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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 2022**

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 2022 together with the comparative figures for the corresponding period in 2021, 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 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

	<i>Note</i>	Six months ended 30 June	
		2022 (Unaudited)	2021 (Unaudited)
Gross written premiums	4	87,980,266	83,277,134
Less: Premiums ceded to reinsurers and retrocessionaires	4	(8,081,739)	(8,868,302)
Net written premiums	4	79,898,527	74,408,832
Changes in unearned premium reserves		(3,123,991)	(3,617,260)
Net premiums earned		76,774,536	70,791,572
Reinsurance commission income		1,337,101	1,149,904
Investment income	5	3,670,281	9,389,284
Exchange (losses)/gains, net		(8,108)	170,097
Other income		2,068,528	1,203,523
Total income		83,842,338	82,704,380

		Six months ended 30 June	
	<i>Note</i>	2022	2021
		(Unaudited)	(Unaudited)
Total income		83,842,338	82,704,380
Claims and policyholders' benefits	6	(60,871,864)	(57,884,010)
– Claims incurred		(39,392,228)	(34,552,479)
– Life and health reinsurance death and other benefits paid		(12,538,955)	(23,482,957)
– Changes in long-term life and health reinsurance contract liabilities		(8,940,681)	151,426
Handling charges and commissions		(13,213,505)	(11,014,775)
Finance costs		(1,029,508)	(900,025)
Other operating and administrative expenses		(7,896,349)	(9,204,971)
Total benefits, claims and expenses		(83,011,226)	(79,003,781)
Share of profits of associates		1,149,261	1,203,421
Profit before tax	7	1,980,373	4,904,020
Income tax	8	(343,217)	(926,696)
Profit for the period		1,637,156	3,977,324
Attributable to:			
Equity shareholders of the parent		1,680,938	4,010,807
Non-controlling interests		(43,782)	(33,483)
Profit for the period		1,637,156	3,977,324
Earnings per share (in RMB)	10		
– Basic		0.04	0.09
– Diluted		0.04	0.09

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	30 June 2022 (Unaudited)	31 December 2021 (Restated)
Assets			
Cash and short-term time deposits		15,931,813	23,096,286
Financial assets at fair value through profit or loss		10,667,045	14,836,705
Derivative financial assets		36,833	436,422
Financial assets held under resale agreements		3,133,962	3,465,964
Premiums receivable	11	17,857,117	16,132,227
Reinsurance debtors	12	60,871,867	49,686,426
Investment contracts receivable		5,242,193	5,266,570
Reinsurers' share of insurance contract liabilities		24,886,908	21,039,827
Reinsurers' share of policy loans		665,681	628,518
Time deposits		18,541,965	21,365,996
Available-for-sale financial assets		181,703,018	177,765,796
Held-to-maturity investments		35,376,574	37,376,952
Investments classified as loans and receivables		38,732,201	39,097,068
Statutory deposits		17,744,502	18,844,502
Investment properties		6,148,816	6,257,961
Property and equipment		3,881,263	4,027,378
Right-of-use assets		1,131,816	1,250,371
Intangible assets		2,199,373	2,249,960
Investments in associates	13	25,608,276	25,583,536
Goodwill		1,618,722	1,597,205
Deferred tax assets		4,315,402	3,412,750
Other assets		32,215,653	26,377,337
Total assets		508,511,000	499,795,757

	<i>Note</i>	30 June 2022 (Unaudited)	31 December 2021 (Restated)
Liabilities and equity			
Liabilities			
Financial liabilities at fair value through profit or loss		308,062	267,054
Derivative financial liabilities		7,825	—
Securities sold under agreements to repurchase		43,883,978	47,985,583
Reinsurance payables		22,192,763	19,115,393
Income tax payable		931,896	2,402,562
Policyholders' deposits		4,259,783	4,291,416
Investment contract liabilities		20,023,548	20,786,743
Insurance contract liabilities		279,906,009	257,959,374
Notes and bonds payable		12,998,491	22,556,059
Long-term borrowings		3,685,258	3,499,098
Lease liabilities		1,058,623	1,172,466
Deferred tax liabilities		1,854,713	1,047,352
Other liabilities		19,217,644	16,622,936
Total liabilities		410,328,593	397,706,036
Equity			
Share capital	14	42,479,808	42,479,808
Reserves		19,072,875	22,655,595
Retained profits		27,341,239	27,571,892
Total equity attributable to equity shareholders of the parent		88,893,922	92,707,295
Non-controlling interests		9,288,485	9,382,426
Total equity		98,182,407	102,089,721
Total liabilities and equity		508,511,000	499,795,757

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

Attributable to equity shareholders of the parent												
Note	Reserves											
	Share capital	Capital reserve	Surplus reserve	General risk		Defined benefit obligation			Exchange reserve	Retained profits	Non-controlling interests	Total equity
				Catastrophic loss reserve	reserve	remeasurement reserve	Fair value reserve					
As at 1 January 2022												
(Audited, previously reported)	42,479,808	10,685,913	2,807,077	6,939,394	144,470	46,146	2,603,526	(537,182)	27,948,269	93,117,421	9,469,572	102,586,993
Restatement	16	-	-	519	(32,857)	-	(1,411)	-	(376,377)	(410,126)	(87,146)	(497,272)
As at 1 January 2022 (Restated)	42,479,808	10,685,913	2,807,596	6,906,537	144,470	46,146	2,602,115	(537,182)	27,571,892	92,707,295	9,382,426	102,089,721
Profit/(loss) for the period	-	-	-	-	-	-	-	-	1,680,938	1,680,938	(43,782)	1,637,156
Other comprehensive income	-	-	-	-	-	(9)	(3,687,733)	102,871	-	(3,584,871)	(50,159)	(3,635,030)
Total comprehensive income	-	-	-	-	-	(9)	(3,687,733)	102,871	1,680,938	(1,903,933)	(93,941)	(1,997,874)
Distributions to shareholders												
of the parent	9	-	-	-	-	-	-	-	(1,911,591)	(1,911,591)	-	(1,911,591)
Others	-	2,151	-	-	-	-	-	-	-	2,151	-	2,151
As at 30 June 2022 (Unaudited)	42,479,808	10,688,064	2,807,596	6,906,537	144,470	46,137	(1,085,618)	(434,311)	27,341,239	88,893,922	9,288,485	98,182,407

Attributable to equity shareholders of the parent

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS*For the six months ended 30 June 2022**(Expressed in thousands of Renminbi, unless otherwise stated)*

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

1 CORPORATE INFORMATION

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

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

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

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

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

(1) Basis of preparation

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

The condensed consolidated interim financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2021.

(2) Significant accounting policies

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

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

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

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

IFRS 9 Financial Instruments

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

Classification and measurement of financial assets and financial liabilities

IFRS 9 requires that the Group classifies debt instruments based on the combined effect of application of business models (hold to collect contractual cash flows, hold to collect contractual cash flows and sell financial assets or other business models) and contractual cash flow characteristics (solely payments of principal and interest on the principal amount outstanding or not). Debt instruments not giving rise to cash flows that are solely payments of principal and interest on the principal amount outstanding would be measured at fair value through profit or loss. Other debt instruments giving rise to cash flows that are solely payments of principal and interest on the principal amount outstanding would be measured at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"), based on their respective business models.

