letter of credit to Lloyd's to support China Re Syndicate 2088's underwriting business of GBP 80 million (31 December 2014: GBP 80 million).

MAJOR EVENTS

(1) Material litigation and arbitration

During the Reporting Period, the Group was not involved in any material litigation or arbitration.

(2) Material connected transactions

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

Except for the exempt continuing connected transaction under Rule 14A.97 of the Hong Kong Listing Rules in relation to the sale of P&C insurance products by China Continent Insurance, a subsidiary controlled by the Company, to our connected persons, no continuing connected transaction was conducted by the Group during the Reporting Period.

(3) Undertakings of the Company and controlling shareholder which are either given or effective during the Reporting Period

For the period from the Listing Date to 31 December 2015, the Company and Central Huijin Investment Ltd., the controlling shareholder, have complied with the undertakings made by them as set out in the prospectus of the Company. For details of the relevant undertakings please refer to the sections headed "Substantial Shareholders" and "Share Capital" in the prospectus of the Company.

(4) Other Major Event

Establishment of an e-commerce subsidiary by China Continent Insurance

During the Reporting Period, China Continent Insurance, a subsidiary controlled by the Company, applied to establish a wholly-owned subsidiary, Continent E-commerce Co., Ltd.（大地電子商務有限公司）, which has completed the industrial and commercial registration and obtained its business license.

PROSPECTS

(1) Market Environment

The PRC insurance industry experienced strong growth in 2015. According to data published by the China Insurance Regulatory Commission, in 2015, original premium income in the PRC reached RMB2,428.252 billion, representing a year-on-year increase of 20.0%, of which original premium income from P&C insurance companies was RMB842.326 billion, representing a year-on-year increase of 11.7% and original premium income from life and health insurance companies was RMB1,585.913 billion, representing a year-on-year increase of 25.0%. As at 31 December 2015, total assets of the insurance industry reached RMB12,359.776 billion, representing an increase of 21.7% from the beginning of the year[1].

Looking forward to 2016, China is still under the development period of important strategic opportunity and there is no major change on the bright side of economic development growth. According to the speech given by Mr. Xiang Junbo, Chairman of the CIRC, at the national insurance regulatory work meeting for 2016, there is no change on the excellent basis and conditions for the continuous growth of China insurance sector, there is no change on the bright side of economic development growth, and there is no change on the golden growth period of the industry development. Despite of the uncertainties brought by factors such as complexity and volatility of the domestic and international financial markets, the slowing down of the macro economy, transformation and upgrade of real economy and the slow recovery of export sector, the supply-side structural reforms and the full implementation of the "New Ten Guidelines" have brought new development opportunities to the insurance sector, hence development opportunities and challenges co-exist in the insurance sector.

For the trend of the regulatory development, according to the speech given by Mr. Xiang Junbo at the national insurance regulatory work meeting for 2016 published by the CIRC, in 2016 the CIRC will closely capitalise on the principle line of supply-side reform, strive to improve the quality of insurance services supplied to serve people's needs, generate new supply momentum through deepening reform, lay the foundation for the supply-side reform by way of risk prevention and fulfill its key and difficult tasks of insurance reform and development. The insurance companies will face the following changes in regulation: firstly, insurance companies will meet opportunities for development of critical illness insurance, catastrophe insurance, and preferential personal taxation insurance and personal tax-deferred pension; secondly, the market oriented development of commercial motor insurance will be further accelerated, and the pricing reform for accident insurance will commence. The entry and exit mechanism for the insurance market will be further improved, and the market-oriented reform of capital utilisation will be well established; thirdly, with the formal implementation of the China Risk Oriented Solvency System (the "**C-ROSS**") regime, the CIRC will further enhance risk prevention and control in the insurance industry.

(1) Source: 2015 Insurance Statistics Report http://www.circ.gov.cn/web/site0/tab5257/info4014824.htm

For the primary P&C insurance market, it is expected the industry growth would slow down in 2016. While the industry is adversely affected by the downward economy, structural development opportunities occurred. On one hand, traditional high consumption industry accelerated de-capacity, de-stocking and de-leverage which brought new challenges to the development of traditional insurance industry; on the other hand, new sectors such as policy-supported insurance type, people's livelihood oriented insurance type and insurance type related to internet are hopefully developing rapidly; with the full implementation of the reform of the setting of premium rate for commercial motor insurance, the motor insurance industry requires higher standard on detailed management. In addition, capital outside the industry flows into the industry speedily. The competitive landscape of insurance market is remodeling which changes the form of competition from products to integrated operation system.

