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 liability company incorporated in the People's Republic of China)
(Stock Code: 1508)

ANNOUNCEMENT OF THE UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

The board of directors of China Reinsurance (Group) Corporation hereby announces the unaudited interim results of the Group for the six months ended 30 June 2017 together with the comparative figures for the corresponding period in 2016, which should be read in conjunction with the following management discussion and analysis.

FINANCIAL STATEMENTS AND MATERIAL NOTES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2017

(in RMB thousands)	*Note*	**Six months ended 30 June** **2017** **Unaudited**	2016 Unaudited
Gross written premiums	*4*	**67,828,655**	50,339,774
Less: Premiums ceded to reinsurers and retrocessionaires	*4*	**(2,315,593)**	(2,180,947)
Net written premiums	*4*	**65,513,062**	48,158,827
Change in unearned premium reserves		**(2,686,429)**	(504,652)
Net premiums earned		**62,826,633**	47,654,175
Reinsurance commission income		**412,284**	450,693
Investment income	*5*	**4,218,797**	3,191,797
Exchange (losses)/gains, net		**(1,644)**	236,821
Other income		**379,198**	319,710
Total income		**67,835,268**	51,853,196

(in RMB thousands)	*Note*	**Six months ended 30 June** **2017** **Unaudited**	2016 Unaudited
Total income		**67,835,268**	51,853,196
Claims and policyholders' benefits	*6*	**(50,689,010)**	(37,515,748)
— Claims incurred		**(17,130,051)**	(16,699,542)
— Life and health reinsurance death and other benefits paid		**(6,205,495)**	(33,380,225)
— Changes in long-term life and health reinsurance contract liabilities		**(27,353,464)**	12,564,019
Handling charges and commissions		**(7,814,038)**	(6,223,493)
Finance costs		**(99,782)**	(73,478)
Other operating and administrative expenses		**(6,172,099)**	(5,345,780)
Total benefits, claims and expenses		**(64,774,929)**	(49,158,499)
Share of profits of associates		**829,153**	757,103
Profit before tax	*7*	**3,889,492**	3,451,800
Income tax	*8*	**(885,892)**	(698,265)
Profit for the period		**3,003,600**	2,753,535
Attributable to:			
Equity shareholders of the parent		**2,953,830**	2,698,597
Non-controlling interests		**49,770**	54,938
Profit for the period		**3,003,600**	2,753,535
Earnings per share (in RMB)	*10*		
— Basic		**0.07**	0.06
— Diluted		**0.07**	0.06

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2017

(in RMB thousands)	*Note*	**Six months ended 30 June**	
		2017	2016
		Unaudited	Unaudited
Profit for the period		**3,003,600**	2,753,535
Other comprehensive income for the period after tax			
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit obligation		**8,194**	(8)
Items that may be reclassified subsequently to profit or loss:			
Share of other comprehensive income of associates		**(63,980)**	(23,218)
Income tax effect		**15,995**	5,766
Share of other comprehensive income of associates, after tax		**(47,985)**	(17,452)
Available-for-sale financial assets		**484,111**	(2,135,557)
Income tax effect		**(121,028)**	533,889
Available-for-sale financial assets, after tax		**363,083**	(1,601,668)
Exchange differences on translation of financial statements of foreign operations		**4,556**	1,014
Other comprehensive income for the period after tax		**327,848**	(1,618,114)
Total comprehensive income for the period		**3,331,448**	1,135,421
Attributable to:			
Equity shareholders of the parent		**3,274,429**	1,093,301
Non-controlling interests		**57,019**	42,120
Total comprehensive income for the period		**3,331,448**	1,135,421

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

(in RMB thousands)	*Note*	**30 June 2017 Unaudited**	31 December 2016 Audited
Assets			
Cash and short-term time deposits		**18,363,500**	16,833,425
Financial assets at fair value through profit or loss		**7,903,189**	4,232,310
Financial assets held under resale agreements		**1,548,961**	4,252,301
Premiums receivable	*11*	**3,827,004**	2,127,083
Reinsurance debtors	*12*	**44,873,692**	21,009,260
Reinsurers' share of insurance contract liabilities		**5,579,161**	4,892,663
Time deposits		**5,237,189**	13,505,066
Available-for-sale financial assets		**71,986,356**	56,244,050
Held-to-maturity investments		**22,046,360**	18,483,057
Investments classified as loans and receivables		**27,411,328**	25,893,884
Reinsurers' share of policy loans		**414,996**	365,622
Investment contracts receivable		**37,333,393**	124,343
Investments in associates	*13*	**13,341,382**	12,450,926
Statutory deposits		**17,118,052**	14,718,052
Investment properties		**2,745,398**	3,121,808
Property and equipment		**2,585,396**	2,547,472
Intangible assets		**350,856**	347,898
Goodwill		**1,188,538**	1,188,538
Deferred tax assets		**962,013**	838,155
Other assets		**24,803,187**	8,031,458
Total assets		**309,619,951**	211,207,371

(in RMB thousands)	*Note*	**30 June 2017 Unaudited**	31 December 2016 Audited
Liabilities and equity			
Liabilities			
Securities sold under agreements to repurchase		**3,779,003**	2,737,680
Reinsurance payables		**13,335,280**	12,217,369
Income tax payable		**555,114**	189,211
Policyholders' deposits		**1,345,643**	1,286,131
Investment contract liabilities		**48,694,230**	11,530,102
Insurance contract liabilities		**126,566,266**	95,180,594
Notes payable		**10,038,233**	—
Deferred tax liabilities		**980,642**	1,036,157
Other liabilities		**30,894,799**	14,890,274
Total liabilities		**236,189,210**	139,067,518
Equity			
Share capital	*14*	**42,479,808**	42,479,808
Reserves		**13,560,292**	13,241,223
Retained profits		**16,375,652**	15,460,852
Total equity attributable to equity shareholders of the parent		**72,415,752**	71,181,883
Non-controlling interests		**1,014,989**	957,970
Total equity		**73,430,741**	72,139,853
Total liabilities and equity		**309,619,951**	211,207,371

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017

(in RMB thousands)		**Attributable to equity shareholders of the parent**											
			Reserves										
	Note	**Share capital**	**Capital reserve**	**Surplus reserve**	**General risk reserve**	**Agriculture catastrophic loss reserve**	**Defined benefit obligation remeasurement reserve**	**Fair value reserve**	**Exchange reserve**	**Retained profits**	**Subtotal**	**Non-controlling interests**	**Total equity**
As at 1 January 2017 (Audited)		**42,479,808**	**8,166,044**	**1,440,315**	**3,470,711**	**9,968**	**(2,773)**	**159,331**	**(2,373)**	**15,460,852**	**71,181,883**	**957,970**	**72,139,853**
Changes in equity for the period													
Profit for the period		**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**2,953,830**	**2,953,830**	**49,770**	**3,003,600**
Other comprehensive income		**—**	**—**	**—**	**—**	**—**	**8,194**	**307,849**	**4,556**	**—**	**320,599**	**7,249**	**327,848**
Total comprehensive income		**—**	**—**	**—**	**—**	**—**	**8,194**	**307,849**	**4,556**	**2,953,830**	**3,274,429**	**57,019**	**3,331,448**
Distributions to shareholders	*9*	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(2,039,030)**	**(2,039,030)**	**—**	**(2,039,030)**
Others		**—**	**(1,530)**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(1,530)**	**—**	**(1,530)**
As at 30 June 2017 (Unaudited)		**42,479,808**	**8,164,514**	**1,440,315**	**3,470,711**	**9,968**	**5,421**	**467,180**	**2,183**	**16,375,652**	**72,415,752**	**1,014,989**	**73,430,741**

(in RMB thousands)		Attributable to equity shareholders of the parent											
			Reserves										
	Note	Share capital	Capital reserve	Surplus reserve	General risk reserve	Agriculture catastrophic loss reserve	Defined benefit obligation remeasurement reserve	Fair value reserve	Exchange reserve	Retained profits	Subtotal	Non-controlling interests	Total equity
As at 1 January 2016 (Audited)		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
Changes in equity for the period													
Profit for the period		—	—	—	—	—	—	—	—	2,698,597	2,698,597	54,938	2,753,535
Other comprehensive income		—	—	—	—	—	(8)	(1,606,302)	1,014	—	(1,605,296)	(12,818)	(1,618,114)
Total comprehensive income		—	—	—	—	—	(8)	(1,606,302)	1,014	2,698,597	1,093,301	42,120	1,135,421
Distributions to shareholders	*9*	—	—	—	—	—	—	—	—	(1,954,071)	(1,954,071)	—	(1,954,071)
Others		—	(278)	—	—	—	—	—	—	—	(278)	—	(278)
As at 30 June 2016 (Unaudited)		42,479,808	8,166,593	1,049,322	2,703,438	9,968	(7,455)	750,194	2,652	14,171,663	69,326,183	811,785	70,137,968

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2017

(in RMB thousands)	*Note*	**Six months ended 30 June** **2017** **Unaudited**	2016 Unaudited
Operating activities			
Cash generated from operations		**5,558,714**	258,907
Income tax paid		**(553,593)**	(961,830)
Net cash flows generated from/(used in) operating activities		**5,005,121**	(702,923)
Investing activities			
Interests received		**2,390,784**	2,310,177
Dividends received		**338,747**	518,833
Purchases of property and equipment, investment properties and intangible assets		**(158,267)**	(153,052)
Proceeds from disposals of property and equipment, investment properties and intangible assets		**1,232,942**	2,297
Purchases of investments		**(69,756,299)**	(44,332,025)
Proceeds from disposals of investments		**54,930,560**	46,322,735
Disposals of associates		**686,792**	—
Investments in associates		**(874,476)**	(1,018,001)
Net cash flows (used in)/generated from investing activities		**(11,209,217)**	3,650,964

(in RMB thousands)	*Note*	**Six months ended 30 June** **2017** **Unaudited**	2016 Unaudited
Financing activities			
Changes in third party investors' interests of consolidated structured entities, net		**580,696**	(758,019)
Payment for shares issuance costs		**(1,198)**	—
Proceeds from notes issued		**10,248,099**	—
Interests paid		**(43,271)**	(64,404)
Dividends paid to equity shareholders of the parent		**—**	(3,421,874)
Dividends paid by subsidiaries to non-controlling interests		**—**	(33,844)
Securities sold under agreements to repurchase, net		**(1,670,042)**	672,167
Net cash flows generated from/ (used in) financing activities		**9,114,284**	(3,605,974)
Net increase/(decrease) in cash and cash equivalents		**2,910,188**	(657,933)
Cash and cash equivalents at the beginning of the period		**16,670,213**	19,872,898
Effect of foreign exchange rate changes		**(262,320)**	336,321
Cash and cash equivalents at the end of the period		**19,318,081**	19,551,286
Cash and short-term time deposits		**18,363,500**	19,793,841
Add: Financial assets held under resale agreements with original maturity of no more than three months		**1,548,961**	370,200
Less: Restricted cash and short-term time deposits		**(594,380)**	(612,755)
Cash and cash equivalents at the end of the period		**19,318,081**	19,551,286

(Expressed in thousands of Renminbi, unless otherwise stated)

1 Corporate information

The predecessor of China Reinsurance (Group) Corporation (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 Jinrong Avenue, Xicheng District, Beijing 100033, the PRC.

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

2 Basis of preparation and significant accounting policies

(a) Basis of preparation

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

The interim financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2016.

(b) Significant accounting policies

The accounting policies adopted in the preparation of the interim financial information are consistent with those adopted in the Group's annual financial statements for the year ended 31 December 2016, except in relation to the following amendments.