Equity instruments would generally be measured at fair value through profit or loss unless the Group elects to measure at FVOCI for certain equity investments not held for trading. This will result in unrealised gains and losses on equity instruments currently classified as available-for-sale securities being recorded in income going forward. Currently, these unrealised gains and losses are recognised in other comprehensive income ("OCI"). If the Group elects to record equity investments at FVOCI, gains and losses would be recognised in retained earnings when the instruments be disposed, except for the received dividends which do not represent a recovery of part of the investment cost.

Impairment

IFRS 9 replaces the “incurred loss” model with the “expected credit loss” model which is designed to include forwardlooking information. If the expected credit loss model was to be applied by the Group, the Group believed that the provision for the accumulated amount of impairment loss to be recognized by the Group would be generally increased as compared to the accumulated amount recognized under the previous “incurred loss” model.

Hedge accounting

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

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

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

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

(c) *New accounting standards and amendments that are not yet effective and have not been early adopted by the Group for the financial year beginning on 1 January 2022*

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

IFRS 17, Insurance Contracts

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

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

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

3 SEGMENT INFORMATION

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

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

- The property and casualty reinsurance segment, operated by the Company and subsidiaries of the Company China Property and Casualty Reinsurance Company Ltd. ("China Re P&C"), etc. offers a wide variety of reinsurance products for various property and casualty insurance, such as motor, property, agricultural and liability insurance, etc., and also includes the business operated by China Re UK Limited ("China Re UK") and Chaucer. Chaucer mainly includes China Re International Holdings Limited ("CRIH"), Chaucer Insurance Company Designated Activity Company ("CIC") and China Re Australia HoldCo Pty Ltd. ("CRAH").
- The life and health reinsurance segment, operated by the Company and its subsidiary company China Life Reinsurance Company Ltd. ("China Re Life"), offers a wide range of reinsurance products, such as life, health and accident insurance, etc.
- The primary property and casualty insurance segment, operated by the subsidiary of the Company China Continent Property and Casualty Insurance Company Ltd. ("China Continent Insurance"), offers a wide variety of insurance products and other businesses including motor, property and liability insurance, etc.
- The asset management segment, operated by the subsidiary of the Company, China Re Asset Management Company Ltd. ("China Re AMC"), offers asset management services and manages assets and liabilities related to notes issued in overseas.
- Other segments and activities primarily consist of the headquarters that manages and supports the business development of the Group with its strategy, risk management, actuary, finance, legal and human resource functions; the insurance agency business and other businesses provided by the Group.

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

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

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

For the six months ended 30 June 2022

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

For the six months ended 30 June 2021

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

30 June 2022							
	Property and casualty reinsurance	Life and health reinsurance	Primary property and casualty insurance	Asset management	Others	Elimination	Total
Segment assets	145,510,464	247,259,210	86,464,208	4,439,287	64,972,290	(40,134,459)	508,511,000
Segment liabilities	<u>(116,946,480)</u>	<u>(226,567,284)</u>	<u>(60,796,742)</u>	<u>(470,961)</u>	<u>(11,956,643)</u>	<u>6,409,517</u>	<u>(410,328,593)</u>
31 December 2021							
	Property and casualty reinsurance	Life and health reinsurance	Primary property and casualty insurance	Asset management	Others	Elimination	Total
Segment assets	134,851,688	241,533,748	83,553,865	14,619,336	64,427,227	(39,190,107)	499,795,757
Segment liabilities	<u>(106,673,076)</u>	<u>(216,987,837)</u>	<u>(57,611,825)</u>	<u>(10,635,130)</u>	<u>(11,162,614)</u>	<u>5,364,446</u>	<u>(397,706,036)</u>

4 GROSS AND NET WRITTEN PREMIUMS

(a) Gross written premiums

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

(b) Premiums ceded to reinsurers and retrocessionaires

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

(c) Net written premiums

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

5 INVESTMENT INCOME

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

Note: For the six months ended 30 June 2022, based on the latest estimated operating results of China Great Wall Asset Management Co., Ltd. (“Great Wall AMC”), provided by the management of Great Wall AMC to the Group, after prudent assessment, the Group made an impairment provision of RMB 548 million.

(a) Interest, dividend and rental income

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

(b) Realised (losses)/gains

	Six months ended 30 June	
	2022	2021
Fixed maturity investment		
– Available-for-sale financial assets	(369,610)	(11,365)
– Financial assets at fair value through profit or loss	19,288	(45,460)
Equity securities		
– Available-for-sale financial assets	(923,401)	3,533,392
– Financial assets at fair value through profit or loss	73,256	85,944
Derivative financial instruments	291,940	(16,020)
	<hr/>	<hr/>
Total	(908,527)	3,546,491
	<hr/> <hr/>	<hr/> <hr/>

(c) Unrealised (losses)/gains

	Six months ended 30 June	
	2022	2021
Financial assets at fair value through profit or loss	(455,729)	149,442
Financial liabilities at fair value through profit or loss	(41,008)	(11,736)
Derivative financial assets	(396,899)	(35,244)
Derivative financial liabilities	3,729	(28,669)
	<hr/>	<hr/>
Total	(889,907)	73,793
	<hr/> <hr/>	<hr/> <hr/>

(d) Impairment losses on financial assets

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

6 CLAIMS AND POLICYHOLDERS' BENEFITS

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

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

7 PROFIT BEFORE TAX

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

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

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

8 INCOME TAX

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

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

9 DIVIDENDS

	Six months ended 30 June 2022	2021
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In respect of previous year:

2021 final dividend (declared in 2022): RMB 0.045 per ordinary share	1,911,591	
2020 final dividend (declared in 2021): RMB 0.041 per ordinary share		1,741,672

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

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

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

11 PREMIUMS RECEIVABLE

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

(a) Aging analysis

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

(b) Impairment provision of premiums receivable

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

12 REINSURANCE DEBTORS

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

(a) Aging analysis

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

(b) Impairment provision of reinsurance debtors

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

13 INVESTMENTS IN ASSOCIATES

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

14 SHARE CAPITAL

	30 June 2022	31 December 2021
Issued and fully paid ordinary shares of RMB1 each		
– Domestic shares	35,800,391	35,800,391
– H shares	6,679,417	6,679,417
Total	<u>42,479,808</u>	<u>42,479,808</u>

15 CONTINGENCIES

Owing to the nature of the insurance business, the Group is involved in the making of estimates for contingencies and legal proceedings in the ordinary course of business. The adverse effects of these contingencies and legal proceedings mainly involve claims on the Group's insurance contracts and reinsurance contracts. The Group has considered possible losses caused by such litigations when measuring insurance contract liabilities. For the six months ended 30 June 2022, certain subsidiaries of the Group were involved in such legal proceedings, and the amounts for specific legal claims may be significant and the cases are being investigated by relevant authorities. While the outcomes of such contingencies and legal proceedings cannot be determined at present, based on the current available information, the Group believes that they did not have a material adverse impact on the financial position as at 30 June 2022 and operating results of the Group for the six months ended 30 June 2022.

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

- (1) As at 30 June 2022, the Company provided maritime guarantee of RMB1,569 million (31 December 2021: RMB1,825 million) for domestic and overseas ship mutual insurance associations or overseas insurance institutions which provided 100% of counter guarantee for the aforesaid maritime guarantee.
- (2) As at 30 June 2022, CRIH provided letter of credit to Lloyd's to support Syndicate 1084's and Syndicate 1176's underwriting business of GBP 313 million totally (31 December 2021: GBP 335 million).
- (3) CRIH has entered into two Tier 1 securities lending arrangement for funds at Lloyd's with two financial institutions. The facilities amounted to £80 million and \$50 million (December 31 2021: £80m and \$50m).