For the primary life and health insurance market, it is expected that the momentum of rapid growth in the industry in overall will be maintained in 2016, and savings-type and investment type products will be in a dominant position. The development of new types of products such as accident insurance and health insurance will be further accelerated. The promulgation of favourable policies for medical reform, taxation support and pension protection and support from new technologies, will create vast potential for the development of health and pension insurance and related services and generate new growth drivers. The new business model such as internet insurance, "big-data' technologies and O2O, could effect and trigger new business growth on traditional operation.

For the P&C reinsurance, it is expected that the domestic market will enter into a key period of development transformation in 2016. While facing pressure from scale expansion, development opportunities occurred during the structural adjustment. On one hand, affected by the implementation of the C-ROSS regime, the demand for motor reinsurance is expected to decrease, the structure of reinsurance business swifts to non-motor insurance which enlarged the operation fluctuation; on the other hand, insurances such as agriculture insurance, liability insurance, credit insurance and health insurance are expected to maintain a fast growth; catastrophe insurance is expected to develop new breakthrough; the accelerated innovation of the original insurance market provides rooms for reinsurers to grasp new opportunities in the market through utilizing their advantages of techniques, data and talents. The competition form of reinsurer changed from the main domination of capital to the variety of capital, business mode, technologies, brand and solvency. For the international market, it is expected that the capital remains adequate in supply in 2016, causing pressure on the rate of international reinsurance market; however the downward trend is expected to be alleviated.

For the life and health reinsurance, it is expected that, the opportunity and challenges both exist in the domestic market in 2016. The cooperation in R&D of the new health insurance and accident insurance as well as the new risk reinsurance, especially the implementation of preferential tax policy on health insurance and the promotion on the trial of individual tax deferred pension insurance are expected to trigger a new round of summit on business development; the cost of savings-type business may be decreased and the demand for financial reinsurance under the implementation of C-ROSS regime will remain. For the international market, it is expected that the demand for policies denominated in RMB may decrease and the demand for policies denominated in foreign currencies will increase along with the period of increasing interest rate and appreciation of US dollar. There is room for development of saving-type reinsurance business denominated in foreign currencies like US dollar; the demand for the non-traditional business gradually increased. The proportion of longevity risk and finance reinsurance increases on a year-over-year basis. There may be a chance of valid big amount of business transaction.

For capital market, it is expected that the movement in the domestic market in 2016 will depend on the fundamental improvement and the reform progress. In view of the acceleration of economic restructuring, the periodic pain for structural adjustment and the intensifying downward pressure on economy, the accumulated contradictions and risks will be further revealed. Although the steady growth and structure adjustment measures will implement at the same time, it is difficult to revive the economy in short term. For the international market, under the backdrop of in-depth economic adjustment and weakness in the economic recovery around the world, differentiation in global monetary policies, fluctuation in financial and commodity market and increasing unstable and uncertain factors in the external environment, the international market is facing the risk of instability.

(2) Business Development Strategies for 2016

The Group's business development strategies for 2016 are to actively cope with the changes in regulatory policies and market landscape. While consolidating our competitive strengths in traditional areas, we will take the initiative to actively adjust our risk strategy, advance the transformation and upgrading of its business structure and business model, and constantly explore new business areas and growth drivers by way of innovations and growth.

In line with our overall development strategy, our reinsurance segment will rely on its dominant position in the PRC market and actively respond to changes in the market. While consolidating our competitive strengths in traditional areas, we will moderately adjust business risk strategy to capture the opportunities brought by the adjustment to market structure and optimise our business structure. We will drive our development with innovations, actively seek new growth drivers, identify and cultivate new market demand, and make strategic planning for new business areas. We will also continue to reinforce risk management and keep business risk exposure under strict control. Our primary P&C insurance segment will actively respond to the commercial motor insurance pricing reform. Based on effective risk control, we will focus on new business and new channels, actively participate in and plan for policy-driven business, seek opportunities for development of innovative business, continue to develop our competitive strengths in order to establish a comprehensive primary insurance operation system. Our asset management segment will adhere to the philosophy of steady and prudent investments, and establish an investment risk management and control mechanism under the C-ROSS regime. We will promote the market-oriented development of asset management system and boost the establishment of a professional asset management platform.