These amendments to standards, which are relevant to the Group, became effective for the financial year beginning or after 1 January 2017:

Amendments to IAS 12	Income taxes
Amendments to IAS 7	Statement of cash flows
Amendment to IFRS 12	Disclosure of interest in other entities

Adoption of the above amendments does not have a significant impact on the interim financial information.

The Group has not applied the following amendments to standards and new standards which have been issued but are not yet effective for the financial year beginning on or after 1 January 2017 and which have not been early adopted by the Group.

IFRS 9	Financial Instruments[(1)]
IFRS 15	Revenue from Contracts with Customers[(2)]
IFRS 16	Leases[(3)]
IFRS 17	Insurance Contracts[(4)]
Amendment to IFRS 1	First time adoption of IFRS[(5)]
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts[(5)]
Amendment to IAS 28	Investments in associates and joint ventures[(5)]
IFRIC 22	Foreign Currency Transactions and Advance Consideration[(5)]
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture[(6)]

(1) IFRS 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. IFRS 9 becomes mandatory on 1 January 2018.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

The Group concludes that the Group's operation activities are predominantly connected with insurance and decides to apply the deferral approach. Therefore, the Group will not adopt IFRS 9 on 1 January 2018.

(2) The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers revenue arising from the sale of goods and the rendering of services and IAS 11 which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.

The standard permits either a full retrospective or a modified retrospective approach for the adoption. The new standard is effective for first interim periods within annual reporting periods beginning on or after 1 January 2018. The group will adopt the new standard from 1 January 2018.

The Group assesses that adopting IFRS 15 would not have a material impact on the Group's financial information.

(3) IFRS 16 was issued in January 2016. It will result in almost all leases being recognized on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the group's operating leases. The group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the group's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under IFRS 16.

The standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. At this stage, the group does not intend to adopt the standard before its effective date.

(4) IFRS 17, 'Insurance Contracts', was published on 18 May 2017. IFRS 17 established principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It replaces IFRS 4, which

currently permits a wide variety of practices. IFRS 17 requires a current measurement model, where estimates are remeasured in each reporting period. The measurement is based on the building blocks of discounted, probability-weighted cash flows, a risk adjustment and a contractual service margin representing the unearned profit of the contract. The new standard is mandatory for financial years commencing on or after 1 January 2021.

(5) Effective for the accounting period beginning on or after 1 January 2018.

(6) Originally effective for the accounting period beginning on or after 1 January 2016. The effective date has now been deferred/removed.

Other than IFRS 15, the Group is in the process of assessing the impact of other new standards and amendments mentioned above.

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, operated by the Company and subsidiaries of the Company China Property and Casualty Reinsurance Company Ltd. ("**China Re P&C** ") and China Re UK Limited ("**China Re UK**"), etc. 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, operated by the Company and the subsidiary of the Company China Life Reinsurance Company Ltd. ("**China Re Life**"), offers a wide range of reinsurance products, such as life, health and accident insurance, etc.

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

- The asset management segment, operated by the subsidiary of the Company China Re Asset Management Company Ltd. ("**China Re AMC**"), comprises asset management services.

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

Management monitors the results of the Group's operating segments separately 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 information, geographical segment information is not presented.

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

(in RMB thousands)	For the six months ended 30 June 2017 (Unaudited)						
	Property and casualty reinsurance	**Life and health reinsurance**	**Primary property and casualty insurance**	**Asset management**	**Others**	**Elimination**	**Total**
Gross written premiums	**13,320,597**	**36,611,765**	**18,700,677**	**—**	**—**	**(804,384)**	**67,828,655**
Less: Premiums ceded to reinsurers and retrocessionaires	**(356,354)**	**(1,161,357)**	**(1,599,075)**	**—**	**—**	**801,193**	**(2,315,593)**
Net written premiums	**12,964,243**	**35,450,408**	**17,101,602**	**—**	**—**	**(3,191)**	**65,513,062**
Change in unearned premium reserves	**(635,497)**	**(442,399)**	**(1,627,941)**	**—**	**—**	**19,408**	**(2,686,429)**
Net premiums earned	**12,328,746**	**35,008,009**	**15,473,661**	**—**	**—**	**16,217**	**62,826,633**
Reinsurance commission income	**35,426**	**165,367**	**528,757**	**—**	**—**	**(317,266)**	**412,284**
Investment income	**819,308**	**1,447,171**	**755,128**	**96,256**	**1,100,934**	**—**	**4,218,797**
Exchange gains/(losses),net	**87,860**	**18,667**	**(36,329)**	**(19,149)**	**(53,004)**	**311**	**(1,644)**
Other income	**13,026**	**86,117**	**86,611**	**167,078**	**181,429**	**(155,063)**	**379,198**
Total income	**13,284,366**	**36,725,331**	**16,807,828**	**244,185**	**1,229,359**	**(455,801)**	**67,835,268**
— External income	**12,599,433**	**36,725,274**	**17,194,249**	**139,879**	**1,176,433**	**—**	**67,835,268**
— Inter-segment income	**684,933**	**57**	**(386,421)**	**104,306**	**52,926**	**(455,801)**	**—**
Claims and policyholders' benefits	**(6,941,343)**	**(35,457,564)**	**(8,290,577)**	**—**	**—**	**474**	**(50,689,010)**
— Claims incurred	**(6,941,343)**	**(1,898,605)**	**(8,290,577)**	**—**	**—**	**474**	**(17,130,051)**
— Life and health reinsurance death and other benefits paid	**—**	**(6,205,495)**	**—**	**—**	**—**	**—**	**(6,205,495)**
— Changes in long-term life and health reinsurance contract liabilities	**—**	**(27,353,464)**	**—**	**—**	**—**	**—**	**(27,353,464)**
Handling charges and commissions	**(5,043,096)**	**(476,971)**	**(2,614,327)**	**—**	**—**	**320,356**	**(7,814,038)**
Finance costs	**(4,792)**	**(26,044)**	**(4,470)**	**(60,073)**	**(4,403)**	**—**	**(99,782)**
Other operating and administrative expenses	**(262,856)**	**(371,710)**	**(4,941,557)**	**(173,830)**	**(574,429)**	**152,283**	**(6,172,099)**
Total benefits, claims and expenses	**(12,252,087)**	**(36,332,289)**	**(15,850,931)**	**(233,903)**	**(578,832)**	**473,113**	**(64,774,929)**
Share of profits of associates	**13,211**	**466,013**	**940**	**(230)**	**349,624**	**(405)**	**829,153**
Profit before tax	**1,045,490**	**859,055**	**957,837**	**10,052**	**1,000,151**	**16,907**	**3,889,492**
Income tax	**(215,944)**	**(172,020)**	**(235,338)**	**(8,700)**	**(248,881)**	**(5,009)**	**(885,892)**
Profit for the period	**829,546**	**687,035**	**722,499**	**1,352**	**751,270**	**11,898**	**3,003,600**

(in RMB thousands)	For the six months ended 30 June 2016 (Unaudited)						
	Property and casualty reinsurance	Life and health reinsurance	Primary property and casualty insurance	Asset management	Others	Elimination	Total
Gross written premiums	12,902,911	22,302,282	15,779,617	—	—	(645,036)	50,339,774
Less: Premiums ceded to reinsurers and retrocessionaires	(285,396)	(1,207,033)	(1,333,788)	—	—	645,270	(2,180,947)
Net written premiums	12,617,515	21,095,249	14,445,829	—	—	234	48,158,827
Change in unearned premium reserves	887,078	(316,062)	(1,050,473)	—	—	(25,195)	(504,652)
Net premiums earned	13,504,593	20,779,187	13,395,356	—	—	(24,961)	47,654,175
Reinsurance commission income	65,549	211,794	325,878	—	—	(152,528)	450,693
Investment income	874,362	1,385,864	471,948	15,534	445,428	(1,339)	3,191,797
Exchange gains/(losses), net	202,905	(4,677)	20,530	319	7,565	10,179	236,821
Other income	12,106	66,095	49,439	131,704	186,029	(125,663)	319,710
Total income	14,659,515	22,438,263	14,263,151	147,557	639,022	(294,312)	51,853,196
— External income	14,058,570	22,438,230	14,683,769	44,995	627,632	—	51,853,196
— Inter-segment income	600,945	33	(420,618)	102,562	11,390	(294,312)	—
Claims and policyholders' benefits	(8,132,406)	(22,343,023)	(7,024,053)	—	—	(16,266)	(37,515,748)
— Claims incurred	(8,132,406)	(1,526,817)	(7,024,053)	—	—	(16,266)	(16,699,542)
— Life and health reinsurance death and other benefits paid	—	(33,380,225)	—	—	—	—	(33,380,225)
— Changes in long-term life and health reinsurance contract liabilities	—	12,564,019	—	—	—	—	12,564,019
Handling charges and commissions	(5,146,160)	614,936	(1,847,381)	—	—	155,112	(6,223,493)
Finance costs	(1,338)	(54,000)	(5,310)	(50)	(12,780)	—	(73,478)
Other operating and administrative expenses	(212,794)	(257,350)	(4,388,566)	(139,816)	(445,857)	98,603	(5,345,780)
Total benefits, claims and expenses	(13,492,698)	(22,039,437)	(13,265,310)	(139,866)	(458,637)	237,449	(49,158,499)
Share of profits of associates	(5,531)	412,469	724	—	351,614	(2,173)	757,103
Profit before tax	1,161,286	811,295	998,565	7,691	531,999	(59,036)	3,451,800
Income tax	(185,770)	(172,379)	(224,766)	(448)	(118,952)	4,050	(698,265)
Profit for the period	975,516	638,916	773,799	7,243	413,047	(54,986)	2,753,535

(in RMB thousands)	30 June 2017 (Unaudited)						
	Property and casualty reinsurance	**Life and health reinsurance**	**Primary property and casualty insurance**	**Asset management**	**Others**	**Elimination**	**Total**
Segment assets	**62,381,178**	**167,598,930**	**45,095,467**	**12,053,433**	**55,247,141**	**(32,756,198)**	**309,619,951**
Segment liabilities	**(42,871,137)**	**(145,307,099)**	**(30,725,434)**	**(10,418,635)**	**(9,993,152)**	**3,126,247**	**(236,189,210)**

(in RMB thousands)	31 December 2016 (Audited)						
	Property and casualty reinsurance	Life and health reinsurance	Primary property and casualty insurance	Asset management	Others	Elimination	Total
Segment assets	63,290,307	82,082,234	41,005,564	1,965,460	54,807,870	(31,944,064)	211,207,371
Segment liabilities	(42,281,727)	(64,777,641)	(27,463,862)	(340,702)	(6,367,700)	2,164,114	(139,067,518)

4 Gross and net written premiums

(a) Gross written premiums

(in RMB thousands)	Six months ended 30 June **2017** **Unaudited**	2016 Unaudited
Long-term life and health reinsurance	**32,919,678**	19,175,362
Short-term life and health reinsurance	**3,692,031**	3,126,920
Property and casualty reinsurance	**12,579,384**	12,332,952
Primary property and casualty insurance	**18,637,562**	15,704,540
Total	**67,828,655**	50,339,774

(b) Premiums ceded to reinsurers and retrocessionaires

(in RMB thousands)	Six months ended 30 June **2017** **Unaudited**	2016 Unaudited
Long-term life and health reinsurance	**407,928**	507,948
Short-term life and health reinsurance	**753,430**	699,085
Property and casualty reinsurance	**378,409**	310,078
Primary property and casualty insurance	**775,826**	663,836
Total	**2,315,593**	2,180,947

(c) Net written premiums

(in RMB thousands)	Six months ended 30 June **2017** **Unaudited**	2016 Unaudited
Net written premiums	**65,513,062**	48,158,827

