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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 ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

The board of directors of China Reinsurance (Group) Corporation is pleased to announce the audited consolidated results of the Group for the year ended 31 December 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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

	<i>Note</i>	2022	2021 (Restated)
Gross written premiums	4	169,765,451	162,731,563
Less: Premiums ceded to reinsurers and retrocessionaires	4	(15,300,674)	(14,974,700)
Net written premiums	4	154,464,777	147,756,863
Changes in unearned premium reserves	5	(696,350)	(3,716,921)
Net premiums earned		153,768,427	144,039,942
Reinsurance commission income		2,785,066	1,933,090
Investment income	6	8,208,719	14,764,050
Exchange (losses)/gains, net		(346,376)	23,278
Other income		3,519,773	3,213,257
Total income		<u>167,935,609</u>	<u>163,973,617</u>

	<i>Note</i>	2022	2021 (Restated)
Total income		<u>167,935,609</u>	<u>163,973,617</u>
Claims and policyholders' benefits	7	(122,079,007)	(117,504,269)
– Claims incurred		(82,304,383)	(73,259,898)
– Life and health reinsurance death and other benefits paid		(36,341,816)	(34,714,441)
– Changes in long-term life and health reinsurance contract liabilities		(3,432,808)	(9,529,930)
Handling charges and commissions		(24,846,815)	(22,120,576)
Finance costs		(1,937,678)	(2,051,817)
Other operating and administrative expenses		<u>(16,811,246)</u>	<u>(16,875,142)</u>
Total benefits, claims and expenses		<u>(165,674,746)</u>	<u>(158,551,804)</u>
Share of profit or loss of associates		(589,649)	1,686,425
Impairment losses of associates		<u>(871,954)</u>	<u>–</u>
Profit before tax	8	<u>799,260</u>	<u>7,108,238</u>
Income tax	9	726,064	(1,213,464)
Profit for the year		<u>1,525,324</u>	<u>5,894,774</u>
Attributable to:			
Equity shareholders of the parent		1,871,319	5,954,062
Non-controlling interests		<u>(345,995)</u>	<u>(59,288)</u>
Profit for the year		<u>1,525,324</u>	<u>5,894,774</u>
Earnings per share (in RMB)	11		
– Basic		<u>0.04</u>	<u>0.14</u>
– Diluted		<u>0.03</u>	<u>0.13</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

	2022	2021 (Restated)
Profit for the year	<u>1,525,324</u>	<u>5,894,774</u>
Other comprehensive income for the year after tax		
Items that will not be reclassified to profit or loss:		
Remeasurement of defined benefit obligation	(65,990)	45,737
Items that may be reclassified subsequently to profit or loss:		
Share of other comprehensive income of associates, after tax	(55,417)	(79,953)
Available-for-sale financial assets, after tax	(6,996,491)	(4,775,147)
Exchange differences on translation of financial statements of foreign operations	<u>134,056</u>	<u>(147,152)</u>
Other comprehensive income for the year after tax	<u>(6,983,842)</u>	<u>(4,956,515)</u>
Total comprehensive income for the year	<u>(5,458,518)</u>	<u>938,259</u>
Attributable to:		
Equity shareholders of the parent	(4,776,650)	1,334,037
Non-controlling interests	<u>(681,868)</u>	<u>(395,778)</u>
Total comprehensive income for the year	<u>(5,458,518)</u>	<u>938,259</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	31 December 2022	31 December 2021 (Restated)
Assets			
Cash and short-term time deposits		14,793,874	23,096,286
Financial assets at fair value through profit or loss		13,024,279	14,836,705
Derivative financial assets		113,755	436,422
Financial assets held under resale agreements		4,447,232	3,465,964
Premiums receivable	12	15,799,085	16,132,227
Reinsurance debtors	13	44,628,022	49,686,426
Investment contracts receivable		4,671,122	5,266,570
Reinsurers' share of insurance contract liabilities		25,799,094	21,039,827
Reinsurers' share of policy loans		694,578	628,518
Time deposits		21,797,125	21,365,996
Available-for-sale financial assets		193,184,316	177,765,796
Held-to-maturity investments		38,574,066	37,376,952
Investments classified as loans and receivables		35,695,625	39,097,068
Statutory deposits		20,997,497	18,844,502
Investment properties		6,038,865	6,257,961
Property and equipment		3,876,515	4,027,378
Right-of-use assets		1,089,596	1,250,371
Intangible assets		2,388,889	2,249,960
Investments in associates	14	22,639,532	25,583,536
Goodwill		1,634,952	1,597,205
Deferred tax assets		7,118,795	3,412,750
Other assets		41,688,103	26,377,337
Total assets		520,694,917	499,795,757

	<i>Note</i>	31 December 2022	31 December 2021 (Restated)
Liabilities and equity			
Liabilities			
Financial liabilities at fair value through profit or loss		308,062	267,054
Derivative financial liabilities		45,448	—
Securities sold under agreements to repurchase		50,950,712	47,985,583
Reinsurance payables		25,710,982	19,115,393
Income tax payable		2,233,572	2,402,562
Policyholders' deposits		1,939,112	4,291,416
Investment contract liabilities		23,146,000	20,786,743
Insurance contract liabilities		284,335,586	257,959,374
Notes and bonds payable		12,999,060	22,556,059
Long-term borrowings		3,826,334	3,499,098
Lease liabilities		1,027,728	1,172,466
Deferred tax liabilities		830,226	1,047,352
Other liabilities		18,669,417	16,622,936
Total liabilities		<u>426,022,239</u>	<u>397,706,036</u>
Equity			
Share capital	15	42,479,808	42,479,808
Reserves		16,799,278	22,655,595
Retained profits		26,738,571	27,571,892
Total equity attributable to equity shareholders of the parent		86,017,657	92,707,295
Non-controlling interests		8,655,021	9,382,426
Total equity		<u>94,672,678</u>	<u>102,089,721</u>
Total liabilities and equity		<u>520,694,917</u>	<u>499,795,757</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

	Attributable to equity shareholders of the parent											Total equity
	Reserves								Retained profits	Subtotal	Non-controlling interests	
	Share capital	Capital reserve	Surplus reserve	General risk reserve	Catastrophic loss reserve	Defined benefit obligation remeasurement reserve	Fair value reserve	Exchange reserve				
As at 1 January 2022	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 for the year	-	-	-	-	-	-	-	-	1,871,319	1,871,319	(345,995)	1,525,324
Other comprehensive income	-	-	-	-	-	(65,990)	(6,711,000)	129,021	-	(6,647,969)	(335,873)	(6,983,842)
Total comprehensive income	-	-	-	-	-	(65,990)	(6,711,000)	129,021	1,871,319	(4,776,650)	(681,868)	(5,458,518)
Appropriations to surplus reserve	-	-	325,048	-	-	-	-	-	(325,048)	-	-	-
Appropriations to general risk reserve	-	-	-	399,520	-	-	-	-	(399,520)	-	-	-
Appropriations to catastrophic loss reserve	-	-	-	-	68,481	-	-	-	(68,481)	-	-	-
Distributions to shareholders of the parent	-	-	-	-	-	-	-	-	(1,911,591)	(1,911,591)	-	(1,911,591)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(45,537)	(45,537)
Others	-	(1,397)	-	-	-	-	-	-	-	(1,397)	-	(1,397)
As at 31 December 2022	42,479,808	10,684,516	3,132,644	7,306,057	212,951	(19,844)	(4,108,885)	(408,161)	26,738,571	86,017,657	8,655,021	94,672,678