EMBEDDED VALUE

1. Valuation Results

This section summarizes Embedded Value ("**EV**") and 1-year Value of New Business ("**VNB**") results as at 31 December 2015 and the corresponding results as at prior valuation date with risk discount rate 11%.

Unit: RMB in Million

Valuation Date	**31 Dec 2015**	31 Dec 2014
Embedded value		
Adjusted net worth ("**ANW**")	**69,957** [1]	53,091
including: adjusted net worth of life and health reinsurance business	**12,037** [2]	10,380
Value of in-force business ("**VIF**") before CoC	**5,026**	4,181
Cost of Capital	**(816)**	(777)
Value of in-force business after CoC	**4,210**	3,404
Embedded value	**74,167**	56,495
including: embedded value of life and health reinsurance business	**16,248**	13,783
Value of new business		
Value of one year's new business before CoC	**1,125**	811
Cost of Capital	**(191)**	(169)
Value of one year's new business after CoC	**934**	643

Note 1: Including capital funded by IPO and dividends paid to shareholders by China Re Group;

Note 2: Including dividends paid to China Re Group by China Re Life;

Note 3: Figures may not add up due to rounding.

2. Movement analysis

The table below shows the movement analysis of the EV of China Re Group calculated by the risk discount rate of 11% for the period from 31 December 2014 to 31 December 2015.

Unit: RMB in Million

No.	Item	Amount	Details
1	EV of life and health reinsurance business as at 31 December 2014	13,783	
2	Adjustment to EV at the beginning of the period due to changes of valuation methodology and model	(81)	Change in valuation methodology and model improvement
3	Expected return on EV at the beginning of the year	1,190	Expected return on EV of 2014 in the year of 2015
4	Impact of new business	916	Impact of new ceded business in the year of 2015
5	Impact of market value adjustment	164	Change in asset market value adjustment
6	Economic experience variances	1,161	Difference between actual investment income and expected investment income in the year of 2015
7	Operating experience variances	419	Difference between actual operational experience and expected operational results in the year of 2015
8	Economic assumption changes	19	Adjustments to economic assumptions
9	Operating assumption changes	(266)	Adjustments to operational assumptions
10	Others	(26)	
11	Capital injection and shareholder dividend payment	(1,033)	China Re Life paid dividends to China Re Group
12	EV of life and health reinsurance business as at 31 December 2015	16,248	
13	ANW of the Group's other business as at 31 December 2014	42,711	
14	Profit from other business in the year of 2015	4,952	
15	Impact of market value adjustments	289	Change in the asset market value and relevant taxes adjustments
16	Others	12	
17	Capital injection and shareholder dividend payment	9,956	Capital funded by IPO, dividends paid to China Re Group by China Re Life and dividends paid to shareholders by China Re Group
18	EV of other businesses of the Group as at 31 December 2015	57,920	
19	EV of the Group as at 31 December 2015	74,167	

Note: Figures may not add up due to rounding.

3. Valuation Assumptions

The assumptions used in the EV and 1-year VNB calculation as at the valuation date have been made under a "going concern" basis, assuming continuation of the economic and regulatory environment currently prevailing in China, and the standard used to calculate solvency reserves and statutory minimum requirement remains the same. China Re Group sets various operating actuarial assumptions mainly based on internal experience analysis results, and refers to the experience in China insurance market and the outlook of future tendency of the experience assumptions. Therefore, this represents the best estimate of future valuation basis on the information available as at the valuation date.

The assumptions applied in the valuation of EV and 1-year VNB of China Re Group as at 31 December 2015 are summarized as below.

Risk Discount Rates

China Re Group calculates the EV and 1-year VNB by using risk discount rate of 11%.