5 Investment income

(in RMB thousands)	Six months ended 30 June	
	2017	2016
	Unaudited	Unaudited
Interest, dividend and rental income (a)	**3,207,415**	3,540,769
Realised gains/(losses) (b)	**1,018,420**	(532,856)
Unrealised gains (c)	**152,034**	32,858
Negative goodwill arising from investments in associates	**319,094**	411,984
Impairment losses (d)	**(478,166)**	(260,958)
Total	**4,218,797**	3,191,797

(a) Interest, dividend and rental income

(in RMB thousands)	Six months ended 30 June	
	2017	2016
	Unaudited	Unaudited
Interest income		
Current and time deposits	**607,169**	1,133,035
Debt securities		
— Held-to-maturity	**486,050**	479,345
— Available-for-sale	**781,531**	657,238
— Carried at fair value through profit or loss	**9,832**	10,529
— Loans and receivables	**860,639**	530,008
Financial assets held under resale agreements	**27,608**	18,980
Reinsurers' share of policy loans	**3,778**	376
Subtotal	**2,776,607**	2,829,511
Dividend income		
Equity securities		
— Available-for-sale	**311,027**	581,507
— Carried at fair value through profit or loss	**97,526**	106,836
Subtotal	**408,553**	688,343
Rental income from investment properties	**22,255**	22,915
Total	**3,207,415**	3,540,769

(b) Realised gains/(losses)

(in RMB thousands)	Six months ended 30 June	
	2017	2016
	Unaudited	Unaudited
Debt securities		
— Available-for-sale	**(2,390)**	38,533
— Carried at fair value through profit or loss	**182**	1,021
Equity securities		
— Available-for-sale	**375,243**	(446,291)
— Carried at fair value through profit or loss	**62,444**	(126,119)
— Investments in associates	**(143,787)**	—
Disposal of Investment properties	**726,728**	—
Total	**1,018,420**	(532,856)

(c) Unrealised gains

(in RMB thousands)	Six months ended 30 June	
	2017	2016
	Unaudited	Unaudited
Debt securities		
— Carried at fair value through profit or loss	**(4,858)**	(6,902)
Equity securities		
— Carried at fair value through profit or loss	**156,892**	39,760
Total	**152,034**	32,858

(d) Impairment losses

(in RMB thousands)	Six months ended 30 June	
	2017	2016
	Unaudited	Unaudited
Equity securities		
— Available-for-sale	**(478,166)**	(260,958)
Total	**(478,166)**	(260,958)

6 Claims and policyholders' benefits

(in RMB thousands)	Six months ended 30 June 2017 (Unaudited)		
	Gross	**Ceded**	**Net**
Claims incurred	**17,949,296**	**(819,245)**	**17,130,051**
— Short-term life and health reinsurance	**2,348,338**	**(449,733)**	**1,898,605**
— Property and casualty reinsurance	**6,660,162**	**(19,105)**	**6,641,057**
— Primary property and casualty insurance	**8,940,796**	**(350,407)**	**8,590,389**
Life and health reinsurance death and other benefits paid	**6,302,211**	**(96,716)**	**6,205,495**
Changes in long-term life and health reinsurance contract liabilities	**27,711,466**	**(358,002)**	**27,353,464**
Total	**51,962,973**	**(1,273,963)**	**50,689,010**

(in RMB thousands)	Six months ended 30 June 2016 (Unaudited) Gross	Ceded	Net
Claims incurred	17,392,985	(693,443)	16,699,542
— Short-term life and health reinsurance	1,863,596	(336,779)	1,526,817
— Property and casualty reinsurance	8,262,964	(46,005)	8,216,959
— Primary property and casualty insurance	7,266,425	(310,659)	6,955,766
Life and health reinsurance death and other benefits paid	35,062,134	(1,681,909)	33,380,225
Changes in long-term life and health reinsurance contract liabilities	(13,683,310)	1,119,291	(12,564,019)
Total	38,771,809	(1,256,061)	37,515,748

7 Profit before tax

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

(in RMB thousands)	**Six months ended 30 June** **2017** **Unaudited**	2016 Unaudited
Employee costs (including directors' and supervisors' emoluments) (note)	**2,051,871**	2,017,678
Depreciation of property and equipment (note)	**117,070**	110,694
Depreciation of investment properties (note)	**10,903**	57,469
Amortisation of intangible assets (note)	**21,867**	26,145
Rental expenses (note)	**232,832**	214,459
Impairment losses on available-for-sale financial assets	**478,166**	260,958
Impairment losses on premiums receivable	**38,329**	29,526
Impairment losses on reinsurance debtors	**5,219**	17,773
Impairment reversal on other assets	**—**	(172,365)

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.

8 Income tax

(in RMB thousands)	**Six months ended 30 June** **2017** **Unaudited**	2016 Unaudited
Current income tax		
Charge for the period	**1,180,416**	860,476
Adjustments in respect of prior years	**(3,699)**	59,287
Deferred income tax	**(290,825)**	(221,498)
Total	**885,892**	698,265

Note: The income tax rate applied to the Company and its subsidiaries in Mainland China is 25% for the six months ended 30 June 2017 (six months ended 30 June 2016: 25%). Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant jurisdictions.

9 Dividends

(in RMB thousands)	**Six months ended 30 June** **2017** **Unaudited**	2016 Unaudited
In respect of previous year:		
2016 final dividend declared in 2017: RMB0.048 per ordinary share	**2,039,030**	
2015 final dividend declared in 2016: RMB0.046 per ordinary share		1,954,071

10 Earnings per share

The calculation of basic earnings per share is based on the net profit attributable to ordinary equity shareholders of the parent and the weighted average number of ordinary shares in issue for the six months ended 30 June 2017 and the six months ended 30 June 2016 as follows:

	Six months ended 30 June **2017** **Unaudited**	2016 Unaudited
Net profit attributable to the equity shareholders of the parent (in RMB thousands)	**2,953,830**	2,698,597
Weighted average number of ordinary shares (in thousands)	**42,479,808**	42,479,808
Basic and diluted earnings per share (in RMB)	**0.07**	0.06

There were no potential diluted ordinary shares in issue during the six months ended 30 June 2017 and the six months ended 30 June 2016, so the diluted earnings per share were the same as the basic earnings per share.

11 Premiums receivable

(in RMB thousands)	**30 June 2017 Unaudited**	31 December 2016 Audited
Premiums receivable	**3,955,149**	2,216,899
Less: impairment provision	**(128,145)**	(89,816)
Premiums receivable, net	**3,827,004**	2,127,083

(a) Aging analysis

(in RMB thousands)	**30 June 2017 Unaudited**	31 December 2016 Audited
Within 3 months (inclusive)	**3,582,637**	1,948,195
3 months to 1 year (inclusive)	**251,165**	181,119
1 to 2 years (inclusive)	**68,501**	39,491
Over 2 years	**52,846**	48,094
Total	**3,955,149**	2,216,899
Less: impairment provision	**(128,145)**	(89,816)
Net	**3,827,004**	2,127,083

(b) Impairment provision of premiums receivable

(in RMB thousands)	Six months ended 30 June **2017** **Unaudited**	 2016 Unaudited
At the beginning of the period	**89,816**	68,588
Charge for the period	**38,329**	29,526
Written off	**—**	(843)
At the end of the period	**128,145**	97,271

12 Reinsurance debtors

(in RMB thousands)	**30 June** **2017** **Unaudited**	31 December 2016 Audited
Reinsurance debtors	**45,000,562**	21,132,605
Less: impairment provision	**(126,870)**	(123,345)
Reinsurance debtors, net	**44,873,692**	21,009,260

(a) Aging analysis

(in RMB thousands)	**30 June** **2017** **Unaudited**	31 December 2016 Audited
Within 3 months (inclusive)	**42,850,211**	19,466,513
3 months to 1 year (inclusive)	**1,832,936**	1,460,254
1 to 2 years (inclusive)	**120,559**	40,709
Over 2 years	**196,856**	165,129
Total	**45,000,562**	21,132,605
Less: impairment provision	**(126,870)**	(123,345)
Net	**44,873,692**	21,009,260

(b) Impairment provision of reinsurance debtors

(in RMB thousands)	Six months ended 30 June **2017** **Unaudited**	 2016 Unaudited
At the beginning of the period	**123,345**	96,117
Charge for the period	**5,219**	17,773
Exchange difference	**(1,694)**	1,267
At the end of the period	**126,870**	115,157

13 Investments in associates

(in RMB thousands)	**30 June 2017 Unaudited**	31 December 2016 Audited
Share of net assets		
— Listed shares (i)	**12,918,521**	12,152,453
— Unlisted shares	**422,861**	298,473
Total	**13,341,382**	12,450,926

(i) As at 30 June 2017, the Group held an aggregate interest in China Everbright Bank of 4.93% (31 December 2016: 4.91%).

14 Share capital

(in thousands)	**30 June 2017 Unaudited**	31 December 2016 Audited
Issued and fully paid ordinary shares of RMB1 each		
Domestic shares	**35,800,391**	35,800,391
H shares	**6,679,417**	6,679,417
Total	**42,479,808**	42,479,808

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The Group is primarily engaged in P&C reinsurance, life and health reinsurance, primary P&C insurance, asset management and other business. We operate our domestic P&C reinsurance business primarily through our wholly-owned subsidiary China Re P&C, overseas P&C reinsurance business primarily through China Re P&C, Singapore Branch of the Group Company and China Re Syndicate 2088, domestic and overseas life and health reinsurance business primarily through our wholly-owned subsidiary China Re Life, and our primary P&C insurance business primarily through China Continent Insurance, in which the Group Company holds approximately 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 for 100% equity interest. In addition, the Group Company operates domestic and international legacy P&C reinsurance business and CNIP business through China Re P&C and operates the domestic legacy life and health reinsurance business through China Re Life.

1. Key Operating Data

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

Unit: in RMB millions, except for percentages

	For the six months ended 30 June	
	2017	2016
Gross written premiums	**67,829**	50,340
Gross written premiums by business segment:		
P&C reinsurance[1]	**13,321**	12,903
Life and health reinsurance[1]	**36,612**	22,302
Primary P&C insurance[1]	**18,701**	15,780
Total investment income[2]	**5,008**	3,875
Annualized total investment yield (%)[3]	**5.70**	4.75

Notes: 1. Gross written premiums of each business segment do not consider inter-segment eliminations.

2. 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.

3. Annualized total investment yield = Total investment income ÷ average of investment assets as at the beginning and end of the period x 2.

	As at 30 June 2017		As at 31 December 2016	
	Core solvency adequacy ratio	**Aggregated solvency adequacy ratio**	Core solvency adequacy ratio	Aggregated solvency adequacy ratio
China Re Group (%)	**199**	**199**	258	258
Group Company (%)	**563**	**563**	804	804
China Re P&C (%)	**207**	**207**	209	209
China Re Life (%)	**223**	**223**	258	258
China Continent Insurance (%)	**294**	**294**	289	289

Note: The data of solvency as at 30 June 2017 is not audited or reviewed by the auditor of the Company.

Unit: in RMB millions

	As at 30 June 2017	As at 31 December 2016
Embedded value of life and health reinsurance business	**20,602**	18,200
Value of one year's new business of life and health reinsurance business	**1,744**	1,220

In the first half of 2017, the Group achieved steady progress in overall operation, stably proceeded major works, continuously strengthened fundamental management and controlled overall risks. "One-Three-Five" Strategy was fully promoted. As we actively grasped opportunities in the market, our gross written premiums increased by 34.7% from RMB50,340 million in the first half of 2016 to RMB67,829 million in the first half of 2017, of which the gross written premiums from P&C reinsurance, life and health reinsurance and primary P&C insurance (before inter-segment eliminations) were RMB13,321 million, RMB36,612 million and RMB18,701 million, respectively. Our core reinsurance business maintained its steady market position and we continued to have the leading market share in the PRC P&C reinsurance market and life and health reinsurance market. In terms of primary premium income, we accounted for a market share of 3.53% in primary P&C insurance business, ranking No. 6 of all primary P&C insurance companies in the PRC market. During the Reporting Period, we maintained a rating of "A (Excellent)" by A.M. Best and "A+" by Standard & Poor's.