	Attributable to equity shareholders of the parent											
	Reserves											Total equity
	Share capital	Capital reserve	Surplus reserve	General risk reserve	Catastrophic loss reserve	Defined benefit obligation remeasurement reserve	Fair value reserve	Exchange reserve	Retained profits	Subtotal	Non-controlling interests	
As at 1 January 2021	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 for the year (Restated)	-	-	-	-	-	-	-	-	5,954,062	5,954,062	(59,288)	5,894,774
Other comprehensive income (Restated)	-	-	-	-	-	45,737	(4,520,867)	(144,895)	-	(4,620,025)	(336,490)	(4,956,515)
Total comprehensive income (Restated)	-	-	-	-	-	45,737	(4,520,867)	(144,895)	5,954,062	1,334,037	(395,778)	938,259
Appropriations to surplus reserve (Restated)	-	-	259,159	-	-	-	-	-	(259,159)	-	-	-
Appropriations to general risk reserve (Restated)	-	-	-	787,747	-	-	-	-	(787,747)	-	-	-
Appropriations to catastrophic loss reserve	-	-	-	-	69,951	-	-	-	(69,951)	-	-	-
Distributions to shareholders of the parent	-	-	-	-	-	-	-	-	(1,741,672)	(1,741,672)	-	(1,741,672)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(94,185)	(94,185)
Others	-	86,465	-	-	-	-	-	-	-	86,465	-	86,465
As at 31 December 2021 (Restated)	<u>42,479,808</u>	<u>10,685,913</u>	<u>2,807,596</u>	<u>6,906,537</u>	<u>144,470</u>	<u>46,146</u>	<u>2,602,115</u>	<u>(537,182)</u>	<u>27,571,892</u>	<u>92,707,295</u>	<u>9,382,426</u>	<u>102,089,721</u>

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

	2022	2021
Operating activities		
Cash generated from operations	13,201,221	11,230,699
Income tax paid	(1,491,664)	(1,669,501)
Net cash flows generated from operating activities	11,709,557	9,561,198
Investing activities		
Interests received	9,364,984	8,432,582
Dividends received	3,346,861	2,334,392
Purchases of property and equipment, investment properties and intangible assets	(397,683)	(442,697)
Proceeds from disposals of property and equipment, investment properties and intangible assets	597	27,508
Purchases of investments	(181,051,792)	(203,615,738)
Proceeds from disposals of investments	161,888,760	177,694,154
Disposals of associates	45,950	—
Net cash flows used in investing activities	(6,802,323)	(15,569,799)

	2022	2021
Financing activities		
Changes in third party investors' interests of consolidated structured entities, net	885,875	300,668
Repayment of borrowings	(9,483,330)	(200,163)
Interests paid	(2,067,120)	(1,931,855)
Cash paid for lease liabilities	(455,042)	(419,804)
Dividends paid to equity shareholders of the parent	(1,911,591)	(1,741,672)
Dividends paid by subsidiaries to non-controlling interests	(45,537)	(94,185)
Net proceeds from securities sold under agreements to repurchase	873,586	18,098,585
Net cash flows (used in)/ generated from financing activities	(12,203,159)	14,011,574
Net (decrease)/increase in cash and cash equivalents	(7,295,925)	8,002,973
Cash and cash equivalents at the beginning of the year	22,203,831	14,837,049
Effect of foreign exchange rate changes	508,280	(636,191)
Cash and cash equivalents at the end of the year	15,416,186	22,203,831

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 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 consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”), which collective term includes International Accounting Standards and related interpretations, promulgated by the International Accounting Standards Board (“**IASB**”). These financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Group is set out below.

For the purpose of preparing the consolidated financial statements, the Group has adopted all applicable new and revised IFRSs in issue which are relevant to the Group for the current year’s financial statements, except for any new standards or interpretations that are not yet effective for the year ended 31 December 2022 and accounting standards and amendments that are effective but temporary exemption is applied by the Group are set out in Note 2(4).

(2) Basis of measurement

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

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

- financial instruments classified as available-for-sale, financial assets/liabilities at fair value through profit or loss and derivative instruments that have been measured at fair value.
- reinsurers’ share of insurance contract liabilities and insurance contract liabilities, which have been measured based on actuarial methods.

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

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

Adoption of the above standards and amendments does not have a significant impact on the consolidated financial statements of the Group.

(4) 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 recognized 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 forward-looking information. If the expected credit loss model were applied by the Group, the Group believes that the impairment allowance to be recognized by the Group would be generally increased as compared to the 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.

(5) 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

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

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 consolidated financial statements of the Group.

3 SEGMENT INFORMATION

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

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

- The property and casualty reinsurance segment, operated by the Company and subsidiaries of the Company China Property and Casualty Reinsurance Company Ltd. ("**China Re P&C**"), 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.