Investment Return Rates

The following table summarizes the assumptions of investment return used to evaluate the Value of in-force business and 1-year VNB as at 31 December 2015:

	2016	2017	2018	2019	2020-2025	2025+
Non asset-driven business	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%
Asset-driven business – Domestic	6.5%	6.5%	5.5%	5.5%	5.5%	5.5%
Asset-driven business – Overseas	6.5%	6.5%	6.5%	6.5%	6.5%	5.5%

The assumptions shown above are determined with reference to the circumstance of current China capital market, current and projected asset allocation of the company, and the investment return assumptions of main asset classes.

Asset-driven business refers to the reinsurance business underwritten by China Re Life with a relatively higher required return rate, which is backed by a segregated asset portfolio already in place with higher investment return.

Policyholder Dividend

Policyholder dividend has been derived in accordance with the dividend policy stipulated in the reinsurance contracts. The surplus of the participating business is the sum of interest surplus and mortality surplus, and 70% of the surplus is assumed to be distributed to policyholders. Moreover, interest surplus is determined either based on the dividend policies stipulated in the reinsurance contracts or the Group's assumption for investment return rates.

Mortality and Morbidity Rates

The assumptions of mortality and morbidity rates are based on the recent experience of China Re Group and the overall experience of China life and health insurance market. Here below follows more details:

- the ultimate mortality assumptions are 50% to 80% of the "China Life Insurance Mortality Table (2000-2003)" or the pricing mortality tables of the primary insurance products;

- for mortality assumptions, the selection factors are used for the first nine policy years, thereafter, the ultimate mortality assumptions are used;

- generally, the morbidity assumptions are 75% to 140% of the primary insurance products' pricing tables.

Short-term ceded business

Short-term ceded business refers to the reinsurance business for short-term primary insurance with the policy term of one year or less, and the primary insurance business, upon renewal, will continue to be ceded to China Re Life. 1-year VNB for short-term ceded business is based on the estimated new business premium within one year of short-term ceded business.

Claim Ratio

The claim ratio assumptions are only relevant to short-term ceded business and yearly renewable term ("**YRT**") reinsurance business, and are determined on a contract-by-contract basis according to the claim experience of the recent years.

Discontinuance Rates

The assumptions of discontinuance rates are determined based on the actual experience in the recent years, current and future expectations, and the understanding of the overall China life and health insurance market. Discontinuance rate assumptions vary depending on different product categories and policy terms.

Expenses

The assumption of expenses is determined based on the recent experience, expense management and the expected future expense level of life and health reinsurance business. For per-policy expense assumptions, the assumed annual inflation rate is 2.0%.

The commission rates, sliding scale commission rates and profit commission rates for short-term ceded business are determined according to the recent experience on a contract-by-contract basis.

Insurance Guarantee Fund and Supervision Fee

According to the regulations of the China Insurance Regulatory Commission ("**CIRC**"), ceded business is not covered by the Insurance Guarantee Fund, and is not required to contribute insurance guarantee fund. Therefore the assumption to contribute insurance guarantee fund is zero.

The latest supervision fee standards required by the CIRC were adopted, and it is assumed that such supervision fee standards will remain unchanged within the projection period.

Tax

Currently, corporate income tax is assumed to be 25% of taxable profit, and the future corporate income tax is calculated based on the projected accounting profits rather than statutory profits. According to current regulations, income from Chinese government bonds other than capital gain/loss, dividend income from direct equity investment in domestic corporations and mutual funds is exempted from income tax. In addition, interest income on PRC railway construction bonds issued during the year 2011 to year 2013 is entitled to a 50% reduction in income tax.

Moreover, according to the Chinese government's taxation policy, reinsurance premium income and amortised reinsurance commission are not subject to business tax; therefore, in the valuation of short-term ceded business, no business tax is considered.

Cost of Holding Required Capital

In the calculation of the Value of In-force business and 1-year VNB, we assume the level of required capital as 100% of the minimum solvency margin required by the CIRC, i.e. sufficient to be classified as Adequate Solvency Level I.