In the first half of 2017, our annualized total investment yield on a consolidated basis was 5.70%, representing a year-on-year increase of 0.95 percentage point; our total investment income amounted to RMB5,008 million, representing a year-on-year increase of 29.2%, mainly due to the fact that we adhered to the steady and prudent investment philosophy, proactively seized the opportunities from capital market and strengthened proactive management. Meanwhile, we obtained gain of RMB727 million from disposal of investment properties (Shanghai World Plaza). For details of analysis on changes of total investment income, please refer to relevant contents of asset management business segment.

2. *Key Financial Indicators*

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

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

	For the six months ended 30 June	
	2017	2016
Gross written premiums	**67,829**	50,340
Profit before tax	**3,889**	3,452
Net profit	**3,004**	2,754
Net profit attributable to equity shareholders of the parent company	**2,954**	2,699
Earnings per share (RMB)	**0.07**	0.06
Annualized weighted average return on equity (%)[1]	**8.23**	7.74

Note: 1. Annualized weighted average return on equity = Net profit attributable to equity shareholders of the parent company ÷ balance of weighted average net assets x 2.

Unit: in RMB millions, unless otherwise stated

	As at 30 June 2017	As at 31 December 2016
Total assets	**309,620**	211,207
Total liabilities	**236,189**	139,067
Total equity	**73,431**	72,140
Net assets per share attributable to equity shareholders of the parent company (RMB)	**1.70**	1.68

The Group's total assets and total liabilities increased as compared with those as at the end of 2016, mainly due to the commencement of financial reinsurance business and issuance of US Dollars-denominated Notes in the first half of 2017. Impacted by a year-on-year increase in total investment income, net profit of the Group increased by 9.1% from RMB2,754 million in the first half of 2016 to RMB3,004 million in the first half of 2017.

P&C Reinsurance

Our businesses of the P&C reinsurance segment mainly include domestic P&C reinsurance business, overseas P&C reinsurance business, CNIP business and legacy P&C reinsurance business. In the first half of 2017, reinsurance premium income from our P&C reinsurance segment amounted to RMB13,321 million, representing a year-on-year increase of 3.2%, accounting for 19.4% of gross written premiums of the Group (before inter-segment eliminations); net profit amounted to RMB830 million, the annualized weighted average return on equity was 8.19%. The combined ratio was 98.7%, of which loss ratio was 56.3% and expense ratio was 42.4%.

1. Business Analysis

(1) Domestic P&C Reinsurance Business

Overview

Domestic P&C reinsurance business mentioned in this section refers to domestic P&C reinsurance business operated by China Re P&C. In the first half of 2017, we made efforts to strengthen our position as a leading domestic reinsurer. We proactively dealt with significant changes including intensified competition in domestic reinsurance market, reorganisation of business structure and decrease of profitability. We integrated technical resources of underwriting business, improved customer service system, strengthened the expansion of facultative reinsurance and innovative business, enhanced our service and support to national strategy "Belt and Road Initiative" and proactively analysed and deployed businesses including catastrophe insurance business. In the first half of 2017, reinsurance premium income from our domestic P&C reinsurance business amounted to RMB11,487 million, representing a year-on-year increase of 1.4%. The combined ratio was 99.6%, of which loss ratio was 54.3% and expense ratio was 45.3%.

In terms of types of reinsurance arrangement and forms of cession, our domestic P&C reinsurance business primarily consisted of treaty reinsurance and proportional reinsurance, which is generally in line with the business structure in the domestic P&C reinsurance market. Meanwhile, as a result of our efforts in strengthening facultative business, our facultative reinsurance business grew by RMB219 million, representing a year-on-year increase of 98.6%. In terms of business channels, by virtue of our good direct cooperation with domestic clients, the majority of our domestic P&C reinsurance business was on direct basis.

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

Unit: in RMB millions, except for percentages

Type of reinsurance arrangement	**For the six months ended 30 June**			
	2017		2016	
	Amount	**Percentage**	Amount	Percentage
Treaty reinsurance	**11,046**	**96.2%**	11,106	98.0%
Facultative reinsurance	**441**	**3.8%**	222	2.0%
Total	**11,487**	**100%**	11,328	100.0%

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

Unit: in RMB millions, except for percentages

	For the six months ended 30 June			
Form of cession	**2017**		2016	
	Amount	**Percentage**	Amount	Percentage
Proportional reinsurance	**11,292**	**98.3%**	11,131	98.3%
Non-proportional reinsurance	**195**	**1.7%**	197	1.7%
Total	**11,487**	**100.0%**	11,328	100.0%

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

Unit: in RMB millions, except for percentages

Business channel	**For the six months ended 30 June**			
	2017		2016	
	Amount	**Percentage**	Amount	Percentage
Direct	**10,614**	**92.4%**	10,938	96.6%
Via broker	**873**	**7.6%**	390	3.4%
Total	**11,487**	**100.0%**	11,328	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, primarily including motor, commercial and household property, agriculture, liability and engineering insurance.

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

Unit: in RMB millions, except for percentages

Line of business	**For the six months ended 30 June**			
	2017		2016	
	Amount	**Percentage**	Amount	Percentage
Motor	**4,996**	**43.5%**	4,819	42.5%
Commercial and household property	**2,107**	**18.3%**	2,344	20.7%
Agriculture	**1,657**	**14.4%**	1,860	16.4%
Liability	**1,270**	**11.1%**	935	8.3%
Engineering	**552**	**4.8%**	482	4.3%
Others[1]	**905**	**7.9%**	888	7.8%
Total	**11,487**	**100.0%**	11,328	100.0%

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

Motor reinsurance. In the first half of 2017, we further strengthened our business cooperation with major domestic ceding companies. The reinsurance premium income from motor insurance amounted to RMB4,996 million, representing a year-on-year increase of 3.7%.

Commercial and household property reinsurance. In the first half of 2017, we adjusted our business structure and took into account market competition and changes in reinsurance strategy of primary insurance companies, enhanced risk control, and exerted strict control over business quality and accumulation of catastrophe liability. The reinsurance premium income from commercial and household property insurance amounted to RMB2,107 million, representing a year-on-year decrease of 10.1%.

Agriculture reinsurance. In the first half of 2017, we exerted strict control over business quality and adjusted our business structure. Affected by the reduction of ceding proportion by some primary insurance companies, the reinsurance premium income from agriculture insurance amounted to RMB1,657 million, representing a year-on-year decrease of 10.9%.

Liability reinsurance. In the first half of 2017, we captured opportunities arising from rapid growth of primary insurance market and made efforts to enhance expansion of liability reinsurance. The reinsurance premium income from liability insurance amounted to RMB1,270 million, representing a year-on-year increase of 35.8%.

Engineering reinsurance. In the first half of 2017, we seized the business opportunities brought by the "Belt and Road Initiative" and other national strategies as well as large-scale projects and continued to expand the business development of engineering reinsurance. The reinsurance premium income from engineering insurance amounted to RMB552 million, representing a year-on-year increase of 14.5%.

Clients and client services

In the first half of 2017, we continued to consolidate good client relationship. We have established long-term stable relationship with major P&C insurance companies in the PRC and strengthened our relationship through business cooperation, exchange of technical know-how and client services. As at 30 June 2017, we maintained business relationships with 76 P&C insurance companies in China, covering 91.5% of P&C insurance companies in China.

(2) Overseas P&C Reinsurance Business

Overseas P&C Reinsurance Business mentioned in this section refers to the international P&C reinsurance business operated by the Group Company and China Re P&C, as well as the Lloyd's business operated by China Re Syndicate 2088. In the first half of 2017, the overseas P&C gross written premiums amounted to RMB1,811 million (before intra-segment eliminations), representing a year-on-year increase of 12.0%. In the first half of 2017, the combined ratio was 92.5% (before intra-segment eliminations), representing a year-on-year decrease of 5.1 percentage points, of which loss ratio was 50.7%, representing a year-on-year decrease of 4.7 percentage points and expense ratio was 41.8%, representing a year-on-year decrease of 0.4 percentage point.

International P&C Reinsurance Business Operated by the Group Company and China Re P&C

International P&C reinsurance business mentioned in this section refers to international P&C reinsurance business operated by the Group Company and China Re P&C, i.e., the international P&C reinsurance business operated by Beijing Platform and Singapore Branch. In the first half of 2017, we continued adhering to the principle of "Maintaining Profitability while Keeping Risks under Control, as well as Rational Operation and Prudent Growth". Under the continuously soft global reinsurance market environment, we endeavored to maintain and increase our participation in the existing profitable business and adjusted underperforming business lines. We also actively expanded the Asia Pacific market and thoroughly explored quality business opportunities. In the first half of 2017, the international P&C reinsurance premium income amounted to RMB1,167 million, representing a year-on-year increase of 10.8%. The combined ratio was 88.9%, of which loss ratio was 50.6% and expense ratio was 38.3%.

In terms of types of reinsurance arrangement, our international P&C reinsurance business consisted primarily of treaty reinsurance business.

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: in RMB millions, except for percentages

Type of reinsurance arrangement	**For the six months ended 30 June**			
	2017		2016	
	Amount	**Percentage**	Amount	Percentage
Treaty reinsurance	**1,150**	**98.5%**	1,025	97.3%
Facultative reinsurance	**17**	**1.5%**	28	2.7%
Total	**1,167**	**100.0%**	1,053	100.0%

In terms of geographic areas, Asia, Europe and North America were the main source regions of our international P&C reinsurance business, representing 50.6%, 29.3% and 14.3% of total international P&C reinsurance premium income, respectively. In the first half of 2017, we achieved good progress through active business development in the Asia-Pacific region and our business in Asia accounted for a significantly larger proportion compared with that of the corresponding period of last year. The proportion of European business recorded a year-on-year decline due to the fact that certain strategic cooperative businesses were transferred to China Re Syndicate 2088 this year.

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: in RMB millions, except for percentages

Source region of business	**For the six months ended 30 June**			
	2017		2016	
	Amount	**Percentage**	Amount	Percentage
Asia	**591**	**50.6%**	365	34.7%
Europe	**342**	**29.3%**	480	45.6%
North America	**167**	**14.3%**	174	16.5%
Latin America	**45**	**3.9%**	23	2.2%
Oceania	**17**	**1.4%**	3	0.3%
Africa	**5**	**0.5%**	8	0.7%
Total	**1,167**	**100.0%**	1,053	100.0%

In terms of lines of business, our international P&C reinsurance business primarily provided coverage on non-marine, specialty and motor insurance. Business mix consisted mainly of short-tail business.

In terms of business channels, reputable international brokers remained our major sources of international P&C reinsurance business. We also cooperated with distinctive small-and-medium-sized brokers to seek quality regional business.

In terms of clients, we continued to allocate our resources to international renowned quality primary insurance clients to establish long-term stable business relationship with our key clients targeting at their core and profitable primary insurance ceding business. We continued to consolidate our strategic cooperative relationship with international renowned reinsurance companies and obtained reinsurance retrocessional business from them. Meanwhile, we leveraged on the regional advantage of Singapore Branch and actively developed high quality regional customers.