	2022						
	Property and casualty reinsurance	Life and health reinsurance	Primary property and casualty insurance	Asset management	Others	Elimination	Total
Gross written premiums	61,818,854	66,384,823	46,361,315	-	-	(4,799,541)	169,765,451
Less: Premiums ceded to reinsurers and retrocessionaires	(8,426,651)	(6,871,450)	(4,795,859)	-	-	4,793,286	(15,300,674)
Net written premiums	53,392,203	59,513,373	41,565,456	-	-	(6,255)	154,464,777
Changes in unearned premium reserves	(1,473,405)	954,889	(181,182)	-	-	3,348	(696,350)
Net premiums earned	51,918,798	60,468,262	41,384,274	-	-	(2,907)	153,768,427
Reinsurance commission income	1,010,637	1,357,200	1,387,063	-	-	(969,834)	2,785,066
Investment income (Note)	2,787,721	4,146,919	1,373,758	40,730	1,868,370	(2,008,779)	8,208,719
Exchange gains/(losses), net	(85,745)	(551,827)	157,494	(42,566)	30,318	145,950	(346,376)
Other income	88,431	2,692,920	101,701	576,896	653,116	(593,291)	3,519,773
Total income	55,719,842	68,113,474	44,404,290	575,060	2,551,804	(3,428,861)	167,935,609
- External income	56,517,438	65,514,083	45,369,252	110,898	423,938	-	167,935,609
- Inter-segment income	(797,596)	2,599,391	(964,962)	464,162	2,127,866	(3,428,861)	-
Claims and policyholders' benefits	(33,966,715)	(59,906,583)	(28,205,159)	-	-	(550)	(122,079,007)
- Claims incurred	(33,966,715)	(20,131,959)	(28,205,159)	-	-	(550)	(82,304,383)
- Life and health reinsurance death and other benefits paid	-	(36,341,816)	-	-	-	-	(36,341,816)
- Changes in long-term life and health reinsurance contract liabilities	-	(3,432,808)	-	-	-	-	(3,432,808)
Handling charges and commissions	(16,035,009)	(5,267,248)	(4,523,469)	-	-	978,911	(24,846,815)
Finance costs	(816,028)	(829,028)	(115,981)	(71,450)	(105,191)	-	(1,937,678)
Other operating and administrative expenses	(2,182,350)	(2,069,613)	(11,514,799)	(331,633)	(1,312,290)	599,439	(16,811,246)
Total benefits, claims and expenses	(53,000,102)	(68,072,472)	(44,359,408)	(403,083)	(1,417,481)	1,577,800	(165,674,746)
Share of profit or loss of associates	(1,378,668)	1,129,422	(1,163,587)	(8,024)	854,895	(23,687)	(589,649)
Impairment losses of associates	(488,294)	-	(383,660)	-	-	-	(871,954)
Profit before tax	852,778	1,170,424	(1,502,365)	163,953	1,989,218	(1,874,748)	799,260
Income tax	212,607	52,622	523,445	(78,813)	16,203	-	726,064
Profit for the year	1,065,385	1,223,046	(978,920)	85,140	2,005,421	(1,874,748)	1,525,324

Note: Investment income of the others segment in 2022 includes dividends from subsidiaries of RMB2,000 million.

	2021 (Restated)						
	Property and casualty reinsurance	Life and health reinsurance	Primary property and casualty insurance	Asset management	Others	Elimination	Total
Gross written premiums	51,954,499	69,373,704	43,496,148	–	–	(2,092,788)	162,731,563
Less: Premiums ceded to reinsurers and retrocessionaires	(4,453,854)	(8,156,646)	(4,456,152)	–	–	2,091,952	(14,974,700)
Net written premiums	47,500,645	61,217,058	39,039,996	–	–	(836)	147,756,863
Changes in unearned premium reserves	(2,110,926)	(1,421,046)	(184,099)	–	–	(850)	(3,716,921)
Net premiums earned	45,389,719	59,796,012	38,855,897	–	–	(1,686)	144,039,942
Reinsurance commission income	572,025	816,151	1,227,384	–	–	(682,470)	1,933,090
Investment income (Note)	3,300,372	7,091,276	2,895,081	1,328,941	2,018,261	(1,869,881)	14,764,050
Exchange gains/(losses), net	212,655	101,724	(21,438)	(218,784)	(10,737)	(40,142)	23,278
Other income	145,098	2,347,112	136,555	834,687	625,983	(876,178)	3,213,257
Total income	49,619,869	70,152,275	43,093,479	1,944,844	2,633,507	(3,470,357)	163,973,617
– External income	47,820,599	69,926,209	44,390,053	1,176,719	660,037	–	163,973,617
– Inter-segment income	1,799,270	226,066	(1,296,574)	768,125	1,973,470	(3,470,357)	–
Claims and policyholders' benefits	(29,812,068)	(60,144,634)	(27,547,644)	–	–	77	(117,504,269)
– Claims incurred	(29,812,068)	(15,900,263)	(27,547,644)	–	–	77	(73,259,898)
– Life and health reinsurance death and other benefits paid	–	(34,714,441)	–	–	–	–	(34,714,441)
– Changes in long-term life and health reinsurance contract liabilities	–	(9,529,930)	–	–	–	–	(9,529,930)
Handling charges and commissions	(13,765,729)	(4,832,780)	(4,213,341)	–	–	691,274	(22,120,576)
Finance costs	(835,367)	(640,972)	(144,873)	(353,121)	(77,484)	–	(2,051,817)
Other operating and administrative expenses	(2,439,943)	(2,294,215)	(11,297,819)	(450,369)	(1,295,112)	902,316	(16,875,142)
Total benefits, claims and expenses	(46,853,107)	(67,912,601)	(43,203,677)	(803,490)	(1,372,596)	1,593,667	(158,551,804)
Share of profit or loss of associates	(10,336)	1,188,253	(118,605)	10,772	927,937	(311,596)	1,686,425
Profit before tax	2,756,426	3,427,927	(228,803)	1,152,126	2,188,848	(2,188,286)	7,108,238
Income tax	(390,390)	(681,936)	44,238	(137,887)	(47,489)	–	(1,213,464)
Profit for the year	2,366,036	2,745,991	(184,565)	1,014,239	2,141,359	(2,188,286)	5,894,774

Note: Investment income of the others segment in 2021 includes dividends from subsidiaries of RMB1,855 million.

	2022						
	Property and casualty reinsurance	Life and health reinsurance	Primary property and casualty insurance	Asset management	Others	Elimination	Total
Segment assets	149,237,584	252,740,772	87,457,364	5,551,314	66,521,687	(40,813,804)	520,694,917
Segment liabilities	(121,652,906)	(234,674,085)	(63,562,122)	(1,576,519)	(11,759,975)	7,203,368	(426,022,239)
Other segment information							
Capital expenditures	(130,650)	(12,978)	(303,486)	(9,264)	(31,771)	–	(488,149)
Depreciation and amortisation	(196,249)	(138,929)	(832,925)	(15,871)	(117,485)	–	(1,301,459)
Interest income	2,777,547	5,474,444	1,442,391	271,890	422,746	–	10,389,018
Financial assets impairment loss charges	(221,268)	(899,431)	(138,016)	(10,448)	57,004	–	(1,212,159)
Other impairment loss charges	(10,053)	–	(204,443)	(3,557)	(2,388)	–	(220,441)
	2021 (Restated)						
	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	83,553,866	14,619,336	64,427,227	(39,190,108)	499,795,757
Segment liabilities	(106,673,076)	(216,987,837)	(57,611,825)	(10,635,130)	(11,162,614)	5,364,446	(397,706,036)
Other segment information							
Capital expenditures	(68,798)	(27,532)	(311,022)	(9,526)	(42,974)	–	(459,852)
Depreciation and amortisation	(169,262)	(122,332)	(823,189)	(15,989)	(107,274)	–	(1,238,046)
Interest income	2,483,659	5,510,429	1,546,923	145,475	505,993	(11,583)	10,180,896
Financial assets impairment loss charges	(323,627)	(721,500)	(229,064)	(3,089)	(125,540)	–	(1,402,820)
Other impairment loss charges	(12,448)	–	(259,305)	(16,153)	(2,820)	–	(290,726)