4. Sensitivity Tests

We have performed a series of sensitivity tests on alternative assumptions for embedded value and value of one year's new business of the life and health reinsurance business of China Re Group. 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:

Unit: RMB in Million

Scenarios	**Value of in-force business after Cost of Capital**	**Value of one year's new business after Cost of Capital**
Base scenario	4,210	934
Risk discount rate of 12%	3,861	857
Risk discount rate of 10%	4,604	1,021
Annual investment return rates increased by 50 basis points	4,987	1,047
Annual investment return rates decreased by 50 basis points	3,431	820
Mortality and morbidity rates increased by 10%	4,151	933
Mortality and morbidity rates decreased by 10%	4,266	935
Discontinuance rates increased by 10%	4,173	913
Discontinuance rates decreased by 10%	4,248	955
Management expenses increased by 10%	4,168	919
Management expenses decreased by 10%	4,252	948
Combined ratio of short term reinsurance contract increased by one percentage point	4,137	884
Combined ratio of short term reinsurance contract decreased by one percentage point	4,283	983
Solvency margin is 150% of the statutory minimum requirement	3,803	838

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has adopted the Corporate Governance Code as its code for corporate governance. For the period from the Listing Date to 31 December 2015, the Company has been in compliance with the code provisions stipulated in the Corporate Governance Code and adopted recommended best practices under appropriate circumstances.

SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions as its own code regarding directors' securities transactions for the period from the Listing Date to 31 December 2015. The Company has made enquiries into all directors and supervisors, and all directors and supervisors have confirmed that they have been in compliance with the standards stipulated in the Model Code for Securities Transactions for the period from the Listing Date to 31 December 2015.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The Company or any of its subsidiaries has not purchased, sold or redeemed any of the Company's listed securities for the period from the Listing Date to 31 December 2015.

IMPORTANT EVENTS SINCE THE END OF THE FINANCIAL YEAR

On 10 March 2016, Mr. Li Peiyu resigned as the chairman, an executive director, the chairman and member of the Strategy and Investment Committee and the chairman and member of the Risk Management Committee of the Board due to his work commitment. Mr. Wang Pingsheng, the executive director and vice chairman of the Board, temporarily acts as the legal representative and acting chairman of the Board. The term starts from the effective date of Mr. Li Peiyu's resignation report until the commencement of the term of office of the new chairman of the Board. For details, please refer to the announcements of the Company dated 10 March 2016 and 14 March 2016.

On 30 March 2016, Ms. Yung Mei Yee has resigned as a joint company secretary of the Company due to personal reasons and Ms. Mok Ming Wai has been appointed as a joint company secretary of the Company with effect from 30 March 2016. For details, please refer to the announcement of the Company dated 30 March 2016.

FINAL DIVIDEND

The Board recommends the payment of final dividend for the year ended 31 December 2015 of RMB0.046 per share (before tax), totalling approximately RMB1,954,071,171.91 (the "**2015 Final Dividend**"). The 2015 Final Dividend is subject to the approval of shareholders of the Company at the 2015 annual general meeting. If approved, the 2015 Final Dividend is expected to be paid to the shareholders whose names appear on the register of the members of the Company as at Wednesday, 29 June 2016 on Thursday, 18 August 2016 and will be denominated and declared in Renminbi, while the dividend for H shares will be paid in Hong Kong dollars, which shall be calculated at the average central parity rate of Hong Kong dollars against Renminbi for the last five business days up to and including the date of the 2015 annual general meeting published by China Foreign Exchange Trading System as authorised by the People's Bank of China.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the identity of the shareholders entitled to attend and vote at the 2015 annual general meeting to be held on Monday, 20 June 2016, the register of members of the Company will be closed from Saturday, 21 May 2016 to Monday, 20 June 2016, both days inclusive, during which period no transfer of shares will be effected. In order to qualify to attend and vote at the 2015 annual general meeting, H shareholders of the Company who have not registered the transfer documents are required to deposit the transfer documents with the H share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong no later than 4:30 p.m. on Friday, 20 May 2016.

For determining the entitlement of the shareholders to the 2015 Final Dividend, the register of members of the Company will be closed from Friday, 24 June 2016 to Wednesday, 29 June 2016, both days inclusive, during which period no transfer of shares will be registered. In order to be entitled to the 2015 Final Dividend (subject to the approval of the shareholders of the Company), H shareholders of the Company who have not registered the transfer documents are required to deposit the transfer documents with the H share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong no later than 4:30 p.m. on Thursday, 23 June 2016.