Lloyd's Business

Our Lloyd's business is operated by China Re Syndicate 2088. China Re Syndicate 2088 conducts insurance and reinsurance businesses with its independent brand and position at Lloyd's. In the first half of 2017, gross written premiums from our Lloyd's business amounted to RMB644 million, representing a year-on-year increase of 14.2%, mainly due to the increase both in the strategic cooperative business and in new lines including casualty business. The combined ratio was 98.9%, of which loss ratio was 51.0% and expense ratio was 47.9%.

(3) CNIP Business

The Group Company, together with China Re P&C and China Continent Insurance, underwrites global nuclear insurance business via CNIP. In the first half of 2017, our reinsurance premium income from CNIP amounted to RMB51 million.

CNIP was established in 1999, and since then, the Group Company has been the management institution and chairman company of CNIP. Starting from November 2016, the management institution of CNIP changed from the Group Company to China Re P&C. Members of CNIP include 29 domestic and overseas P&C insurance and reinsurance companies. CNIP's business primarily includes nuclear P&C insurance and nuclear third-party liability insurance. The projects insured by CNIP are extensively located in the PRC and overseas countries with nuclear energy. Business risks are well controlled through the wide geographical diversification.

2. *Financial Analysis*

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

Unit: in RMB millions, except for percentages

	For the six months ended 30 June		
	2017	2016	Change
Gross written premiums	**13,321**	12,903	3.2%
Less: Premiums ceded to retrocessionaires	**(357)**	(285)	25.3%
Net written premiums	**12,964**	12,618	2.7%
Change in unearned premium reserves	**(635)**	887	(171.6%)
Net premiums earned	**12,329**	13,505	(8.7%)
Reinsurance commission income	**35**	66	(47.0%)
Investment income	**819**	874	(6.3%)
Exchange gains, net	**89**	203	(56.2%)
Other income	**13**	12	8.3%
Total income	**13,285**	14,660	(9.4%)
Claims and policyholders' benefits	**(6,941)**	(8,132)	(14.6%)
Handling charges and commissions	**(5,043)**	(5,146)	(2.0%)
Finance costs	**(5)**	(1)	400.0%
Other operating and administrative expenses	**(263)**	(214)	22.9%
Total benefits, claims and expenses	**(12,252)**	(13,493)	(9.2%)
Share of profits of associates	**13**	(6)	(316.7%)
Profit before tax	**1,046**	1,161	(9.9%)
Income tax	**(216)**	(186)	16.1%
Net profit	**830**	975	(14.9%)

Gross Written Premiums

Gross written premiums for our P&C reinsurance segment increased by 3.2% from RMB12,903 million in the first half of 2016 to RMB13,321 million in the first half of 2017, mainly due to the growth of domestic liability reinsurance business, motor reinsurance business and overseas P&C reinsurance business.

Premiums Ceded to Retrocessionaires

Premiums ceded to retrocessionaires for our P&C reinsurance segment increased by 25.3% from RMB285 million in the first half of 2016 to RMB357 million in the first half of 2017, mainly due to the increase in ceded proportion to certain retrocessionaires for our overseas P&C reinsurance business.

Investment Income

Investment income for our P&C reinsurance segment decreased by 6.3% from RMB874 million in the first half of 2016 to RMB819 million in the first half of 2017. For details of analysis on changes of investment income, please refer to relevant contents of asset management business segment.

Claims and Policyholders' Benefits

Claims and policyholders' benefits for our P&C reinsurance segment decreased by 14.6% from RMB8,132 million in the first half of 2016 to RMB6,941 million in the first half of 2017, which was in line with the decrease in net premiums earned.

Handling Charges and Commissions

Handling charges and commissions for our P&C reinsurance segment decreased by 2.0% from RMB5,146 million in the first half of 2016 to RMB5,043 million in the first half of 2017, mainly due to the decrease in adjustment commissions.

Share of Profits of Associates

Share of profits of associates for our P&C reinsurance segment recorded RMB13 million in the first half of 2017 against a loss of RMB6 million in the first half of 2016, 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 decreased by 14.9% from RMB975 million in the first half of 2016 to RMB830 million in the first half of 2017.

Life and Health Reinsurance

Life and health reinsurance business segment comprises the life and health reinsurance business operated by China Re Life, and the life and health reinsurance business operated by Group Company through China Re Life. In the first half of 2017, under the regulatory guideline of promoting the life insurance industry to refocus on protection function and serve the real economy, the domestic life insurance market has entered into a new stage of transformation. There was a continued downturn in sales of RMB-denominated policies in Hong Kong life insurance market. We took initiative to adjust the market and product strategy in a timely manner, and achieved significant growth in premium volume by expediting the development of domestic protection-type and savings-type business, while seeking opportunities to develop financial reinsurance. China Re Life is the leading reinsurer in domestic market and the cross-border RMB-denominated reinsurance market in Hong Kong, with over 80% of the reinsurance contracts signed as a lead reinsurer.

In the first half of 2017, the reinsurance premium income of our life and health reinsurance business segment recorded a year-on-year increase of 64.2% to RMB36,612 million, accounting for 53.3% of gross written premiums of the Group (before inter-segment eliminations), of which the reinsurance premium income of China Re Life amounted to RMB36,552 million. In the first half of 2017, the net profit of life and health reinsurance business segment was RMB687 million and annualized weighted average return on equity was 6.94%. In the first half of 2017, China Re Life achieved total written premiums ("TWPs") of RMB37,215 million (including TWPs of RMB663 million for savings-type universal life reinsurance), representing a year-on-year increase of 59.5%.

Given the business significance and operational independence of China Re Life and that the reinsurance premium income of China Re Life accounted for more than 99.8% of the life and health reinsurance segment income, unless otherwise stated, references to our life and health reinsurance business in the business analysis of this section shall be the business of China Re Life.

1. Business Analysis

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: in RMB millions, except for percentages

Business lines	For the six months ended 30 June			
	2017		2016	
	Amount	**Percentage**	Amount	Percentage
Domestic protection-type reinsurance	**3,570**	**9.8%**	2,600	11.7%
Domestic savings-type reinsurance	**7,565**	**20.7%**	96	0.4%
Domestic financial reinsurance	**23,725**	**64.9%**	16,832	75.7%
Domestic in total	**34,860**	**95.4%**	19,528	87.8%
Overseas savings-type reinsurance	**1,638**	**4.5%**	2,587	11.6%
Other overseas business	**54**	**0.1%**	123	0.6%
Overseas in total	**1,692**	**4.6%**	2,710	12.2%
Total	**36,552**	**100.0%**	22,238	100.0%

In addition, we also conducted 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: in RMB millions, except for percentages

Universal life reinsurance	For the six months ended 30 June			
	2017		2016	
	Amount	**Percentage**	Amount	Percentage
Domestic savings-type universal life reinsurance	**124**	**18.7%**	387	35.2%
Overseas savings-type universal life reinsurance	**539**	**81.3%**	711	64.8%
Total	**663**	**100.0%**	1,098	100.0%

(1) Domestic Life and Health Reinsurance

In the first half of 2017, our domestic life and health reinsurance business recorded TWPs of RMB34,984 million, representing a year-on-year increase of 75.7%, of which the reinsurance premium income amounted to RMB34,860 million, representing a year-on-year increase of 78.5%.

In respect of protection-type reinsurance business, we conducted analysis on the trend of development and transformation of the industry. Through data analysis, we actively upgraded our protection-type insurance products, set effective customer and product strategies, enhanced business expansion of long-term accident protection products including accident insurance for drivers and passengers of private-owned motor vehicles, and strengthened risk control of critical illness and cancer insurance business. Our business achieved a rapid growth and our business structure was significantly improved, leading to growth in both the premium volume and business value. In the first half of 2017, our reinsurance premium income from protection-type reinsurance business amounted to RMB3,570 million, representing a year-on-year increase of 37.3%. The reinsurance premium income from yearly renewable term reinsurance business (i.e., YRT reinsurance business is a kind of reinsurance arrangements entered into by ceding companies based on a certain proportion of net amount at risk at an annual rate) was RMB2,061 million, representing a year-on-year increase of 53.5%, accounting for 57.7% of reinsurance premium income from protection-type reinsurance business.

In respect of savings-type reinsurance business, we seized the opportunity of the new changes in regulatory policies regarding life insurance products and the timing for asset allocation caused by the volatility of capital market. We expanded our domestic savings product business with effective support from investment to meet customers' demand of comprehensive reinsurance service and facilitate the development of domestic saving-type business. In the first half of 2017, the TWPs of our domestic savings-type reinsurance business amounted to RMB7,689 million, representing a year-on-year increase of 1491.9%.

In respect of financial reinsurance business, we promptly acted in accordance with the updated regulatory requirements by providing optimized and innovative financial reinsurance solutions. We conducted detailed analysis on customers' demand, formulated personalized solutions, implemented effective control of credit risk, and promoted the growth in scale of financial reinsurance business. In the first half of 2017, the reinsurance premium income from financial reinsurance business was RMB23,725 million, representing a year-on-year increase of 41.0%.

(2) Overseas Life and Health Reinsurance

In the first half of 2017, under the impact of continued downturn in sales of RMB-denominated policies in Hong Kong market, the premiums of new RMB-denominated policies of overall Hong Kong market decreased by almost 60% for the three months ended 31 March 2017 as compared with that of the corresponding period in 2016, as released by Hong Kong Insurance Authority.

The overseas life and health reinsurance business showed a downward trend. TWPs amounted to RMB2,231 million, representing a year-on-year decrease of 34.8%, of which the reinsurance premium income recorded a year-on-year decrease of 37.6% to RMB1,692 million. In respect of overseas savings-type reinsurance business, we recorded TWPs of RMB2,177 million, representing a year-on-year decrease of 34.0%. For other overseas business, the reinsurance premium income amounted to RMB54 million.

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

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

Unit: in RMB millions, except for percentages

Type of reinsurance arrangement	**For the six months ended 30 June**			
	2017		2016	
	Amount	**Percentage**	Amount	Percentage
Treaty reinsurance	**36,430**	**99.7%**	22,093	99.3%
Facultative reinsurance	**122**	**0.3%**	145	0.7%
Total	**36,552**	**100.0%**	22,238	100.0%

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

Unit: in RMB millions, except for percentages

Form of cession	**For the six months ended 30 June**			
	2017		2016	
	Amount	**Percentage**	Amount	Percentage
Proportional reinsurance	**36,530**	**99.9%**	22,202	99.8%
Non-proportional reinsurance	**22**	**0.1%**	36	0.2%
Total	**36,552**	**100.0%**	22,238	100.0%

In terms of insurance product types covered, our life and health reinsurance business was primarily comprised of life insurance. The business structure remained generally stable.

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

Unit: in RMB millions, except for percentages

Insurance product type	**For the six months ended 30 June**			
	2017		2016	
	Amount	**Percentage**	Amount	Percentage
Life	**33,042**	**90.4%**	19,434	87.4%
Health	**2,473**	**6.8%**	1,924	8.7%
Accident	**1,037**	**2.8%**	880	3.9%
Total	**36,552**	**100.0%**	22,238	100.0%

2. *Financial Analysis*

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

Unit: in RMB millions, except for percentages

	For the six months ended 30 June		
	2017	2016	Change
Gross written premiums	**36,612**	22,302	64.2%
Less: Premiums ceded to retrocessionaires	**(1,162)**	(1,207)	(3.7%)
Net written premiums	**35,450**	21,095	68.0%
Change in unearned premium reserves	**(442)**	(316)	39.9%
Net premiums earned	**35,008**	20,779	68.5%
Reinsurance commission income	**165**	212	(22.2%)
Investment income	**1,447**	1,386	4.4%
Exchange gains/(losses), net	**19**	(5)	(480.0%)
Other income	**86**	66	30.3%
Total income	**36,725**	22,438	63.7%
Claims and policyholders' benefits	**(35,458)**	(22,343)	58.7%
Handling charges and commissions	**(477)**	615	(177.6%)
Finance costs	**(26)**	(54)	(51.9%)
Other operating and administrative expenses	**(371)**	(257)	44.4%
Total benefits, claims and expenses	**(36,332)**	(22,039)	64.9%
Share of profits of associates	**466**	412	13.1%
Profit before tax	**859**	811	5.9%
Income tax	**(172)**	(172)	0.0%
Net profit	**687**	639	7.5%

Gross Written Premiums

Reinsurance premium income from our life and health reinsurance segment increased by 64.2% from RMB22,302 million in the first half of 2016 to RMB36,612 million in the first half of 2017, mainly due to the growth in domestic savings-type reinsurance and domestic financial reinsurance business.