16 RESTATEMENTS

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

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

Key Operating Data

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

Unit: in RMB millions, except for percentages

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

- Notes:* 1. Gross written premiums for each business segment do not consider inter-segment eliminations, in which:
- the businesses of P&C reinsurance segment mainly include domestic P&C reinsurance business, overseas P&C reinsurance and Chaucer business, CNIP business and legacy P&C reinsurance business;
- the businesses of life and health reinsurance segment mainly include domestic life and health reinsurance business, overseas life and health reinsurance business and legacy life and health reinsurance business; and
- the business of primary P&C insurance segment refers to the property and casualty insurance business operated by China Continent Insurance.
2. Total investment income = investment income + share of profits of associates – interest expenses on securities sold under agreements to repurchase.
3. Annualised total investment yield = total investment income ÷ average of total investment assets as at the beginning and end of the period × 2.

4. Net investment income = interest + dividend + rental income + share of profits of associates.
5. Annualised net investment yield = Net investment income ÷ average of total investment assets as at the beginning and end of the period × 2.

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

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

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

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

Our core reinsurance business maintained its solid market position and we continued to maintain leading market share in both domestic P&C reinsurance market and life and health reinsurance market. We also maintained leading market share in domestic primary P&C insurance business.

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

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

Key Financial Indicators

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

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

	For the six months ended 30 June		
	2022	2021	Change (%)
Gross written premiums	87,980	83,277	5.6
Profit before tax	1,980	4,904	(59.6)
Net profit	1,637	3,977	(58.8)
Net profit attributable to equity shareholders of the parent company	1,681	4,011	(58.1)
Earnings per share (RMB)	0.04	0.09	(58.1)
Annualised weighted average return on equity (%) ¹	3.66	8.50	Decrease by 4.84 percentage points

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

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

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

Unit: in RMB millions, unless otherwise stated

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

- Notes:*
1. Due to rounding adjustments, figures shown may not be arithmetic aggregation of the figures preceding them.
 2. Affected by Great Wall Asset's reduction in its results for 2021, the Group's financial data for 2021 has been restated. The data as at 31 December 2021 presented in the table was restated. For details, please refer to the section headed "Management Discussion and Analysis – Major Events – Other Major Events".

P&C Reinsurance Business

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

In the first half of 2022, we endeavoured to strengthen our position as a leading domestic reinsurer. We continued to facilitate the establishment of platforms for domestic commercial insurance business and national policy-oriented business, strengthen the innovation-driven model and technological application, and accelerate the implementation of strategic initiatives. We continued to upgrade our customer service system, consistently strengthened the capability of our underwriting team, and enhanced our technical capabilities. We maintained stable development in emerging business sectors such as the construction inherent defects insurance (IDI), short-term health insurance, construction surety bond insurance, catastrophe insurance, Chinese interest abroad projects insurance, cyber securities insurance, and safety production liability umbrella excess of loss insurance and thus our business structure continued to be optimised.

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

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

Business Analysis

Domestic P&C Reinsurance Business

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

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

	For the six months ended 30 June		
	2022	2021	Change
Loss ratio (%)	65.92	70.30	Decrease by 4.38 percentage points
Expense ratio (%)	33.64	29.41	Increase by 4.23 percentage points
Combined ratio (%)	99.56	99.71	Decrease by 0.15 percentage points

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

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

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

Unit: in RMB millions, except for percentages

Type of reinsurance arrangement	For the six months ended 30 June			
	2022		2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Treaty reinsurance	19,296	94.7	14,222	90.7
Facultative reinsurance ¹	1,073	5.3	1,450	9.3
Total	20,369	100.0	15,672	100.0

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

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

Unit: in RMB millions, except for percentages

Form of cession	For the six months ended 30 June			
	2022		2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Proportional reinsurance	20,120	98.8	15,452	98.6
Non-proportional reinsurance	248	1.2	220	1.4
Total	20,369	100.0	15,672	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			
	2022		2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Primary	18,935	93.0	14,426	92.0
Via broker	1,434	7.0	1,246	8.0
Total	20,369	100.0	15,672	100.0

Lines of Business

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

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

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

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

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

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

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

Engineering reinsurance. In the first half of 2022, reinsurance premium income from engineering insurance business amounted to RMB1,294 million, representing a year-on-year increase of 4.0%, basically the same as that in the same period last year.

Clients and Client Services

In the first half of 2022, we continued to uphold the customer-oriented philosophy. We have maintained stable cooperative relationships with major P&C insurance companies in the PRC, continued to improve user experience through business cooperation, exchange of technical know-how and client services, and delivered insurance value to promote the in-depth development of cooperative relationships. Focusing on customers' needs, we improved the construction of client service system and actively explored innovative approaches to client services. As at the end of the Reporting Period, we maintained business relationships with 86 domestic P&C insurance companies, covering 97.7% of clients. We were the lead reinsurer for over 40% of our reinsurance contracts. We ranked first in the domestic market in terms of both client coverage and the number of contracts entered into as the lead reinsurer.

Overseas P&C Reinsurance and Chaucer Business

Overseas P&C reinsurance business in this section includes overseas P&C reinsurance business operated by China Re P&C and Singapore Branch. Chaucer business described in this section refers to overseas P&C reinsurance and overseas primary P&C insurance business operated by the entities of Chaucer.¹

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

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

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

	For the six months ended 30 June		Change
	2022	2021	
Loss ratio (%)	58.10	52.38	Increase by 5.72 percentage points
Expense ratio (%)	38.40	39.96	Decrease by 1.56 percentage points
Combined ratio (%)	96.50	92.34	Increase by 4.16 percentage points

Overseas P&C Reinsurance Business

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

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

	For the six months ended 30 June		Change
	2022	2021	
Loss ratio (%)	68.54	69.11	Decrease by 0.57 percentage points
Expense ratio (%)	28.42	29.22	Decrease by 0.80 percentage points
Combined ratio (%)	96.96	98.33	Decrease by 1.37 percentage points

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

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

Unit: in RMB millions, except for percentages

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

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

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

Unit: in RMB millions, except for percentages

Line of business	For the six months ended 30 June				
	2022		YoY change (%)	2021	
	Amount	Percentage (%)		Amount	Percentage (%)
Non-marine	1,624	65.8	(0.6)	1,634	71.6
Specialty	306	12.4	7.7	284	12.4
Liability	159	6.4	39.5	114	5.0
Others ¹	379	15.4	51.6	250	10.9
Total	2,468	100.0	8.2	2,281	100.0

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

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

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

In terms of service ability, our quotation ability continued to improve, and our service quality received recognition from more clients. Leveraging our talents and technology advantages as well as years of experience in international business operations, we were able to better serve domestic clients in the PRC by providing more products and cooperation solutions for international reinsurance practice, and give full play to our advantages of the synergy between domestic and overseas businesses especially in promoting the Belt and Road related business development and in safeguarding the overseas interests of Chinese clients.