4 GROSS AND NET WRITTEN PREMIUMS

(a) Gross written premiums

	2022	2021
Long-term life and health reinsurance	37,322,582	43,224,293
Short-term life and health reinsurance	26,208,597	25,904,024
Property and casualty reinsurance	53,222,846	44,313,967
Primary property and casualty insurance	53,011,426	49,289,279
Total	<u>169,765,451</u>	<u>162,731,563</u>

(b) Premiums ceded to reinsurers and retrocessionaires

	2022	2021
Long-term life and health reinsurance	1,243,629	2,962,505
Short-term life and health reinsurance	5,602,330	5,184,737
Property and casualty reinsurance	3,327,950	2,217,875
Primary property and casualty insurance	5,126,765	4,609,583
Total	<u>15,300,674</u>	<u>14,974,700</u>

(c) Net written premiums

	2022	2021
Net written premiums	<u>154,464,777</u>	<u>147,756,863</u>

5 CHANGES IN UNEARNED PREMIUM RESERVES

	2022	2021
Short-term life and health reinsurance	(960,583)	1,445,787
Property and casualty reinsurance	1,593,513	1,803,863
Primary property and casualty insurance	63,420	467,271
Total	<u>696,350</u>	<u>3,716,921</u>

6 INVESTMENT INCOME

	2022	2021
Interest, dividend and rental income (a)	13,311,019	12,149,698
Realised (losses)/gains (b)	(2,772,160)	4,377,169
Unrealised losses (c)	(1,117,981)	(359,997)
Impairment losses on financial assets (d)	(1,212,159)	(1,402,820)
Total	<u>8,208,719</u>	<u>14,764,050</u>

(a) Interest, dividend and rental income

	2022	2021
Interest income		
Current and time deposits	1,861,101	1,667,450
Fixed maturity investment		
– Held-to-maturity investment	1,694,417	1,761,834
– Available-for-sale financial assets	4,895,697	4,720,856
– Financial assets at fair value through profit or loss	191,019	113,529
– Investments classified as loans and receivables	1,665,035	1,832,831
Financial assets held under resale agreements	72,575	78,427
Reinsurers' share of policy loans	9,174	5,969
Subtotal	<u>10,389,018</u>	<u>10,180,896</u>
Dividend income		
Equity securities		
– Available-for-sale financial assets	2,587,225	1,652,550
– Financial assets at fair value through profit or loss	57,767	60,947
Subtotal	<u>2,644,992</u>	<u>1,713,497</u>
Rental income from investment properties	<u>277,009</u>	<u>255,305</u>
Total	<u>13,311,019</u>	<u>12,149,698</u>

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

	2022	2021
Dividend income		
Listed securities	1,359,718	606,336
Unlisted securities	1,285,274	1,107,161
Total	<u>2,644,992</u>	<u>1,713,497</u>

(b) Realised (losses)/gains

	2022	2021
Fixed maturity investment		
– Available-for-sale financial assets	(1,230,921)	(68,113)
– Financial assets at fair value through profit or loss	36,667	(96,566)
– Held-to-maturity investment	(1,138)	–
Equity securities		
– Available-for-sale financial assets	(1,756,940)	4,868,140
– Financial assets at fair value through profit or loss	(45,935)	495,480
– Investments in associates	(74,857)	(855,543)
Derivative financial instruments	300,964	33,771
Total	<u>(2,772,160)</u>	<u>4,377,169</u>

(c) Unrealised losses

	2022	2021
Financial assets at fair value through profit or loss	(718,974)	(512,060)
Financial liabilities at fair value through profit or loss	(41,008)	(52,475)
Derivative financial assets	(319,394)	(8,438)
Derivative financial liabilities	(38,605)	212,976
Total	<u>(1,117,981)</u>	<u>(359,997)</u>

(d) Impairment losses on financial assets

	2022	2021
Fixed maturity investment		
– Investments classified as loans and receivables	(31,289)	(1,125,401)
– Available-for-sale financial assets	(370,769)	(213,803)
Equity securities		
– Available-for-sale financial assets	(810,101)	(63,616)
Total	<u>(1,212,159)</u>	<u>(1,402,820)</u>

7 CLAIMS AND POLICYHOLDERS' BENEFITS

		2022	
	Gross	Ceded	Net
Claims incurred	91,007,170	(8,702,787)	82,304,383
– Short-term life and health reinsurance	22,697,442	(4,793,434)	17,904,008
– Property and casualty reinsurance	34,106,362	(1,149,168)	32,957,194
– Primary property and casualty insurance	34,203,366	(2,760,185)	31,443,181
Life and health reinsurance death and other benefits paid	36,464,378	(122,562)	36,341,816
Changes in long-term life and health reinsurance contract liabilities	4,521,175	(1,088,367)	3,432,808
Total	<u>131,992,723</u>	<u>(9,913,716)</u>	<u>122,079,007</u>
		2021	
	Gross	Ceded	Net
Claims incurred	80,914,982	(7,655,084)	73,259,898
– Short-term life and health reinsurance	20,180,451	(4,401,695)	15,778,756
– Property and casualty reinsurance	27,710,444	(860,068)	26,850,376
– Primary property and casualty insurance	33,024,087	(2,393,321)	30,630,766
Life and health reinsurance death and other benefits paid	35,971,961	(1,257,520)	34,714,441
Changes in long-term life and health reinsurance contract liabilities	11,391,865	(1,861,935)	9,529,930
Total	<u>128,278,808</u>	<u>(10,774,539)</u>	<u>117,504,269</u>

8 PROFIT BEFORE TAX

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

	2022	2021 (Restated)
Employee costs (including directors' and supervisors' emoluments) (a) (note)	6,594,711	6,820,951
Depreciation of property and equipment (note)	355,401	363,645
Depreciation of investment properties (note)	219,889	219,864
Amortisation of intangible assets (note)	283,160	247,277
Depreciation of right-of-use assets (note)	443,009	407,260
Rental expenses (note)	117,996	151,668
Auditors' remuneration	10,980	9,600
Impairment losses on available-for-sale financial assets	1,180,870	277,419
Impairment losses on investments classified as loans and receivables	31,289	1,125,401
Impairment losses on premiums receivable	202,356	161,847
Impairment losses of reinsurance debtors	10,052	12,448
Impairment losses in associates	871,954	—
Impairment losses on other assets	8,033	116,431

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.