Premiums Ceded to Retrocessionaires

Premiums ceded to retrocessionaires for our life and health reinsurance segment decreased by 3.7% from RMB1,207 million in the first half of 2016 to RMB1,162 million in the first half of 2017, mainly due to the reduction of retrocession arrangements for savings-type reinsurance.

Investment Income

Investment income for our life and health reinsurance segment increased by 4.4% from RMB1,386 million in the first half of 2016 to RMB1,447 million in the first half of 2017, For details of analysis on changes of investment income, please refer to relevant contents of asset management business segment.

Claims and Policyholders' Benefits

Claims and policyholders' benefits for our life and health reinsurance segment increased by 58.7% from RMB22,343 million in the first half of 2016 to RMB35,458 million in the first half of 2017, mainly due to the increase in reserves resulting from provision for new businesses.

Handling Charges and Commissions

Handling charges and commissions for our life and health reinsurance segment increased from negative RMB615 million in the first half of 2016 to RMB477 million in the first half of 2017, mainly due to the changes in handling charges and commissions resulted from the changes in financial reinsurance business.

Share of Profits of Associates

Share of profits of associates for our life and health reinsurance segment increased by 13.1% from RMB412 million in the first half of 2016 to RMB466 million in the first half of 2017, mainly due to the increase in investment in associates.

Net Profit

As a result of the foregoing reasons, net profit for our life and health reinsurance segment increased by 7.5% from RMB639 million in the first half of 2016 to RMB687 million in the first half of 2017.

Primary P&C Insurance

Primary P&C insurance business refers to the property insurance business operated by China Continent Insurance. In the first half of 2017, we continued to promote the business transformation, intensified the channel specialization and strengthened the cultivation and training of sales team to enhance the competitiveness effectively. We made great efforts in promoting profitable business. On the one hand, in motor insurance business we continued to implement the "identifying, controlling and introducing" strategy, and on the other hand, we strengthened the development of innovative business including to utilize "motor + PA" combined sales strategy, personal loan surety insurance, litigation property preservation liability insurance and "insurance + futures" project for non-motor insurance business. We accelerated the development of telesales and online sales business, optimised organisational structure and improved operational efficiency. We strengthened the synergies between online and offline channels and continued to improve the operation management level of offline services. We continued to facilitate the construction of branches, accelerating the development in key regions to strengthen demonstration effect and synergies resulting in significant results. We continued to enhance service level of claims settlement, the quality of claims settlement was further improved and service efficiency was further enhanced.

In the first half of 2017, premium income from our primary P&C insurance business segment recorded steady growth. Gross written premiums amounted to RMB18,701 million, representing a year-on-year increase of 18.5% and accounting for 27.3% of gross written premiums of the Group (before inter-segment eliminations), of which the primary premium income was RMB18,602 million, representing a year-on-year increase of 18.4%. Net profit of our primary P&C insurance business segment amounted to RMB722 million and annualized weighted average return on equity reached 10.35%. The combined ratio was 98.2%, of which loss ratio was 53.6% and expense ratio was 44.6%. According to primary premium income from P&C insurance companies in the first half of 2017 published by the CIRC, the market share of our primary P&C insurance business segment reached 3.53%, representing a year-on-year increase of 0.14 percentage point.

1. *Business Analysis*

(1) *Analysis by Line of Business*

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

Unit: in RMB millions, except for percentages

Line of business	For the six months ended 30 June 2017		2016	
	Amount	**Percentage**	Amount	Percentage
Motor	**13,601**	**73.1%**	11,992	76.4%
Accident and Short-term Health	**1,827**	**9.8%**	1,382	8.8%
Surety	**879**	**4.7%**	397	2.5%
Liability	**716**	**3.9%**	584	3.7%
Commercial Property	**595**	**3.2%**	573	3.6%
Agriculture	**264**	**1.4%**	122	0.8%
Others[1]	**720**	**3.9%**	655	4.2%
Total	**18,602**	**100.0%**	15,705	100.0%

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

Motor Insurance

In the first half of 2017, primary premium income from our motor insurance amounted to RMB13,601 million, representing a year-on-year increase of 13.4%. We continued to push forward the strategy of "identifying, controlling and introducing", further subdivided risk dimensions of motor insurance, strengthened precise risk identification, implemented linkage between cost and price, enhanced accuracy of resource allocation to optimize business structure and speed up business development at the same time. In the first half of 2017, growth rate of our motor insurance exceeded the market growth rate by 4.2 percentage points, ranking the fifth in market share. The business quality and profitability of motor insurance continued to improve.

Accident and Short-term Health Insurance

In the first half of 2017, primary premium income from accident and short-term health insurance amounted to RMB1,827 million, representing a year-on-year increase of 32.2%, of which primary premium income from accident insurance amounted to RMB810 million, representing a year-on-year increase of 22.5%; primary premium income from short-term health insurance (excluding critical illness insurance) amounted to RMB673 million, representing a year-on-year increase of 33.0%; primary premium income from critical illness insurance amounted to RMB344 million, representing a year-on-year increase of 60.0%.

We capitalized on the "leading" function of the headquarters in strong promotion and rapid development. The promotion of "motor + PA" business became normalized. Million Medical Care, Internet Platform Business and other innovative business achieved rapid development. Health insurance recorded a relatively rapid growth with full coverage over the four major fields of health insurance including healthcare, illness, disability and care. Meanwhile, we continued to enhance claims management and control which results in an improvement of operating performance.

Surety Insurance

In the first half of 2017, primary premium income from surety insurance amounted to RMB879 million, representing a year-on-year increase of 121.4%. We have put great effort to expand personal loan surety insurance business. Under strict risk control, we steadily recruited personnel, established branches, developed products, set up database, built up connection to external credit reference center to acquire credit information and developed our own risk management model. We have opened 94 stores in 24 provinces achieving a significant increase in gross written premiums.

Liability Insurance

In the first half of 2017, primary premium income from liability insurance amounted to RMB716 million, representing a year-on-year increase of 22.6%. Seizing the development opportunities from "New Ten Guidelines in the insurance industry", we supported the national strategies and changes in government management functions, served the real economy, protected social safety and made great efforts in pushing forward the development of innovative business including compulsory safe production liability insurance, pollution liability insurance, construction and residential projects quality liability insurance, first pilot equipment scheme comprehensive insurance, comprehensive liability insurance of the first application of new materials, credit card fraud insurance and intellectual property rights protection insurance, achieving rapid growth in liability insurance business.

Commercial Property Insurance

In the first half of 2017, primary premium income from commercial property insurance amounted to RMB595 million, representing a year-on-year increase of 3.8%. We actively seized the development opportunities brought by the supply-side structural reform and actively explored insurance brokers channel under strengthened risk management and control, achieving moderate growth in commercial property insurance business.

Agriculture Insurance

In the first half of 2017, primary premium income from agriculture insurance amounted to RMB264 million, representing a year-on-year increase of 116.4%. We focused on the theme of "serving agriculture, rural areas and farmers" to strengthen business expansion, product development, service network and construction of talent team. The scale of policy-supported agriculture insurance business was increasing steadily and innovative insurance projects, such as poverty alleviation insurance, catastrophe insurance and localized agricultural insurance products "insurance + futures", experiencing a rapid growth.

(2) Analysis by Distribution Channel

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

Unit: in RMB millions, except for percentages

Distribution Channel	For the six months ended 30 June			
	2017		2016	
	Amount	**Percentage**	Amount	Percentage
Insurance agents	**9,741**	**52.4%**	8,076	51.4%
Of which:				
Individual insurance agents	**5,821**	**31.3%**	4,264	27.2%
ancillary insurance agencies	**2,193**	**11.8%**	2,488	15.8%
professional insurance agencies	**1,727**	**9.3%**	1,324	8.4%
Direct sales	**7,662**	**41.2%**	6,596	42.0%
Insurance brokers	**1,199**	**6.4%**	1,033	6.6%
Total	**18,602**	**100.0%**	15,705	100.0%

(3) Analysis by Region

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

Unit: in RMB millions, except for percentages

Region	For the six months ended 30 June			
	2017		2016	
	Amount	**Percentage**	Amount	Percentage
Shanghai	**1,883**	**10.1%**	1,356	8.6%
Shandong	**1,574**	**8.5%**	1,304	8.3%
Yunnan	**1,445**	**7.8%**	1,238	7.9%
Zhejiang	**1,386**	**7.5%**	1,226	7.8%
Inner Mongolia	**983**	**5.3%**	772	4.9%
Guangdong	**944**	**5.1%**	798	5.1%
Jiangsu	**792**	**4.3%**	643	4.1%
Jiangxi	**682**	**3.7%**	560	3.6%
Sichuan	**650**	**3.5%**	644	4.1%
Hebei	**645**	**3.5%**	542	3.5%
Others	**7,618**	**40.7%**	6,622	42.1%
Total	**18,602**	**100.0%**	15,705	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 six months ended 30 June	
	2017 (%)	2016 (%)
Loss ratio	**53.6**	52.5
Expense ratio	**44.6**	44.7
Combined ratio	**98.2**	97.2

2. *Financial Analysis*

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

Unit: in RMB millions, except for percentages

	For the six months ended 30 June		
	2017	2016	Change
Gross written premiums	**18,701**	15,780	18.5%
Less: Premiums ceded to reinsurers	**(1,599)**	(1,334)	19.9%
Net written premiums	**17,102**	14,446	18.4%
Change in unearned premium reserves	**(1,628)**	(1,050)	55.0%
Net premiums earned	**15,474**	13,396	15.5%
Reinsurance commission income	**529**	326	62.3%
Investment income	**755**	472	60.0%
Exchange (losses)/gains, net	**(37)**	21	(276.2%)
Other income	**86**	49	75.5%
Total income	**16,807**	14,264	17.8%
Claims and policyholders' benefits	**(8,291)**	(7,024)	18.0%
Handling charges and commissions	**(2,614)**	(1,847)	41.5%
Finance costs	**(4)**	(5)	(20.0%)
Other operating and administrative expenses	**(4,942)**	(4,389)	12.6%
Total benefits, claims and expenses	**(15,851)**	(13,265)	19.5%
Share of profits of associates	**1**	1	0.0%
Profit before tax	**957**	999	(4.2%)
Income tax	**(235)**	(225)	4.4%
Net profit	**722**	774	(6.7%)

Gross Written Premiums

Gross written premiums for our primary P&C insurance segment increased by 18.5% from RMB15,780 million in the first half of 2016 to RMB18,701 million in the first half of 2017, mainly due to rapid growth in motor insurance, accident and short-term health insurance, surety insurance, liability insurance and agricultural insurance etc. resulting from intensified channel expansion, strengthened training of sales team and improved product development.