Chaucer Business

In the first half of 2022, the gross written premiums from Chaucer amounted to RMB8,906 million, representing a year-on-year increase of 20.6%, mainly due to the positive results achieved as Chaucer leveraged its own professional advantages to seize the opportunity of rising market premiums and actively explored the non-Lloyd's market. The combined ratio was 96.34%¹, representing a year-on-year increase of 6.60 percentage points, mainly due to (i) the prudent provision for losses arising from the Russian-Ukrainian conflict; and (ii) the increase in net loss due to natural catastrophes. The combined ratio, after excluding the impact of the Russian-Ukrainian conflict, was 82.73%, representing a year-on-year decrease of 7.01 percentage points. The return on economic capital² (ROEC) was 5.2%. Taking advantage of the favourable environment of rising rates, Chaucer optimised the non-catastrophe loss rate and controlled the expense ratio, so that the combined ratio was still in line with expectation. The premium of contracts led by Chaucer accounted for approximately 47.0% of its overall gross written premiums. Chaucer is one of the limited number of Lloyd's quality market entities that gained market recognition and support in respect of both the underwriting and claims fronts.

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

	For the six months ended 30 June		Change
	2022	2021	
Loss ratio (%)	54.30	45.13	Increase by 9.17 percentage points
Expense ratio (%)	42.04	44.61	Decrease by 2.57 percentage points
Combined ratio (%)	96.34	89.74	Increase by 6.60 percentage points

Notes: 1. Under the UK GAAP, the combined ratio of Chaucer was 92.7%, which was different from that under the International Accounting Standards due to the different treatment for exchange gains and losses as well as reserve discounting and risk margin.

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

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

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

Unit: in RMB millions, except for percentages

Type of business	For the six months ended 30 June			
	2022		2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Treaty reinsurance	4,484	50.3	2,830	38.3
Facultative reinsurance	1,111	12.5	1,603	21.7
Primary insurance	3,311	37.2	2,953	40
Total	8,906	100.0	7,386	100.0

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

Unit: in RMB millions, except for percentages

Line of business	For the six months ended 30 June				
	2022		YoY change (%)	2021	
	Amount	Percentage (%)		Amount	Percentage (%)
Casualty and political risk/credit insurance	1,803	20.2	(0.2)	1,807	24.5
Marine, energy, space and aviation, nuclear insurance	1,460	16.4	2.1	1,430	19.4
Property and political violence insurance	1,527	17.1	27.8	1,195	16.2
Others ¹	4,116	46.3	39.4	2,953	40.0
Total	8,906	100.0	20.6	7,386	100.0

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

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

In terms of professional capability, we have a management team that has rich experience in insurance sector. The current senior management team has an average term in office of Chaucer for approximately 17 years, and has an entrepreneurial approach to business. We have operational capability to deliver customised risk solutions to the market with more than 110 experienced underwriters having distinctive reputation in the market across 45 specialty lines, including political risk and nuclear insurance, etc. We also have an outstanding claims team with over 100 years of claims handling experience in London market capable of dealing with the most complex claims, which effectively handles approximately 10,000 claims each year. In addition, we operate a comprehensive risk management system comprising five components of “strategy, governance, appetite, assessment and reporting” with a risk culture that cuts through business processes and performance assessment, with a view to effectively managing and controlling risks and supporting healthy development of business.

In terms of service platforms, with headquarters in London, and international branches in Europe, the Middle East and North Africa, Latin America and Asia, Chaucer protects clients worldwide. We provide our clients with a range of flexible business platforms to choose from. Membership of Lloyd’s allows Chaucer to take advantage of Lloyd’s strong rating and excellent brand reputation to provide risk coverage to our clients in over 200 countries and territories worldwide. Our underwriting capacity at Lloyd’s exceeded GBP1.3 billion, making us one of the leading platforms in Lloyd’s market. Furthermore, the brand strength and global reputation of China Re Group have brought Chaucer many new business opportunities, including providing underwriting support to the Belt and Road related enterprises.

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

In terms of environmental, social and governance (ESG), Chaucer initiated the formulation of relevant strategies, and improved relevant plans through active ESG cooperation with multiple partners. In addition, Chaucer’s investment portfolios were rated A on the MSCI World Index which is the leading benchmark for ESG scoring.

CNIP Business

The Group Company, together with China Re P&C and China Continent Insurance, underwrites global nuclear insurance business via CNIP. In the first half of 2022, our reinsurance premium income from business via the CNIP platform amounted to RMB79 million.

Financial Analysis

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

Unit: in RMB millions, except for percentages

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

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

Gross Written Premiums

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

Premiums Ceded to Reinsurers and Retrocessionaires

Premiums ceded to reinsurers and retrocessionaires for our P&C reinsurance segment increased by 29.6% from RMB2,938 million in the first half of 2021 to RMB3,807 million in the first half of 2022, mainly due to the adjustment in retrocession arrangements and the increase in retained premiums.

Investment Income

Investment income from our P&C reinsurance segment decreased by 52.0% from RMB2,178 million in the first half of 2021 to RMB1,046 million in the first half of 2022. For details of analysis on changes of investment income, please refer to relevant contents in asset management business segment.

Claims and Policyholders' Benefits

Claims and policyholders' benefits for our P&C reinsurance segment increased by 15.2% from RMB14,025 million in the first half of 2021 to RMB16,159 million in the first half of 2022, mainly due to the impact of growth in gross written premiums and major risk events which led to the corresponding increase in claims and policyholders' benefits.

Handling Charges and Commissions

Handling charges and commissions for our P&C reinsurance segment increased by 31.9% from RMB6,372 million in the first half of 2021 to RMB8,404 million in the first half of 2022, mainly due to the impact of the growth in gross written premiums and changes in the conditions of the undertaking business.

Share of Profits and Losses of Associates

Share of profits and losses of associates for our P&C reinsurance segment decreased by 28.4% from RMB141 million in the first half of 2021 to RMB101 million in the first half of 2022, mainly due to the decrease in profits of our associates in the first half of 2022.

Net Profit

As a result of the decrease in investment income, despite the improvement of underwriting profits, net profit for our P&C reinsurance segment decreased by 56.1% from RMB2,056 million in the first half of 2021 to RMB903 million in the first half of 2022.

Life and Health Reinsurance Business

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

In the first half of 2022, the external operating environment of the Company was complicated and severe with increasing uncertainties. The domestic life and health insurance market experienced an overall loss of growth. At the same time, the industry exercised strict supervision with frequent new regulatory rules and enhanced control. The number of new policies in life and health insurance market in Hong Kong and Singapore declined. There was an increase in business costs and insufficient new business momentum in both domestic and overseas markets. We strove to overcome the adverse impact of the industry, pursued active innovative development, continued to optimise our business structure, and effectively managed risks on the whole. We strategically developed the protection-type reinsurance business, facilitated the supply-side structural reform of the industry with “Product+” and “Data+” models. To implement the strategy of “Serving the Healthy China and Building Inclusive Finance”, we actively advanced Hui Min Bao business and opened up Hui Jun Bao market while giving full play to the Company’s technical advantages in product development and risk control, and promoted the integration of health insurance products and health industry by constantly implementing innovation in insurance payment models. We helped China Association of Actuaries with the compilation project of the Fourth Mortality Table and the Guangdong-Hong Kong-Macao Greater Bay Area Mortality Table for Life and Health Insurance Industry of China (《中國人身保險業第四套經驗生命表及粵港澳大灣區經驗生命表》). We achieved diversified development in savings-type reinsurance business, strengthened coordinated innovation in domestic and overseas markets, and attached great importance to cost control and asset-liability management. We developed financial reinsurance business under the premise of compliance and improved management of existing business. We continued paying close attention to the credit risk and compliance risk of our counterparties. We are in a solid competitive position in both the mainland and Hong Kong markets. In the mainland market, we have maintained the highest proportion of reinsurance contracts being entered into as leading reinsurer in all reinsurance contracts.