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

	2022	2021 (Restated)
Salaries, allowances and performance related bonuses	6,074,516	6,321,898
Defined contribution plan	521,225	494,450
Defined benefit retirement plan	(1,030)	4,603
Total	<u>6,594,711</u>	<u>6,820,951</u>

9 INCOME TAX

	2022	2021 (Restated)
Current income tax	1,322,674	2,546,154
Deferred income tax	<u>(2,048,738)</u>	<u>(1,332,690)</u>
Total	<u>(726,064)</u>	<u>1,213,464</u>

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

	2022	2021 (Restated)
Profit before tax	799,260	7,108,238
Tax at the applicable tax rate of 25%	199,815	1,777,060
The effect of different tax rates of other countries and regions (i)	45,647	(52,948)
Tax effect of non-deductible expenses	89,487	115,003
Tax effect of non-taxable income	(930,071)	(683,174)
Unused tax losses for which no deferred tax asset has been recognised	5,835	64,515
Previously unrecognised temporary differences used to reduce deferred tax expense	(74,095)	—
Previously unrecognised tax losses used to reduce deferred tax expense	(4,537)	(15,046)
Adjustments for prior years	(62,148)	(10,519)
Withheld income tax on dividends received from associates	4,003	18,573
Income tax	<u>(726,064)</u>	<u>1,213,464</u>

- (i) The income tax rate applied to the Company and its subsidiaries in Mainland China is 25% for the year ended 31 December 2022 (the year ended 31 December 2021: 25%). Taxation for overseas subsidiaries and branches is charged at the appropriate current rates of taxation ruling in the relevant jurisdictions.

10 DIVIDENDS

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

11 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.

	2022	2021 (Restated)
Net profit attributable to the equity shareholders of the parent	1,871,319	5,954,062
Weighted average number of ordinary shares (in thousands)	42,479,808	42,479,808
Basic earnings per share (in RMB)	0.04	0.14
Net profit attributable to the Shareholders of the parent		
for diluted earnings per share	1,197,307	5,451,240
Diluted earnings per share attributable to the Shareholders of the parent (in RMB)	0.03	0.13

12 PREMIUMS RECEIVABLE

	31 December 2022	31 December 2021
Premiums receivable	16,712,374	16,844,105
Less: impairment provision	(913,289)	(711,878)
Premiums receivable, net	<u>15,799,085</u>	<u>16,132,227</u>

(a) Aging analysis

	31 December 2022	31 December 2021
Within 3 months (inclusive)	15,362,451	15,486,430
3 months to 1 year (inclusive)	649,336	741,930
1 to 2 years (inclusive)	226,056	267,547
Over 2 years	474,531	348,198
Total	16,712,374	16,844,105
Less: impairment provision	(913,289)	(711,878)
Net	<u>15,799,085</u>	<u>16,132,227</u>

(b) Impairment provision of premiums receivable

	2022	2021
At the beginning of the year	711,878	549,933
Net charge for the period	202,356	161,847
Write-off	(387)	—
Exchange difference	(558)	98
At the end of the year	<u>913,289</u>	<u>711,878</u>

13 REINSURANCE DEBTORS

	31 December 2022	31 December 2021
Reinsurance debtors	44,827,241	49,867,583
Less: impairment provision	(199,219)	(181,157)
Reinsurance debtors, net	<u>44,628,022</u>	<u>49,686,426</u>

(a) Aging analysis

	31 December 2022	31 December 2021
Within 3 months (inclusive)	40,918,888	44,815,283
3 months to 1 year (inclusive)	2,134,288	3,472,110
1 to 2 years (inclusive)	813,185	732,721
Over 2 years	960,880	847,469
Total	44,827,241	49,867,583
Less: impairment provision	(199,219)	(181,157)
Net	<u>44,628,022</u>	<u>49,686,426</u>

(b) Impairment provision of reinsurance debtors

	2022	2021
At the beginning of the year	181,157	170,522
Charge for the year	15,815	17,140
Reversal for the year	(5,763)	(4,692)
Exchange difference	8,010	(1,813)
	<u>199,219</u>	<u>181,157</u>
At the end of the year	<u>199,219</u>	<u>181,157</u>

14 INVESTMENTS IN ASSOCIATES

	31 December 2022	31 December 2021 (Restated)
Book balance		
– Listed shares	20,138,455	18,784,160
– Unlisted shares	2,501,077	6,799,376
	<u>22,639,532</u>	<u>25,583,536</u>
Total	<u>22,639,532</u>	<u>25,583,536</u>
Less: impairment provision	–	–
	<u>–</u>	<u>–</u>
Carrying amount	<u>22,639,532</u>	<u>25,583,536</u>
	2022	2021 (Restated)
As at 1 January	25,583,536	25,758,482
Change of the cost	(45,950)	–
Share of profit or loss	(589,649)	1,686,425
Impairment	(871,954)	–
Loss of significant influence	(718,435)	(1,343,353)
Declared dividends	(552,827)	(682,332)
Other comprehensive income	(163,792)	77,849
Other equity movements	(1,397)	86,465
	<u>22,639,532</u>	<u>25,583,536</u>
As at 31 December	<u>22,639,532</u>	<u>25,583,536</u>

(a) Particulars of the Group's major associate as at 31 December 2022 is as follows:

Name of associate	Place of incorporation and business	Registered capital (in RMB millions)	Principal activities
China Everbright Bank Company Limited ("CEB")	China	54,032	Commercial banking
Proportion of ownership interest			
	Group's effective interest	Held by the Company	Held by a subsidiary
31 December 2022	4.29%	1.46%	2.83%
31 December 2021	4.29%	1.46%	2.83%

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

As at 31 December 2022, the market value of the Group's investment in CEB was RMB5,322 million (31 December 2021: RMB5,674 million).

15 SHARE CAPITAL

	31 December 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	42,479,808	42,479,808

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. In this offering, the Company issued 6,072 million H shares in total (including over-allotment of 302 million H shares) with a nominal value of RMB1.00 per share each and an issuance price of HKD2.70 per share. This public offering had raised a total amount of RMB13,443 million. As at 31 December 2022, a total of RMB7,002 million was recorded in share premiums after deducting the share capital of RMB6,072 million and the stock issuance fee.

Pursuant to the relevant PRC regulations "The interim regulation of the State Council on Transfers of State-owned Shares" (Guo Fa (2001) No.22) and the related regulatory approvals, 607,219,700 domestic shares held by the state-owned shareholders were converted into H shares during the initial public offering of the Company.