Premiums Ceded to Reinsurers

Premiums ceded to Reinsurers for our primary P&C insurance segment increased by 19.9% from RMB1,334 million in the first half of 2016 to RMB1,599 million in the first half of 2017, mainly due to the increase in premiums ceded as a result of growth in business scale.

Reinsurance Commission Income

Reinsurance commission income from our primary P&C insurance segment increased by 62.3% from RMB326 million in the first half of 2016 to RMB529 million in the first half of 2017, mainly due to (i) the continuous increase in premiums ceded; and (ii) improvement in claims settlement of reinsurance contracts in 2016 as compared with 2015.

Investment Income

Investment income for our primary P&C insurance segment increased by 60.0% from RMB472 million in the first half of 2016 to RMB755 million in the first half of 2017. For details of analysis on changes of investment income, please refer to relevant contents of asset management business segment.

Claims and Policyholders' Benefits

Claims and policyholders' benefits for our primary P&C insurance segment increased by 18.0% from RMB7,024 million in the first half of 2016 to RMB8,291 million in the first half of 2017, mainly due to the increase in claims resulting from continuous increase in business scale.

Handling Charges and Commissions

Handling charges and commissions for our primary P&C insurance segment increased by 41.5% from RMB1,847 million in the first half of 2016 to RMB2,614 million in the first half of 2017, mainly due to continuous growth in business scale, more resources input for quality business and major distribution channel and acceleration in the channel development of individual insurance agents.

Net Profit

As a result of the foregoing reasons, net profit for our primary P&C insurance segment decreased by 6.7% from RMB774 million in the first half of 2016 to RMB722 million in the first half of 2017.

Asset Management

The Group principally commissions China Re AMC to manage its investment assets. In the first half of 2017, we continued to adhere to a stable, prudent and long-term investment philosophy. We strengthened proactive management and enhanced risk control. We increased holdings of bonds when opportunities arose, pushed forward the optimization and adjustment of real estate investments, strengthened the allocation of financial products, constantly improving the allocation structure of investment assets. We actively promoted synergies between investment business and insurance business to constantly support the development of insurance business. We continued to carry out business transformation development and strived to increase the level of investment gains.

As at 30 June 2017, the total investment assets balance of the Group was RMB184,338 million, of which RMB164,734 million was under the management of China Re AMC. In addition, China Re AMC also managed third party assets under commissions of RMB63,506 million.

1. Investment Portfolio

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

Unit: in RMB millions, except for percentages

Investment assets	As at 30 June 2017		As at 31 December 2016	
	Amount	**Percentage**	Amount	Percentage
Cash and short-term time deposits	**18,364**	**10.0%**	16,833	10.1%
Fixed-income investments	**116,193**	**63.0%**	107,603	64.3%
Time deposits	**5,237**	**2.8%**	13,505	8.1%
Bonds	**64,463**	**34.9%**	48,868	29.2%
Government bonds	**725**	**0.4%**	143	0.1%
Financial bonds	**14,979**	**8.1%**	11,299	6.7%
Enterprise (corporate) bonds	**40,232**	**21.8%**	28,881	17.3%
Subordinated bonds	**8,527**	**4.6%**	8,545	5.1%
Investments classified as loans and receivables	**27,411**	**14.9%**	25,894	15.5%
Other fixed-income investments[1]	**19,082**	**10.4%**	19,336	11.5%
Equity and investment funds	**37,474**	**20.4%**	30,092	17.9%
Investment funds[2]	**15,802**	**8.6%**	14,526	8.7%
Stocks	**14,316**	**7.8%**	12,776	7.6%
Derivatives	**144**	**0.1%**	38	0.0%
Unlisted equity shares[3]	**7,212**	**3.9%**	2,752	1.6%
Investment properties	**2,745**	**1.5%**	3,122	1.9%
Investments in associates	**13,341**	**7.2%**	12,451	7.4%
Less: securities sold under agreements to repurchase	**(3,779)**	**(2.1%)**	(2,738)	(1.6%)
Total investment assets	**184,338**	**100.0%**	167,363	100.0%

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

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

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

In the first half of 2017, by capturing the opportunities arising from the significant adjustment in the bond market actively, our high-quality mid-to-long-term bonds allocation significantly increased by approximately RMB17,000 million, providing support for the stable investment income in 2017 and the coming years.

2. *Investment Performance*

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

Unit: in RMB millions, except for percentages

Investment income	For the six months ended 30 June **2017**	2016
Cash and fixed-income investments	**2,770**	2,862
Interest income	**2,777**	2,829
Realised (losses)/gains	**(2)**	40
Unrealised losses	**(5)**	(7)
Impairment loss	**—**	—
Equity and investment funds	**381**	(105)
Dividend income	**408**	688
Realised gains/(losses)	**294**	(572)
Unrealised gains	**157**	40
Impairment loss	**(478)**	(261)
Rental income from investment properties	**22**	23
Gains on disposal of investment properties	**727**	—
Investment income from investment in associates	**1,148**	1,168
Less: interest expenses on securities sold under agreements to repurchase	**(40)**	(73)
Total investment income	**5,008**	3,875
Annualized total investment yield (%)[1]	**5.70**	4.75
Net investment income	**4,037**	4,297
Annualized net investment yield (%)[2]	**4.59**	5.27

Notes: 1. Annualized total investment yield = Total investment income ÷ average of investment assets as at the beginning and end of the period x 2:

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, reinsurers' share of policy loans, investments in associates, statutory deposits and investment property, net of securities sold under agreements to repurchase.

2. Annualized net investment yield = Net investment income ÷ average of investment assets as at the beginning and end of the period x 2.

Net investment income equals to the sum of interest, dividends, rental income and share of profit of associates.

In the first half of 2017, our annualized total investment yield on a consolidated basis was 5.70%, representing a year-on-year increase of 0.95 percentage point; our total investment income amounted to RMB5,008 million, representing a year-on-year increase of 29.2%, mainly due to the fact that we adhered to the steady and prudent investment philosophy, proactively seized the opportunities from capital market and strengthened proactive management, resulting in a year-on-year increase in investment gains from equity and investment funds. Meanwhile, we obtained gain of RMB727 million from a disposal of investment properties (Shanghai World Plaza). For details, please refer to the section headed "Major Events".

Currently our significant investments held mainly include Bairong World Trade Center Real Estate Debt Investment Scheme and investments in an associate company, China Everbright Bank Co., Ltd. ("**China Everbright Bank**").

On 23 June 2016, China Re P&C, China Re Life and China Continent Insurance entered into a Trust Contract respectively with China Re AMC, to subscribe to the real estate debt investment scheme of Bairong World Trade Center with a term of 11 years. The subscription amount by China Re P&C, China Re Life and China Continent Insurance was RMB8,000 million. The principal of RMB500 million for such scheme was repaid to the investors on 27 June 2017. In the first half of 2017, the underlying assets of such scheme, Towers A, B and C of Bairong World Trade Center, recorded normal rental operation. The repayment entity maintained a good financial condition with sufficient cash flows, which is expected to continue to contribute stable and high investment income in the future.

In the first half of 2017, China Everbright Bank maintained a relatively stable profitability. As at 30 June 2017, China Re Group held approximately 4.93% of China Everbright Bank's equity share in aggregate. China Everbright Bank is expected to bring us long-term and stable investment returns in the future.

Insurance Intermediary

Insurance intermediary business refers to the insurance intermediary business operated by Huatai Insurance Agency and Consultant Service Limited and its wholly-owned subsidiary, Huatai Surveyors & Adjusters Company Limited. In the first half of 2017, under the increasingly competitive market of insurance intermediary business, our insurance intermediary business continued to expand business development in domestic and overseas market so as to enhance customer management as well as strengthen the capabilities of resource development integration. In addition to consolidation and enhancement in infrastructures, finance, energy, Internet and other businesses, we explored business in many fields such as health management and government public services, and gradually enlarged the proportion of renewable business to promote sustainable development.

In the first half of 2017, revenue from insurance intermediary business amounted to RMB133 million, representing a year-on-year decrease of 10.7%, mainly due to the change in contract signing time of Internet business. It is expected that revenue from the business during the year would remain stable growth. Profit before tax amounted to RMB1.975 million, representing a year-on-year decrease of 66.8%, mainly due to the significant increase in workplace leasing expense in 2017.

Solvency

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

Unit: in RMB millions, except for percentages

	As at 30 June 2017	As at 31 December 2016	Change
China Re Group			
Core capital	**55,907**	61,396	(5,489)
Available capital	**55,907**	61,396	(5,489)
Minimum capital	**28,114**	23,822	4,292
Core solvency adequacy ratio	**199%**	258%	Decrease of 59 percentage points
Aggregated solvency adequacy ratio	**199%**	258%	Decrease of 59 percentage points
Group Company			
Core capital	**53,387**	60,089	(6,702)
Available capital	**53,387**	60,089	(6,702)
Minimum capital	**9,480**	7,470	2,010
Core solvency adequacy ratio	**563%**	804%	Decrease of 241 percentage points
Aggregated solvency adequacy ratio	**563%**	804%	Decrease of 241 percentage points
China Re P&C			
Core capital	**18,406**	17,789	617
Available capital	**18,406**	17,789	617
Minimum capital	**8,880**	8,503	377
Core solvency adequacy ratio	**207%**	209%	Decrease of 2 percentage points
Aggregated solvency adequacy ratio	**207%**	209%	Decrease of 2 percentage points
China Re Life			
Core capital	**17,857**	15,745	2,112
Available capital	**17,857**	15,745	2,112
Minimum capital	**8,016**	6,109	1,907
Core solvency adequacy ratio	**223%**	258%	Decrease of 35 percentage points
Aggregated solvency adequacy ratio	**223%**	258%	Decrease of 35 percentage points
China Continent Insurance			
Core capital	**13,846**	12,986	860
Available capital	**13,846**	12,986	860
Minimum capital	**4,705**	4,488	217
Core solvency adequacy ratio	**294%**	289%	Increase of 5 percentage points
Aggregated solvency adequacy ratio	**294%**	289%	Increase of 5 percentage points

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

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

3. The data of solvency as at 30 June 2017 is not audited or reviewed by the auditor of the Company.

4. The data of the Group Company, China Re P&C, China Re Life and China Continent Insurance is same as the data which has been submitted to the CIRC.

Compared with the end of 2016, the consolidated solvency adequacy ratios of China Re Group decreased in a certain extent, mainly due to the fact that China Re Group received large sum of business ceded in the first half of 2017, and it is expected that the consolidated solvency adequacy ratios would recover after the termination of the business. The solvency adequacy ratios of the Group Company significantly decreased mainly because the Group Company received large sum of business ceded from China Re Life in the first half of 2017, which led to the decrease of available capital and increase of minimum capital. The solvency adequacy ratio of China Re P&C and China Continent Insurance remained stable and that of China Re Life decreased mainly due to the increase of minimum capital resulting from business development.

According to the requirements of The Solvency Regulatory Rules (No. 1–17) for Insurance Companies (《保險公司償付能力監管規則 (1–17 號)》) issued by the CIRC, the "Summary of Solvency Reports" for the second quarter of 2017 of the Company and its subsidiaries, namely China Re P&C, China Re Life and China Continent Insurance, have been disclosed on their respective official websites and the website of Insurance Association of China when the 2017 interim results of the Company are disclosed. Shareholders and investors are advised by the Board to pay attention to the following key operation indicators extracted from the Summary of Solvency Report as at the end of the second quarter of 2017 (which are same as the indicators which have been submitted to the CIRC and are not audited or reviewed by the auditor of the Company):

Unit: in RMB millions

Entities / **Indicators**	**Group Company**	**China Re P&C**	**China Re Life**	**China Continent Insurance**
	As at 30 June 2017			
Net assets	54,670	18,427	13,828	14,418
	For the six months ended 30 June 2017			
Insurance income	419	12,287	36,552	18,701
Net profit	984	525	673	774

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

Exchange Rate Fluctuation Risk

Substantial amount of assets and liabilities of the Group are denominated in Renminbi, but certain assets and liabilities are denominated in Hong Kong dollars, US dollars 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 assets and liabilities matching in different currencies and keeping foreign exchange positions under control.