In the first half of 2022, reinsurance premium income from our life and health reinsurance segment amounted to RMB32,998 million, representing a year-on-year decrease of 6.9% and accounting for 36.9% of the Group’s gross written premiums (before inter-segment eliminations). Net profit amounted to RMB564 million, representing a year-on-year decrease of 64.0%, and annualised weighted average return on equity reached 4.99%, of which reinsurance premium income from China Re Life (consolidated with China Re HK) amounted to RMB32,897 million, representing a year-on-year decrease of 7.3%; total written premiums (“TWPs”) amounted to RMB35,947 million (including TWPs of RMB3,050 million from savings-type non-insurance business), representing a year-on-year decrease of 4.0%.

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

Business Analysis

In terms of business line, the protection-type reinsurance business saw progress in the stability; the savings-type reinsurance business controlled the development pace; and the financial reinsurance business increased compared with the same period last year.

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 line	For the six months ended 30 June				
	2022		YoY change (%)	2021	
	Amount	Percentage (%)		Amount	Percentage (%)
Domestic protection-type reinsurance	13,506	41.1	12.6	11,998	33.8
Domestic savings-type reinsurance	1,106	3.4	(60.8)	2,819	7.9
Domestic financial reinsurance	13,581	41.3	12.7	12,055	34.0
Domestic in total	28,193	85.7	4.9	26,872	75.7
Overseas savings-type reinsurance	4,429	13.5	(47.6)	8,459	23.8
Other overseas business	275	0.8	61.7	170	0.5
Overseas in total	4,704	14.3	(45.5)	8,629	24.3
Total	32,897	100.0	(7.3)	35,501	100.0

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

Domestic Life and Health Reinsurance Business

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

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

In respect of the protection-type reinsurance business, the reinsurance premium income amounted to RMB13,506 million in the first half of 2022, achieving a year-on-year increase of 12.6% despite sluggish growth of the industry. Of which, reinsurance premium income of RMB5,789 million was from the yearly renewable term protection-type business¹ and RMB5,743 million was from the mid-end medical care insurance business, and the total reinsurance premium income was RMB11,532 million, accounting for 85.4% of the reinsurance premium income from the protection-type reinsurance business, up by 4.3 percentage points year-on-year. Facing severe business environment, we actively took the following countermeasures: (i) we anchored to key customers and grasped major business opportunities to reinforce close customised cooperation through the mechanism of product innovation laboratory; (ii) we cultivated new markets by way of traditional innovation and tapped into the market of new critical illness insurance while giving full play to the advantages of new risk underwriting technology in health insurance business; and (iii) we also focused on industrial integration and innovation, achieving strategic breakthroughs in Hui Min Bao, Hui Jun Bao and various innovative insurance payment models. We actively cooperated with entities in different business segments and carried out innovative payment cooperation. We cooperated with Hui Min Bao and insurance for sick population represented by Chongqing and Hangzhou, the consumer medical segment represented by online clinical medicine, and the innovative medicine and medical device segment represented by CAR-T (chimeric antigen receptor T cell therapies). With the combined effect of innovation-driven and stringent risk control, we overcame difficulties in business development and achieved a combined ratio (excluding operating and administrative expenses) after retrocession of the short-term protection-type business of 98.24%, indicating stable business quality, with underwriting profits of RMB213 million.

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

In respect of the savings-type reinsurance business, opportunities were limited due to cost rigidity of business. The reinsurance premium income amounted to RMB1,106 million in the first half of 2022, representing a year-on-year decrease of 60.8%, and the TWPs amounted to RMB4,166 million, representing a year-on-year decrease of 10.5%.

In respect of the financial reinsurance business, we seized business opportunities and paid more attention to compliance and risk management under the “C-ROSS” Phase II. The reinsurance premium income amounted to RMB13,581 million in the first half of 2022, representing a year-on-year increase of 12.7%. We paid close attention to changes in the regulatory policies, strengthened business model innovation and optimisation and analyses of counterparty risk, improved capital optimisation management and enhanced the efficiency of capital usage.

Overseas Life and Health Reinsurance Business

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

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

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

In respect of other overseas business, the reinsurance premium income amounted to RMB275 million in the first half of 2022, representing a year-on-year increase of 61.7%, which was mainly attributable to an overseas financial reinsurance business.

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

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

Unit: in RMB millions, except for percentages

Type of reinsurance arrangement	For the six months ended 30 June			
	2022		2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Treaty reinsurance	32,856	99.9	35,395	99.7
Facultative reinsurance	41	0.1	106	0.3
Total	32,897	100.0	35,501	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			
	2022		2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Proportional reinsurance	32,883	100.0	35,482	99.9
Non-proportional reinsurance	14	0.0	19	0.1
Total	32,897	100.0	35,501	100.0

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

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

Unit: in RMB millions, except for percentages

Line of business	For the six months ended 30 June				
	2022		YoY change (%)	2021	
	Amount	Percentage (%)		Amount	Percentage (%)
Life reinsurance	19,936	60.6	(17.4)	24,141	68.0
Health reinsurance	12,448	37.8	23.4	10,089	28.4
Accident reinsurance	513	1.6	(59.6)	1,271	3.6
Total	32,897	100.0	(7.3)	35,501	100.0

Financial Analysis

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

Unit: in RMB millions, except for percentages

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

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

Gross Written Premiums

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

Premiums Ceded to Retrocessionaires

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

Investment Income

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

Claims and Policyholders' Benefits

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

Handling Charges and Commissions

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

Share of Profits and Losses of Associates

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

Net Profit

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

Primary P&C Insurance Business

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

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

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

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

Business Analysis

Analysis by Line of Business

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

Unit: in RMB millions, except for percentages

Line of business	For the six months ended 30 June				
	2022		Year-on-year change (%)	2021	
	Amount	Percentage (%)		Amount	Percentage (%)
Motor insurance	12,184	49.7	1.1	12,047	51.6
Accident and short-term health insurance	5,225	21.3	17.8	4,436	19.0
Liability insurance	2,073	8.5	35.5	1,530	6.6
Surety insurance	2,009	8.2	(14.4)	2,348	10.1
Agriculture insurance	975	4.0	71.4	569	2.4
Cargo insurance	561	2.3	(24.0)	738	3.2
Others ¹	1,476	6.0	(11.3)	1,664	7.1
Total	24,503	100.0	5.0	23,332	100.0

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

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

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

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

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

Agriculture Insurance. In the first half of 2022, primary premium income from agriculture insurance amounted to RMB975 million, representing a year-on-year increase of 71.4%. We continued to improve the operating conditions of agriculture insurance business, obtaining operating qualifications for agriculture insurance in 32 provinces (autonomous regions, municipalities directly under the central government and municipalities separately listed on the state plan) cumulatively. We made every effort to advance the policy selection projects for agriculture insurance, and made breakthroughs in innovative insurance for planting insurance, breeding insurance, forest insurance and agriculture insurance, as well as agriculture-related insurance, with an additional bid-winning amount of RMB290 million. We continued to innovate and develop insurance products, and focused on exploring insurance for agricultural products with local characteristics, weather index insurance, price index insurance, agricultural futures price insurance, planting income insurance and other insurances. Cumulatively, 173 products including 99 innovative products were developed and filed.