On 27 April 2018, the Ministry of Finance, a shareholder of the Company, transferred 10% of its equity interest in the Company (i.e. 540,253,904 domestic shares) to the National Council for Social Security Fund ("NSSF") on a one-off basis (the "Transfer"), and completed the registration of the equity change. After the Transfer, the Ministry of Finance holds 4,862,285,131 domestic shares of the Company, representing 11.45% of the total share capital of the Company; NSSF holds 540,253,904 domestic shares of the Company, representing 1.27% of the total share capital of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

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

Key Operating Data

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

Unit: RMB millions, except percentages

	For the year ended 31 December		Change (%)
	2022	2021 (Restated) ⁶	
Gross written premiums	169,765	162,732	4.3
Gross written premiums for each business segment:			
P&C reinsurance ¹	61,819	51,954	19.0
Life and health reinsurance ¹	66,385	69,374	(4.3)
Primary P&C insurance ¹	46,361	43,496	6.6
Total investment income ²	5,752	15,667	(63.3)
Total investment yield (%) ³	1.79	4.99	Decrease by 3.20 percentage points
Net investment income ⁴	12,721	13,836	(8.1)
Net investment yield (%) ⁵	3.97	4.40	Decrease by 0.43 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 profit or loss of associates – interest expenses on securities sold under agreements to repurchase.
3. Total investment yield = Total investment income ÷ average of total investment assets as at the beginning and end of the period.
4. Net investment income = Interest + dividend + rental income + Share of profit or loss of associates.
5. Net investment yield = Net investment income ÷ average of total investment assets as at the beginning and end of the period.
6. The financial information of the Group for 2021 has been restated accordingly as a result of the reduction in the annual results of certain non-controlling enterprise for 2021 after adjustment.

	As at 31 December 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	155	190	184	208	185	209
Group Company	636	636	598	598	600	600
China Re P&C	120	190	157	213	158	214
China Re Life	167	208	187	215	187	215
China Continent Insurance	236	260	366	366	368	368

Notes: 1. The financial information of the Group for 2021 has been restated accordingly as a result of the reduction in the annual results of certain non-controlling enterprise for 2021 after adjustment. The relevant solvency indicator data as at 31 December 2021 has also been adjusted accordingly, and the figures before and after adjustments are shown in the above table.

2. The relevant solvency data of China Re Life as at 31 December 2022 have been audited by the auditors of the Company; the relevant solvency data of other entities have not been audited by the auditors of the Company.

In 2022, China Re Group adhered to the general tone of “seeking progress while ensuring stability, enhancing value”, insisted on the operational approach of “stabilising growth, adjusting structure, preventing risks, and increasing profitability”. The Group further promoted business transformation, comprehensively strengthened risk prevention and control, and achieved new results in high-quality development. First, the business volume grew steadily. The Group’s gross written premiums amounted to RMB169,765 million, representing a year-on-year increase of 4.3%. Our market position remained stable and our market share in domestic P&C reinsurance and life and health reinsurance ranked first. Second, the business structure continued to optimise. The reinsurance premium income from our domestic non-motor reinsurance business for P&C reinsurance increased by 24.9% year-on-year; the gross written premiums from our overseas P&C reinsurance business increased by 16.6% year-on-year; the reinsurance premium income from our domestic protection-type life and health reinsurance business increased by 11.6% year-on-year; and the primary premium income from our primary P&C insurance non-motor insurance business increased by 7.4% year-on-year. Third, the underwriting quality was significantly improved. Despite the impact of the geopolitical conflicts and other natural disasters, the underwriting profit for the year was significantly improved year-on-year. Fourth, assets under the management grew rapidly. Amid the backdrop that the capital market was under pressure, we continued to innovate product design, internal coordination and service models, and the scale of third-party business assets exceeded RMB100 billion for the first time. Fifth, the risk management remained stable. The Group comprehensively optimised the risk management system, and the solvency of the Group as a whole and of each subsidiary remained sufficient. During the Reporting Period, we maintained the “A (Excellent)” rating by A.M. Best and “A” by S&P Global Ratings. Our rating outlooks were stable. Due to substantial fluctuations in the capital market, investment income of the Group decreased year-on-year.

Key Financial Indicators

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

Unit: RMB millions, except percentages and unless otherwise stated

	For the year ended 31 December		Change (%)
	2022	2021 (Restated)	
Gross written premiums	169,765	162,732	4.3
Profit before tax	799	7,108	(88.8)
Net profit	1,525	5,895	(74.1)
Net profit attributable to equity shareholders of the parent company	1,871	5,954	(68.6)
Earnings per share (RMB)	0.04	0.14	(68.6)
Weighted average return on equity (%) ¹	2.09	6.41	Decrease by 4.32 percentage points

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

In 2022, net profit attributable to equity shareholders of the parent company of the Group amounted to RMB1,871 million, representing a year-on-year decrease of 68.6%, which was mainly due to the significant fluctuations in the capital market as a result of geopolitical conflicts, macroeconomic pressure and other factors, losses incurred in some of the investment businesses and the year-on-year decrease in investment income. Excluding the impact of losses of the aforementioned investment businesses, the Group's operating results were basically in line with expectations.

Unit: RMB millions, unless otherwise stated

	31 December		Change (%)
	2022	2021 (Restated)	
Total assets	520,695	499,796	4.2
Total liabilities	426,022	397,706	7.1
Total equity	94,673	102,090	(7.3)
Net assets per share attributable to equity shareholders of the parent company (RMB)	2.02	2.18	(7.2)

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

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 2022, 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, accelerate the implementation of strategic initiatives and maintain the leading position in domestic reinsurance market. We continued to upgrade our customer service system, consistently strengthened the capability of our underwriting team, and enhanced our technical capabilities. We achieved rapid growth in emerging business sectors such as construction inherent defects insurance (IDI), construction surety bond insurance, catastrophe insurance, Chinese interest abroad projects insurance, intellectual property insurance, cyber securities insurance, and safety production liability umbrella excess of loss insurance, and thus our business structure continued to optimise.

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

In 2022, the gross written premiums from our P&C reinsurance segment amounted to RMB61,819 million, representing a year-on-year increase of 19.0% and accounting for 35.4% of gross written premiums of the Group (before inter-segment eliminations). Net profit amounted to RMB1,065 million, representing a year-on-year decrease of 55.0%, and the weighted average return on equity was 3.82%. The combined ratio was 98.11%, representing a year-on-year decrease of 1.17 percentage points, of which the loss ratio was 65.42%, representing a year-on-year decrease of 0.26 percentage points; the expense ratio was 32.69%, representing a year-on-year decrease of 0.91 percentage points. The decrease in the combined ratio was mainly due to the significant improvement in underwriting profits of overseas business, as we fully grasped the opportunity of rising rates in overseas markets, optimised business structure and controlled business risks.

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 2022, the reinsurance premium income from our domestic P&C reinsurance business amounted to RMB42,097 million, representing a year-on-year increase of 20.2%. The combined ratio was 99.76%, representing a year-on-year decrease of 0.05 percentage points, and the underwriting profits remained stable.