Details of Assets Charged

As at 30 June 2017, the market value of RMB13,009 million bonds (31 December 2016: RMB10,335 million) are deposited in the collateral pool. Securities sold under agreements to repurchase are generally repurchased within three months from the date the securities are sold.

Contingencies

As at 30 June 2017, the Group has issued the following guarantees:

As at 30 June 2017, the Group Company provided maritime guarantee of RMB2,245 million (31 December 2016: RMB2,258 million) for domestic and overseas ship mutual insurance associations or overseas insurance institutions which provided 100% of counter guarantee for the aforesaid maritime guarantee.

China Re UK Limited, a subsidiary of the Company, became a member of Lloyd's and established China Re Syndicate 2088 at the end of 2011. As at 30 June 2017, the Group Company provided letter of credit to Lloyd's to support China Re Syndicate 2088's underwriting business of GBP110 million (31 December 2016: GBP90 million).

Employees

As at 30 June 2017, China Re Group had a total of 51,009 employees. The Group's staff remuneration comprises three components, namely basic salary, performance bonus and various benefits and subsidies. We always uphold the concept of "highlighting value creation and strengthening motivation and restraints", follow the principle of "remuneration based on position and performance", and have established a remuneration management system of "fairness within the Company, competitiveness compared to external competitors, flexibility and efficiency". The Group Company provide employees with competitive remuneration packages with reference to market benchmarks and have established an annuity plan and a supplementary medical insurance plan to provide employees with more comprehensive benefits.

The Group is devoted to realising a win-win situation between corporate development and employee growth, enhancing its resources invested in talent cultivation, putting efforts into talent training, providing them with guidance and suggestions on career development and paving the career development path for employees. Through multi-level training, rotations and overseas training, the Group enhances employees' overall quality and professionalism, broadens their international horizon and promotes the all-rounded development of employees.

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 was subject to reporting, announcement or independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

3. Undertakings of the Company and Controlling Shareholder which are either Given or Effective during the Reporting Period

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

4. Other Major Events

(1) Issuance of US Dollar-denominated Notes

On 3 February 2017, China Reinsurance Finance Corporation Limited (the "**Issuer**") was established by China Re Asset Management (Hong Kong) Company Ltd., a wholly-owned subsidiary of China Re AMC, the Company's subsidiary. On 9 March 2017 and 30 June 2017, China Re Group successfully issued notes with aggregate principal amounts of US$800 million and US$700 million (the "**Notes**") through the Issuer, respectively. The two tranches of notes were consolidated and formed a single series. The interest rate was 3.375% per annum payable semi-annually in arrears on 9 March and 9 September of each year. The maturity date of the Notes is 9 March 2022, unless earlier redeemed in accordance with the terms thereof. The issuance was supported by the Keepwell Deed executed by the Company, the Issuer and the trustee. The Company undertook to, among other things, procure the Issuer to have sufficient liquidity to ensure timely payment of any amounts payable under or in respect of the Notes. The net proceeds from the issue of the Notes will be used for general corporate purposes and investments in offshore projects.

For further details, please refer to the announcements of the Company published on the websites of the Hong Kong Stock Exchange and the Company on 27 February 2017, 3 March 2017, 9 March 2017, 19 June 2017, 22 June 2017, 30 June 2017 and 13 July 2017.

(2) Disposal of Investment Properties (Shanghai World Plaza)

As at the end of the Reporting Period, Shanghai World Plaza was the only operating investment property project of the Company. It was built in the beginning of 1999 with a useful life of 50 years until 2042 and a total gross floor area of 85,161 sq. m. Of which, the Company owned 35,190 sq.m. (29,420 sq.m. on the ground and 5,770 sq.m. of the underground carpark) of Shanghai World Plaza, accounting for 41.3% of the total gross floor area.

To optimise the real estate structure and enhance investment income on real estate, according to the Disposal Plan of Shanghai World Plaza considered and approved by the Board on 21 July 2015, the Company listed and transferred its equity in Shanghai World Plaza on Shanghai United Assets and Equity Exchange on 15 March 2017. On 28 April 2017, relevant potential bidders participated in the internet bidding and the final transaction price amounted to RMB1,223 million. On 30 June 2017, the parties to the transaction completed the delivery of property rights.

As the highest applicable percentage ratio for the transaction of disposal of Shanghai World Plaza was less than 5%, the disposal did not constitute a disclosable transaction under Chapter 14 of the Hong Kong Listing Rules.

Prospects

The National Financial Work Conference convened in July 2017 made clear that the financial industry shall go back to the fundamental purpose to serve the real economy while the insurance industry shall give play to and expand its functions of long-term stable risk management and protection. China Re Group will adhere to the spirit of the National Financial Work Conference based on its own actual operation, give play to its advantages and expertise, expedite its deployment and grasp new development opportunities. We will also give play to the leading and innovating effect of reinsurance on insurance market so as to facilitate the transformation and upgrade of insurance industry, actively participate in the establishment of national risk management system and play an important role in this regard.

For P&C reinsurance business, we will further promote the construction of marketization of operation system and mechanism, focus on the optimization and transformation of business structure, and strive to achieve greater breakthroughs in emerging business fields such as construction inherent defects insurance. We will actively support the establishment of the "Belt and Road Initiative", conduct research and development of proprietary products, focus on promoting the development of national strategic oriented businesses such as catastrophe insurance, speed up the construction of development platforms for international business and promote the new domestic and overseas synergy and complementary patterns.

For the life and health reinsurance business, we will continue to focus on building our core capabilities in data analysis, product development and business model innovation, and speed up the digital and technical transformation. We will optimize our operation system with customer-driven approach, and actively push forward the construction of overseas platforms. With active participation in transformation and development of life and health reinsurance products, we look forward to achieving breakthroughs in innovation-driven development.

For the primary P&C insurance business, we will address the challenges and opportunities arising from the second reform of commercial motor insurance premium rate marketisation, speeding up the optimization and arrangement of insurance structures to create new room for growth of non-motor insurance businesses. We will further strengthen specialised channel construction and promote the innovation and transformation of traditional sales models. We will also speed up the implementation of customer-oriented strategies, promote innovation-driven development, accelerate strategic arrangement and build a comprehensive management system in a steady manner to create a new stage of comprehensive development.

For the asset management business, we will continue to enhance asset and liability management, optimize our asset allocation and put emphasis on risk prevention. We will also continue to promote the synergistic development of investment business and insurance business, constantly enhance our investment capabilities with insurance funds to actively capture the new opportunities from the national strategic landscape and economic structural adjustment.

EMBEDDED VALUE

1. Valuation Results

This section summarizes embedded value ("**EV**") and value of one year's new business ("**1-year VNB**") results as at 30 June 2017 and the corresponding results as at prior valuation date.

Unit: in RMB Millions

Valuation Date	**30 June 2017**	31 December 2016
Embedded value		
Adjusted net worth ("**ANW**")	**74,485**	72,774
including: adjusted net worth of life and health reinsurance business	**15,826**	14,443
Value of in-force business before CoC	**6,880**	5,365
Cost of Capital ("**CoC**")	**(2,104)**	(1,608)
Value of in-force business after CoC	**4,776**	3,757
Embedded value	**79,262**	76,531
including: embedded value of life and health reinsurance business	**20,602**	18,200
Value of new business		
Value of one year's new business before CoC	**2,612**	1,779
Cost of Capital	**(868)**	(559)
Value of one year's new business after CoC	**1,744**	1,220

Note: Figures may not add up due to rounding.

2. Valuation Assumptions

The key assumptions used in the EV calculation as at 30 June 2017 are the same as those used in 2016 year-end valuation.

3. 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: in RMB Millions

Scenarios	Value of in-force business after Cost of Capital	Value of one year's new business after Cost of Capital
Base scenario	4,776	1,744
Risk discount rate increased by 100 basis points	4,296	1,569
Risk discount rate decreased by 100 basis points	5,330	1,948
Annual investment return rates increased by 50 basis points	5,850	2,008
Annual investment return rates decreased by 50 basis points	3,698	1,479
Mortality and morbidity rates increased by 10%	4,706	1,744
Mortality and morbidity rates decreased by 10%	4,848	1,744
Discontinuance rates increased by 10%	4,639	1,662
Discontinuance rates decreased by 10%	4,922	1,830
Management expenses increased by 10%	4,705	1,713
Management expenses decreased by 10%	4,847	1,776
Combined ratio of short term reinsurance contract increased 1% on absolute basis	4,577	1,611
Combined ratio of short term reinsurance contract decreased 1% on absolute basis	4,986	1,875

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has adopted the Corporate Governance Code as its corporate governance code. During the Reporting Period, 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

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company or any of its subsidiaries has not purchased, sold or redeemed any of the Company's or its subsidiaries' listed securities during the Reporting Period.

INTERIM DIVIDEND

The Company does not declare interim dividend for the six months ended 30 June 2017.

REVIEW OF INTERIM RESULTS

PricewaterhouseCoopers, the auditor of the Company, and the Audit Committee of the Board have reviewed the interim results.

PUBLICATION OF INTERIM REPORT

The interim report of the Company for the six months ended 30 June 2017 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

"Beijing Platform"	International P&C reinsurance business platform operated by China Re P&C, which conducts international P&C reinsurance business off shore and manages the international legacy P&C reinsurance business on behalf of the Group Company as well
"Belt and Road Initiative"	Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road issued by the National Development and Reform Commission, Ministry of Foreign Affairs and Ministry of Commerce of the PRC on 28 March 2015
"Board of Directors" or "Board"	the board of directors of the Company
"China" or "PRC"	the People's Republic of China and, for the purpose of this interim results announcement for geographical reference only and except where the context requires, references in this interim results announcement to "China" or the "PRC" do not include Hong Kong, Macau and Taiwan
"China Continent Insurance"	China Continent Property & Casualty Insurance Company Ltd. (中國大地財產保險股份有限公司), a subsidiary of the Company incorporated in the PRC on 15 October 2003
"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
"Director(s)"	the director(s) of the Company

"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Lloyd's"	the Society of Lloyd's, a global leading specialised P&C and liability insurance market
"Model Code for Securities Transactions"	the Model Code for Securities Transactions by Directors of Listed Companies set out in Appendix 10 of the Hong Kong Listing Rules
"New Ten Guidelines in the insurance industry"	The Several Opinions on Accelerating the Development of the Modern Insurance Service Industry (《關於加快發展現代保險服務業的若干意見》) issued by the State Council on 13 August 2014
"Prospectus"	the prospectus of the Company dated 13 October 2015
"Reporting Period"	the period from 1 January 2017 to 30 June 2017
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"Supervisor(s)"	the supervisor(s) of the Company
the "Company" or "Group Company"	China Reinsurance (Group) Corporation (中國再保險(集團)股份有限公司)
the "Group", "China Re Group" or "we"	the Company and its subsidiaries (except where the context requires otherwise)

On behalf of the Board
China Reinsurance (Group) Corporation
Zhu Xiaoyun
Joint Company Secretary

Beijing, the PRC, 28 August 2017

As at the date of this announcement, the executive Directors are Mr. Yuan Linjiang, Mr. Wang Pingsheng, Mr. He Chunlei 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.