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

Analysis by Business Channel

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

Unit: in RMB millions, except for percentages

Business channel	For the six months ended 30 June			
	2022		2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Insurance agents	13,607	55.5	13,602	58.3
Of which: Individual insurance agents	8,217	33.5	8,673	37.2
Ancillary insurance agencies	829	3.4	1,181	5.1
Professional insurance agencies	4,561	18.6	3,748	16.0
Direct sales	8,112	33.1	7,650	32.8
Insurance brokers	2,784	11.4	2,080	8.9
Total	24,503	100.0	23,332	100.0

Analysis by Region

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

Unit: in RMB millions, except for percentages

Region	For the six months ended 30 June			
	2022		2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Shanghai	3,220	13.0	3,685	15.8
Zhejiang	2,220	9.1	1,894	8.1
Yunnan	1,763	7.2	1,716	7.4
Shandong	1,379	5.6	1,359	5.8
Inner Mongolia	1,262	5.2	993	4.3
Jiangxi	1,102	4.5	902	3.9
Sichuan	928	3.8	856	3.7
Henan	841	3.4	875	3.8
Chongqing	833	3.4	732	3.1
Shaanxi	782	3.2	760	3.3
Others	10,172	41.7	9,558	41.0
Total	24,503	100%	23,332	100%

Combined Ratio

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

	For the six months ended 30 June	
	2022	2021
Loss ratio (%)	68.05	73.19
Expense ratio (%) ¹	34.95	37.09
Combined ratio (%)	103.00	110.28

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

Financial Analysis

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

Unit: in RMB millions, except for percentages

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

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

Gross Written Premiums

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

Premiums Ceded to Reinsurers

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

Reinsurance Commission Income

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

Investment Income

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

Claims and Policyholders' Benefits

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

Handling Charges and Commissions

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

Net profit

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

Asset Management Business

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

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

Investment Portfolio

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

Unit: in RMB millions, except for percentages

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

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

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

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

4. Including investment properties, currency swaps, etc.

In terms of investment management, we adhered to making progress while maintaining stability amid the significant market fluctuations, and strengthened active response and refined management to proactively seize the phased opportunities for allocation and deterministic investment income. In terms of asset allocation, we adhered to dynamic optimisation, allocating substantially more high-dividend assets in China and overseas, so as to obtain stable investment income. In terms of domestic fixed income, we flexibly mastered the pace of market fluctuation to steadily promote the re-allocation upon maturity and strictly controlled the credit risk, while optimising the allocation of non-standard products to play the crucial role of stabilisation. As for overseas fixed income, we focused on risk avoidance, highlighted the chance of sharp rebound of yields, and optimised allocation to improve medium-and-long-term returns. For equity investment, we maintained focused, controlled position, and balanced structure. In particular, we explored on industries and high-quality individual stocks with medium-and-long-term sustainable room for growth and valuation that matched with the fundamentals. For alternative investments, we kept paying attention to high-growth quality enterprises and sought investment opportunities in due course.

As at the end of the Reporting Period, in terms of par value, among the assets entrusted by the Group Company, China Re P&C, China Re Life, China Continent Insurance and products from insurance asset managers for management with China Re AMC acting as the trustee, domestic credit bond investment accounted for 24.75%, of which bonds with AAA rating accounted for 93.45%, and bonds with AA rating¹ and above accounted for 100%. Currently, there is no bond default and the risk is generally controllable.

As at the end of the Reporting Period, the assets entrusted by the Group Company, China Re P&C, China Re Life and China Continent Insurance and products from insurance asset managers for management with China Re AMC acting as the trustee directly held domestic non-standard assets² which accounted for 11.15% of entrusted assets under the management of China Re AMC, of which those with an external rating of AA+ and above accounted for 84.91%. The top three industries in terms of positions held were real estate, transportation and public utilities, accounting for 27.43%, 23.91% and 19.44%, respectively.

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

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

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

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

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

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

On 23 June 2016, China Re AMC initiated to establish China Re – Bairong World Trade Center Real Estate Debt Investment Scheme with a term of 11 years. The subscription amount by China Re P&C, China Re Life and China Continent Insurance was RMB8,000 million in total. A principal of RMB1,540 million in total for such scheme was repaid five times on 27 June 2017, 27 June 2018, 27 June 2019, 30 July 2019 and 20 December 2019, respectively. Since 2020, China Re AMC has taken legal measures on behalf of the investment plan due to failure of the debt-servicing entity and the guarantor of the investment plan to make timely payments relating to the investment plan.

In the first half of 2022, China Everbright Bank continued to boost the strategy of “building a first-class wealth management bank”, and its business and performance growth were expected to benefit from the new momentum injected by retail business. The overall risk profile of the company was controllable and the overall operation was relatively stable. As at the end of the Reporting Period, China Re Group held approximately 4.29% equity interest in China Everbright Bank in aggregate. China Everbright Bank is expected to bring us long-term and stable investment returns in the future.

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

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

Investment Performance

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

Unit: in RMB millions, except for percentages

Investment income	For the six months ended 30 June	
	2022	2021
Cash and fixed-income investments	4,557	4,769
Interest income	5,254	4,948
Realised losses	(350)	(57)
Unrealised gains	9	83
Impairment losses	(356)	(205)
Equity and investment funds	(375)	4,580
Dividend income	1,065	933
Realised (losses)/gains	(850)	3,619
Unrealised (losses)/gains	(507)	55
Impairment losses	(83)	(27)
Other investments	637	1,243
Total investment income from investment in associates	601	1,203
Other gains or losses ¹	36	40
Less: Interest expenses on financial assets sold under agreements to repurchase	(467)	(290)
Total investment income ²	4,352	10,302
Annualised total investment yield (%) ²	2.76	6.55
Net investment income ³	7,606	7,205
Annualised net investment yield (%) ³	4.82	4.58

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

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

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

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

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

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

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

Insurance Intermediary Business

Insurance intermediary business refers to the insurance intermediary business operated by Huatai Insurance Agency and its subsidiary, Huatai Surveyors & Adjusters Company. In the first half of 2022, against a general environment of intensifying competition and tightening regulatory policies in the insurance intermediary market, we adhered to the general principle of making progress while ensuring stability and striving for innovation and transformation, and strove to boost the “Going Out” marketing, industrial layout and coordinated development. However, affected by the pandemic, the development of various businesses and institutions of Huatai Insurance Agency was seriously hindered.

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

Solvency

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

Unit: in RMB millions, except for percentages

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

- Notes:*
1. Core solvency adequacy ratio = core capital ÷ minimum capital; aggregated solvency adequacy ratio = available capital ÷ minimum capital.
 2. Due to rounding adjustments, figures shown may not be arithmetic aggregation of the figures preceding them.
 3. The solvency-related data as at 30 June 2022 have not been audited or reviewed by the Company's auditors.
 4. The data on 30 June 2022 are the data after considering the effect of restatements, which are different from the relevant data in the summary of solvency report; the data on 31 December 2021 (after adjustment) are taken into account of the effect of restatements; and the data as at 31 December 2021 (before adjustment) are data submitted to the CBIRC previously subject to regulatory requirements, which have been audited in the previous period by the auditor of the Company.