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 year ended 31 December		Change
	2022	2021 (Restated)	
Loss ratio (%)	68.55	68.62	Decrease by 0.07 percentage points
Expense ratio (%)	31.21	31.19	Increase by 0.02 percentage points
Combined ratio (%)	99.76	99.81	Decrease by 0.05 percentage points

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

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

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

Unit: in RMB millions, except for percentages

Type of reinsurance arrangement	For the year ended 31 December		2021	
	2022			
	Amount	Percentage (%)	Amount	Percentage (%)
Treaty reinsurance	40,161	95.4	32,828	93.7
Facultative reinsurance	1,936	4.6	2,199	6.3
Total	42,097	100.0	35,027	100.0

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

Unit: in RMB millions, except for percentages

Form of cession	For the year ended 31 December			
	2022		2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Proportional reinsurance	41,686	99.0	34,679	99.0
Non-proportional reinsurance	411	1.0	348	1.0
Total	42,097	100.0	35,027	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 year ended 31 December			
	2022		2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Primary	39,598	94.1	32,713	93.4
Via broker	2,499	5.9	2,314	6.6
Total	42,097	100.0	35,027	100.0

Lines of Business

As the largest domestic specialised P&C reinsurance company in the PRC, we offer a wide variety of P&C reinsurance coverage catering to the business characteristics of the PRC market. Our lines of business cover a wide range of P&C insurance types in the PRC, mainly including motor, agriculture, commercial property, liability and engineering insurance. We actively captured the opportunities brought by the transformation and development of the market, vigorously developed non-motor reinsurance business. The gross written premiums of non-motor reinsurance business in our domestic P&C reinsurance business for 2022 amounted to RMB33,640 million, representing a year-on-year increase of 24.9%; non-motor insurance business accounted for 79.9% of our overall gross written premiums, representing a year-on-year increase of 3.0 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), construction surety bond insurance, catastrophe insurance, Chinese interest abroad projects insurance, intellectual property insurance, cyber securities insurance and safety production liability umbrella excess of loss insurance, with reinsurance premium income recorded at RMB2,822 million, representing a year-on-year increase of 34.6%, 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 year ended 31 December				
			YoY		
	2022		Change (%)	2021	
	Amount	Percentage (%)		Amount	Percentage (%)
Agriculture	10,911	25.9	35.3	8,062	23.0
Motor	8,457	20.1	4.4	8,099	23.1
Commercial property	6,828	16.2	0.7	6,783	19.4
Liability	5,719	13.6	16.1	4,924	14.1
Engineering	2,568	6.1	(4.5)	2,690	7.7
Others ¹	7,614	18.1	70.4	4,469	12.7
Total	42,097	100.0	20.2	35,027	100.0

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

Agriculture reinsurance. In 2022, reinsurance premium income from agriculture insurance amounted to RMB10,911 million, representing a year-on-year increase of 35.3%. We actively explored the dual development of developing commercial agriculture insurance and strengthening policy agriculture insurance, promoting innovation of our agricultural insurance products.

Motor reinsurance. In 2022, reinsurance premium income from motor insurance amounted to RMB8,457 million, representing a year-on-year increase of 4.4%, and the premium volume increased steadily.

Commercial property reinsurance. In 2022, reinsurance premium income from commercial property insurance amounted to RMB6,828 million, representing a year-on-year increase of 0.7%, and the premium volume remained steady.

Liability reinsurance. In 2022, reinsurance premium income from liability insurance amounted to RMB5,719 million, representing a year-on-year increase of 16.1%, 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 2022, reinsurance premium income from engineering insurance business amounted to RMB2,568 million, representing a year-on-year decrease of 4.5%, mainly due to the decrease in the scale of premiums ceded to reinsurers of certain customers.

Clients and Client Services

In 2022, we continued to uphold the customer-oriented philosophy. We maintained stable cooperation relationships with major P&C insurance companies in the PRC, continued to improve user experience through business cooperation, exchange of technical know-how and client services, and delivered insurance value to promote the in-depth development of cooperative relationships. Focusing on clients' needs, we improved the establishment of a client service system, explored and implemented innovative approaches to client services. As at the end of the Reporting Period, we maintained business relationships with 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.

In 2022, we seized the overall trend of rising rates to expand the scale of our businesses 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 underwriting efficiency still improved significantly. Gross written premiums from our overseas P&C reinsurance and Chaucer business amounted to RMB19,621 million, representing a year-on-year increase of 16.6%. The combined ratio was 94.03%, representing a year-on-year decrease of 3.29 percentage points.

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

	For the year ended 31 December		Change
	2022	2021	
Loss ratio (%)	57.93	58.47	Decrease by 0.54 percentage points
Expense ratio (%)	36.10	38.85	Decrease by 2.75 percentage points
Combined ratio (%)	94.03	97.32	Decrease by 3.29 percentage points

Overseas P&C Reinsurance Business

We took advantage of the rising rates in overseas markets in 2022 to achieve better rate and terms, while strictly controlling the accumulation of catastrophe risk exposure. These efforts improved the quality and resilience of our business portfolio. The gross written premium from our overseas P&C reinsurance business amounted to RMB3,901 million in 2022, representing a year-on-year increase of 11.9%. The combined ratio was 97.35%, representing a year-on-year decrease of 7.40 percentage points.

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 year ended 31 December		Change
	2022	2021	
Loss ratio (%)	68.46	76.17	Decrease by 7.71 percentage points
Expense ratio (%)	28.89	28.58	Increase by 0.31 percentage points
Combined ratio (%)	97.35	104.75	Decrease by 7.40 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 year ended 31 December			
	2022		2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Treaty reinsurance	3,628	93.0	3,313	95.0
Facultative reinsurance	273	7.0	209	6.0
Primary insurance	—	—	(35)	(1.0)
Total	3,901	100.0	3,487	100.0

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

The following table sets forth the reinsurance premium income 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 year ended 31 December				
	2022		YoY	2021	
	Amount	Percentage (%)	Change (%)	Amount	Percentage (%)
Non-marine	2,578	66.1	2.1	2,525	72.4
Specialty	511	13.1	15.3	443	12.7
Liability	280	7.2	42.1	197	5.7
Others ¹	532	13.6	65.2	322	9.2
Total	3,901	100.0	11.9	3,487	100.0

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

In terms of business channels, we adhered to the principle of long-term cooperation and mutual benefit, and strove to develop a balanced and stable network of business channels. We 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 profitability 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 relationship network with various internationally renowned major ceding companies and increased our efforts in developing quality regional clients by leveraging the geographical advantages of different international platforms which all contributed to significant results in expansion of quality client base.

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

Chaucer Business

In 2022, Chaucer leveraged its own professional advantages to seize the opportunity of rising market premiums, actively explored business opportunities, optimised business portfolios and effectively controlled expense ratio. The gross written premiums amounted to RMB15,720 million, representing a year-on-year increase of 17.9%; the combined ratio was 92.99%¹, representing a year-on-year decrease of 1.82 percentage points; the return on economic capital (ROEC) was 11.9%². The premium of contracts led by Chaucer accounted for approximately 42.0% of its overall gross written premiums. Chaucer is one of a limited number of Lloyd’s market entities that gained market recognition in respect of both of its underwriting and claims fronts.