AUDITORS

The consolidated financial statements for the year ended 31 December 2015 were audited by KPMG.

In accordance with the relevant requirements of the Administrative Measures on Tendering Procedures for the Election and Appointment of Accounting Firms by Financial Enterprises (Provisional) (《金融企業選聘會計師事務所招標管理辦法(試行)》) (Cai Jin [2010] No. 169) issued by the Ministry of Finance of the PRC and the Financial and Accounting Work Standards for Insurance Companies (《保險公司財會工作規範》) (Bao Jian Fa [2012] No. 8) issued by the CIRC in relation to the service term of auditors continuously engaged by an insurance company, the continuous service term of KPMG Huazhen LLP and KPMG (collectively, "**KPMG**"), the current domestic and overseas auditors of the Company, respectively, will exceed the prescribed time limit under the above requirements. In order to comply with the above requirements, the Company has reached a mutual understanding with KPMG on the non-renewal of their appointment.

KPMG will retire as the auditors of the Company upon expiration of their terms of office with effect from the conclusion of the 2015 annual general meeting of the Company, and will not be re-elected. The Board proposes to appoint PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers as the domestic and overseas auditors of the Company, respectively, for the year 2016. Such proposed appointment of auditors is subject to the approval at the 2015 annual general meeting of the Company. For the details of the above proposed change of auditors, please refer to the announcement of the Company dated 22 January 2016.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the audited annual results of the Company for the year ended 31 December 2015. This annual results announcement is based on the Company's consolidated financial statements for the year ended 31 December 2015 which have been agreed with the auditors of the Company.

PUBLICATION OF ANNUAL REPORT

The annual report of the Company for the year ended 31 December 2015 will be published on the website of the Company (www.chinare.com.cn) and HKExnews website of the Hong Kong Stock Exchange (www.hkexnews.hk) in due course.

DEFINITIONS

"Board of Directors" or "Board"	the board of directors of our Company
"China" or "PRC"	the People's Republic of China and, for the purpose of this announcement and for geographical reference only and except where the context requires, references in this announcement to "China" and the "PRC" do not include Hong Kong, Macau and Taiwan
"China Continent Insurance"	China Continent Property and 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
"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
"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 Limited
"CIRC"	China Insurance Regulatory Commission (中國保險監督管理委員會)
"CNIP"	China Nuclear Insurance Pool

"Corporate Governance Code"	the Corporate Governance Code and Corporate Governance Report set out in Appendix 14 of the Hong Kong Listing Rules
"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Huatai Insurance Agency"	Huatai Insurance Agency and Consultant Service Limited
"Listing Date"	26 October 2015, being the date on which the H shares of the Company became listed on the Hong Kong Stock Exchange
"Lloyd's"	the Society of Lloyd's, a leading specialist property and liability insurance market
"Market Share in terms of Premiums Ceded"	the market share calculated using reinsurance premium income of a reinsurance company from a certain market as the numerator and the aggregate premiums ceded from primary insurance companies of the same market as the denominator
"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
"our Company", the "Company" or "Group Company"	China Reinsurance (Group) Corporation（中國再保險（集團）股份有限公司）
"our Group", the "Group", "China Re Group" or "we"	our Company, and, except where the context requires, its subsidiaries, or, where the context refers to any time prior to its incorporation, the business which its predecessors were engaged in and which it subsequently inherited
"Reporting Period"	the period from 1 January 2015 to 31 December 2015
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC

On behalf of the Board
China Reinsurance (Group) Corporation
Yu Qing
Joint company secretary

Beijing, the PRC, 30 March 2016

As at the date of this announcement, the executive directors are Mr. Wang Pingsheng, Mr. Zhang Hong and Mr. Ren Xiaobing, the non-executive directors are Ms. Lu Xiuli and Mr. Shen Shuhai, and the independent non-executive directors are Ms. Wang Jun, Mr. Hao Yansu, Mr. Li Sanxi and Ms. Mok Kam Sheung.