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

According to the requirements of the Solvency Regulatory Rules (II) for Insurance Companies (Yin Bao Jian Fa [2021] No. 51), the "Summary of Solvency Reports" as of the end of the second quarter of 2022 of the Group Company and its subsidiaries, namely China Re P&C, China Re Life and China Continent Insurance, will be disclosed on their official websites respectively and the website of Insurance Association of China in due course. Shareholders and investors are advised by the Board to pay attention to the following key operation indicators extracted from the Summary of Solvency Reports for the second quarter, adjusted after considering the impact of the restatement of the financial statements:

Table 1: Key operating indicators

Unit: in RMB millions unless otherwise stated

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

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

Unit: in RMB millions unless otherwise stated

Indicators \ Entity	China Continent Insurance
	For the six months ended 30 June 2022
Premiums of signed policies (total premiums for policies sold)	24,189
Premiums of signed policies for motor insurance	12,206
Premiums of signed policies for top 5 non-motor insurance	9,996
Average premiums per motor for motor insurance (RMB) (written premiums from new motor insurance policies/number of new motors underwritten)	1,168
Premiums of signed policies by channels	24,189
Premiums of signed policies of agency channels	13,706
Premiums of signed policies of direct sale channels	7,768
Premiums of signed policies of brokerage channels	2,714
Premiums of signed policies of other channels	0

- Notes:*
1. As the consolidated scope is larger than these four companies and affected by offsetting factors when calculating the consolidated net profit of the Group, the consolidated net profit of the Group is not equal to the sum of net profits of these four companies.
 2. The relevant data as at 30 June 2022 in the Summary of Solvency Reports of the Group Company, China Re P&C, China Re Life and China Continent Insurance are the same as the data submitted to the CBIRC, which are not audited or reviewed by the auditors of the Company. The above data disclosed in Table 1 and Table 2 has been adjusted according to the restatement of the financial statements, which is different from the relevant data in the Summary of Solvency Reports.
 3. Due to rounding adjustments, figures shown may not be arithmetic aggregation of the figures preceding them.

For viewing of the Summary of Solvency Reports for the second quarter of 2022, shareholders and potential investors can visit the official websites of the Company at <http://www.chinare.com.cn>, China Re P&C at <http://www.cpcr.com.cn>, China Re Life at <http://www.chinalifere.cn> and China Continent Insurance at <http://www.ccic-net.com.cn>, or the website of Insurance Association of China at <http://www.iachina.cn> for enquiries.

Exchange Rate Fluctuation Risk

Substantial amount of assets and liabilities of the Group is denominated in Renminbi, but certain assets and liabilities are denominated in Hong Kong dollars, US dollars, British pounds and other foreign currencies. The fluctuations of the value of Renminbi against such currencies expose us to foreign exchange risks. We control the adverse impacts of the fluctuations of exchange rates through enhancing management of the assets and liabilities matching in different currencies, keeping foreign exchange positions under control and using foreign currency derivatives appropriately. As at 30 June 2022, the Group held foreign currency derivatives of RMB29 million (31 December 2021: RMB436 million).

Details of Assets Charged and Bank Borrowings

As at 30 June 2022, bonds with a carrying value of RMB19,497 million (as at 31 December 2021: RMB17,678 million) were pledged as collateral for the securities sold under agreements to repurchase resulting from debt repurchase transactions entered into by the Group in the interbank market.

For debt repurchase transactions through the stock exchange, the Group is required by the stock exchange to deposit certain exchange-traded bonds into a collateral pool with fair value converted at a standard rate pursuant to the stock exchange's regulation which should be no less than the balance of the related repurchase transactions during the repurchase period. As at 30 June 2022, the carrying value of bonds deposited in the collateral pool of the stock exchange held by the Group was RMB53,794 million (as at 31 December 2021: RMB49,593 million). The bonds deposited in the collateral pool are restricted from trading during the deposit period. The Group can withdraw the bonds deposited in the collateral pool in short time provided that the value of the bonds is no less than the balance of related repurchase transactions.

As at 30 June 2022, the Group held a long-term borrowing of USD550 million with a coupon rate of 4.7%, and the term was 60 months.

Contingencies

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

- (1) As at 30 June 2022, the Company provided maritime guarantee of RMB1,569 million (31 December 2021: RMB1,825 million) for domestic and overseas ship mutual insurance associations or overseas insurance institutions which provided 100% of counter guarantee for the aforesaid maritime guarantee.
- (2) As at 30 June 2022, CRIH provided letter of credit to Lloyd's to support Syndicate 1084's and Syndicate 1176's underwriting business of GBP313 million totally (31 December 2021: GBP335 million).
- (3) During the Reporting Period, CRIH has entered into Tier 1 securities lending arrangement for Funds at Lloyd's with two financial institutions. The facilities amounted to GBP80 million and USD50 million respectively (31 December 2021: GBP80 million and USD50 million respectively).

Employees

As of 30 June 2022, China Re Group had a total of 55,965 employees. The Group's staff remuneration comprises three components, namely basic salary, performance bonus and benefits and subsidies. We always uphold the guidance of "combining the market practice with the real situation of China Re", follow the distribution concept of "giving priority to the front-line staff, the front office staff, the core backbones and the best-performing staff", and have established a fair, competitive and motivating remuneration system. We have established an enterprise annuity plan and a supplementary medical insurance plan to provide employees with more comprehensive benefits, which plays an important role in attracting, motivating and retaining talents.

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

Major Events

Material Connected Transactions

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

Use of Proceeds

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

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

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

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

Other Major Events

Maturity and Repayment of US Dollar-Denominated Notes

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

As at 10 March 2022, the Company has repaid the principal and accrued interest of the notes in full, and the notes have been cancelled accordingly.

Impact of Great Wall Asset Project

The Group's equity in the joint venture Great Wall Asset was accounted for using the equity method. Before the disclosure of the 2021 annual report by the Group, Great Wall Asset failed to provide its audited 2021 annual financial statements to the Group. Therefore, according to the unaudited financial statements and relevant explanations provided by Great Wall Asset, the Group prepared the 2021 annual financial report after careful study and assessment, which was then audited by the auditor who issued a standard unqualified audit report. On 26 August 2022, Great Wall Asset provided the Group with its audited 2021 annual financial statements, which were materially different from the aforesaid unaudited financial statements, resulting in a decrease of RMB409 million in the Group's net profit attributable to the parent company for 2021 from RMB6,363 million to RMB5,954 million. Please refer to Note 16 of the financial statements for details of the restatement.

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

Prospects

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

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

For the life and health reinsurance business, we will adhere to the requirements under the “14th Five-Year” Plan, continue to focus on “seeking progress while maintaining stability, carrying out reform and innovation”, actively promote supply side reforms such as products and services by seizing major development opportunities such as the health insurance development of the industry, industrial integration and digital transformation, and continue to pay attention to industry policies and risk events. Focusing on “Data+” and “Product+”, we will vigorously expand business scale of the protection-type business, explore policy opportunities such as new critical illnesses, long-term medical care and inclusive medical care, innovate and upgrade product development and service integration, as well as continue to strengthen risk prevention and management to promote high-quality development of the protection-type business. We will strictly control operating cost, enhance the asset-liability matching and risk management of the savings-type business. We will anchor in meeting our customers’ needs, strengthen counterparty risk management and existing business management, and perform the financial reinsurance business innovatively under the principle of controllable risk. We will fully capitalise on “(domestic and overseas) dual-markets” and “(business and investment) dual-platforms” to achieve the collaborative development of business in domestic and overseas markets.

For the primary P&C insurance business, we will closely adhere to serving the national strategies and the Group's development strategies under the "14th Five-Year" Plan. Persisting in consolidating the foundation and deepening accounting operation, we aspire to achieve the high-quality development goals of "strengthening foundation, seeking progress in stability, strengthening compliance work and creating profits" by maintaining growth momentum and optimising cost control. In respect of the motor insurance, we will insist on optimising the business structure of motor insurance and expanding its underwriting coverage with a focus on comprehensive operation of motor insurance, thereby achieving efficient growth through active changes in operation concept, acceleration of channel construction, and building core capability of motor insurance operation. In respect of the non-motor insurance, we will keep firmly promoting the implementation of the "Non-motor" strategy, deepening the customer-driven strategy to actively cater to market and customer needs while enhancing product innovation and focusing on business quality improvement, thus achieving efficient operation.

For the asset management business, facing the complex and severe domestic and overseas market situation, we will maintain strategic focus, follow the principle of stability to seek progress while maintaining stability, uphold a sound and prudent concept of investment, continuously optimise the asset allocation structure for structural opportunities, and making effort to enhance investment returns. The high-quality development of the third-party businesses will be promoted in an orderly manner along with continuous product innovation to actively explore customer resources. We will effectively prevent various risks by constantly improving risk management capability in the market context of economic downturn and frequent credit risks, so as to provide strong support for the sound development of the Group Company on the whole.

EMBEDDED VALUE

1. Valuation Results

As at 30 June 2022, the China Re Group life and health reinsurance business includes the life and health reinsurance business of the Group Company and all businesses of China Re Life and China Re HK. Based on “Guidance on Actuarial Practice: Valuation of Embedded Value for Life and Health Insurance” issued by the China Association of Actuaries in November 2016 and industry practice for publicly listed companies in Hong Kong, we performed the China Re Group embedded value (“EV”) calculation as at 30 June 2022.

This section summarises the EV and the value of one year’s new business (“1-year VNB”) results as at 30 June 2022 and the corresponding results as at prior valuation date.

Unit: in RMB millions

Valuation Date	30 June 2022	31 Dec 2021 (Restated)
Embedded Value		
Adjusted Net Worth (“ANW”)	97,909	103,090
Value of In-force Business (“VIF”) before CoC	11,957	12,132
Cost of Required Capital (“CoC”)	(4,695)	(4,636)
Value of In-force Business after CoC	7,262	7,496
Embedded Value	105,171	110,586
Of which:		
ANW of the life and health reinsurance business	25,781	28,390
VIF after CoC of the life and health reinsurance business	7,102	7,331
EV of the life and health reinsurance business	32,883	35,721
Value of One Year’s New Business of the life and health reinsurance business		
Value of One Year’s New Business before CoC	3,449	3,483
Cost of Required Capital	(999)	(1,189)
Value of One Year’s New Business after CoC	2,450	2,294

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

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

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

2. Assumptions

The key assumptions, except claim ratio, used for the life and health reinsurance business of the Group Company and China Re Life as at 30 June 2022 are the same as those used in 2021 year-end valuation. The claim ratio assumptions of short-term reinsurance business are determined on a contract-by-contract basis according to the claim experience of recent years.

3. Sensitivity

We have performed a series of sensitivity tests on alternative assumptions for value of in-force business and value of one year's new business of the life and health reinsurance business of China Re Group as at 30 June 2022. For each test, only the referred assumption is changed, while the other assumptions are kept unchanged. Results of the sensitivity tests are shown as below:

Unit: in RMB millions

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

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 all applicable code provisions stipulated in the Corporate Governance Code and adopted recommended best practices under appropriate circumstances.

SECURITIES TRANSACTIONS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Save as otherwise disclosed, 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 2022.

REVIEW OF INTERIM RESULTS

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

PUBLICATION OF INTERIM REPORT

The interim report of the Company for the six months ended 30 June 2022 will be published on the website of the Company (www.chinare.com.cn) and HKEXnews website of the Hong Kong Stock Exchange (www.hkexnews.hk) in due course.

DEFINITIONS

“Board of Directors” or “Board”	the board of directors of our Company
“C-ROSS”	China Risk Oriented Solvency System, which is China’s second generation insurance solvency regulation system
“CBIRC”	China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會)
“Central Huijin”	Central Huijin Investment Ltd.
“Chaucer”	the collective name of China Re International Holdings Limited, Chaucer Insurance Company Designated Activity Company and China Re Australia HoldCo Pty Ltd
“China Continent Insurance”	China Continent Property & Casualty Insurance Company Ltd. (中國大地財產保險股份有限公司), a subsidiary of the Company incorporated in the PRC on 15 October 2003. The Company holds 64.3% of its shares
“China Everbright Bank”	China Everbright Bank Co., Ltd. (中國光大銀行股份有限公司), a joint stock limited liability company incorporated in the PRC
“China Re AMC”	China Re Asset Management Company Ltd. (中再資產管理股份有限公司), a subsidiary of the Company incorporated in the PRC on 18 February 2005. The Company holds 70% of its shares, and China Re P&C, China Re Life and China Continent Insurance hold 10% of its shares respectively
“China Re HK”	China Reinsurance (Hong Kong) Company Limited (中國再保險(香港)股份有限公司), a subsidiary of China Re Life licensed and incorporated by Hong Kong Insurance Authority on 16 December 2019
“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
“China Re UK”	China Re UK Limited, a wholly-owned subsidiary of the Company incorporated in England and Wales on 28 September 2011
“CIC”	Chaucer Insurance Company Designated Activity Company, a company registered in the Republic of Ireland
“CNIP”	China Nuclear Insurance Pool. CNIP was established in 1999 and the Group Company has been the management institution and chairman company of CNIP from its establishment date to November 2016. Starting from November 2016, the management institution of CNIP changed from the Group Company to China Re P&C
“Company” or “Group Company”	China Reinsurance (Group) Corporation (中國再保險(集團)股份有限公司)
“Corporate Governance Code”	the Corporate Governance Code set out in Appendix 14 of the Hong Kong Listing Rules
“CRIH”	China Re International Holdings Limited, a company registered in England and Wales, the former name of which is The Hanover Insurance International Holdings Limited
“Director(s)”	the director(s) of the Company
“Great Wall Asset”	China Great Wall Asset Management Co., Ltd. (中國長城資產管理股份有限公司), a joint stock limited liability company incorporated in the PRC
“Group”, “China Re Group” or “we”	our Company and its subsidiaries (except where the context requires otherwise)
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Huatai Insurance Agency”	Huatai Insurance Agency and Consultant Service Limited (華泰保險經紀有限公司), a subsidiary of the Company incorporated in the PRC on 1 March 1993. The Company holds 52.5% of its shares

“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 Issuers set out in Appendix 10 of the Hong Kong Listing Rules
“Reporting Period”	since 1 January 2022 until 30 June 2022
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Supervisor(s)”	the supervisor(s) of the Company

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

Beijing, the PRC, 29 August 2022

As at the date of this announcement, the executive Directors are Mr. Yuan Linjiang, Mr. He Chunlei and Mr. Zhuang Qianzhi, the non-executive Directors are Mr. Wen Ning, Ms. Wang Xiaoya, Mr. Liu Xiaopeng and Mr. Li Bingquan, and the independent non-executive Directors are Mr. Hao Yansu, Mr. Li Sanxi, Ms. Mok Kam Sheung and Ms. Jiang Bo.