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

	For the year ended 31 December		
	2022	2021	Change
Loss ratio (%)	54.65	52.48	Increase by 2.17 percentage points
Expense ratio (%)	38.34	42.33	Decrease by 3.99 percentage points
Combined ratio (%)	92.99	94.81	Decrease by 1.82 percentage points

Notes: 1. Under the UK GAAP, the combined ratio of Chaucer was 92.30%, which was different from that under the International Accounting Standards, mainly 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 provided coverage for property, specialty and casualty reinsurance worldwide; and facultative reinsurance and primary insurance businesses primarily provided coverage for marine, space and aviation, political risk/credit, political violence, energy, property and casualty insurance worldwide.

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

Unit: in RMB millions, except for percentages

Type of business	For the year ended 31 December			
	2022		2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Treaty reinsurance	6,670	42.5	5,065	38.0
Facultative reinsurance	2,128	13.5	2,088	15.7
Primary insurance	6,922	44.0	6,184	46.3
Total	15,720	100.0	13,337	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 year ended 31 December				
	2022		YoY Change (%)	2021	
	Amount	Percentage (%)		Amount	Percentage (%)
Casualty and political risk/credit insurance	4,290	27.3	15.6	3,711	27.8
Marine, energy, space and aviation, nuclear insurance	3,240	20.6	12.8	2,873	21.6
Property and political violence insurance	2,739	17.4	13.2	2,419	18.1
Others ¹	5,451	34.7	25.8	4,334	32.5
Total	15,720	100.0	17.9	13,337	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 development strategy, in 2022, Chaucer took the initiative to exit some small-scale primary insurance business, further focused on the direction of business development, and deployed business resources more specifically in Chaucer's core business areas. In the long run, Chaucer will continue to focus on the development of its core business with competitive advantages which will further consolidate Chaucer's sustainable, differentiated and influential market leading position in this segment.

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

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

In terms of service platforms, with headquarters in London, and international branches for Europe, the Middle East and North Africa, Latin America and Asia, Chaucer 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 GBP1.1 billion, making us one of the leading platforms with substantial contract leadership capabilities in Lloyd's market. Furthermore, the brand strength and global reputation of China Re Group have brought Chaucer many new business opportunities, including providing underwriting support to the "Belt and Road Initiative" related enterprises.

In terms of product innovation, we increased investment in this aspect and endeavoured to leverage digital solution to provide innovative products while offering more intelligent and efficient underwriting capabilities. 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 formulated clear visions and strategy in 2022, and partnered with Moody's Analytics to develop a market leading Balanced Scorecard tool to assess the ESG profile of all counterparties across the business from underwriting, investments and operations, with the scoring being anchored to the UN Sustainable Development Goals and won favorable feedback from the market. Meanwhile, Chaucer obtained a MSCI ESG rating of A during the Reporting Period.

CNIP Business

The Group Company, together with China Re P&C and China Continent Insurance, underwrites global nuclear insurance business via CNIP. In 2022, our reinsurance premium income from business via the CNIP platform amounted to RMB135 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 year ended 31 December		
	2022	2021 (Restated)	Change (%)
Gross written premiums	61,819	51,954	19.0
Less: Premiums ceded to reinsurers and retrocessionaires	(8,427)	(4,454)	89.2
Net written premiums	53,392	47,500	12.4
Changes in unearned premium reserves	(1,473)	(2,111)	(30.2)
Net premiums earned	51,919	45,390	14.4
Reinsurance commission income	1,011	572	76.7
Investment income	2,788	3,300	(15.5)
Exchange (losses)/gains, net	(86)	213	(140.4)
Other income	88	145	(39.3)
Total income	55,720	49,620	12.3
Claims and policyholders' benefits	(33,967)	(29,812)	13.9
Handling charges and commissions	(16,035)	(13,766)	16.5
Finance costs	(816)	(835)	(2.3)
Other operating and administrative expenses	(2,182)	(2,440)	(10.6)
Total benefits, claims and expenses	(53,000)	(46,853)	13.1
Share of profit or loss of associates	(1,379)	(10)	13,690.0
Impairment losses of associates	(488)	—	100.0
Profit before tax	853	2,756	(69.0)
Income tax	212	(390)	(154.4)
Net profit	1,065	2,366	(55.0)

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 P&C reinsurance segment increased by 19.0% from RMB51,954 million in 2021 to RMB61,819 million in 2022, mainly because (i) domestic businesses seized market opportunities and achieved rapid growth; (ii) Chaucer leveraged its own professional advantages to seize the opportunity of the overall trend of rising rates in market, each primary line of business thus achieved growth in written premiums.

Premiums Ceded to Reinsurers and Retrocessionaires

Premiums ceded to reinsurers and retrocessionaires for our P&C reinsurance segment increased by 89.2% from RMB4,454 million in 2021 to RMB8,427 million in 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 15.5% from RMB3,300 million in 2021 to RMB2,788 million in 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 13.9% from RMB29,812 million in 2021 to RMB33,967 million in 2022, mainly due to the impact of 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 16.5% from RMB13,766 million in 2021 to RMB16,035 million in 2022, mainly due to the impact of changes in the conditions of the undertaking business.

Share of Profit and Loss of Associates

Share of profit and loss of associates for our P&C reinsurance segment decreased from RMB-10 million in 2021 to RMB-1,379 million in 2022, mainly due to the decrease in profits of associates in 2022.

Net Profit

As a result of the investment income and share of profits and losses of associates, net profit for our P&C reinsurance segment decreased by 55.0% from RMB2,366 million in 2021 to RMB1,065 million in 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 managed by the Group Company through China Re Life.

In 2022, the external operating environment of the Group was complicated and severe with increasing uncertainties. The development of domestic life and health insurance market remained sluggish, and the industry regulation became stricter. The development of the overseas life and health insurance market slowed down and the capital market fluctuated sharply, posing challenges to the operation and development. We strove to overcome the adverse impact, continuously strengthened our core competitiveness, strictly prevented risks and safeguarded the baseline, and properly responded to the impact of various unexpected factors. We strategically developed the protection-type reinsurance business. In terms of “Product+”, we facilitated product improvement in the market from the supply side. In terms of “Data+”, we led the compilation work 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》). To implement Healthy China strategy, develop Inclusive Finance and help achieve rural revitalisation, we actively advanced Hui Min Bao (惠民保) business and explored “Hypertension, Hyperlipidemia and Hyperglycemia Management” chronic disease management model while giving full play to the Company’s technical advantages in product innovation and risk control, and promoted the integration of health insurance products and health industry by constantly implementing innovation in insurance payment models. 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 new financial reinsurance business in compliance with regulations 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 2022, reinsurance premium income from our life and health reinsurance segment amounted to RMB66,385 million, representing a year-on-year decrease of 4.3% and accounting for 38.0% of the Group’s gross written premiums (before inter-segment eliminations). Net profit amounted to RMB1,223 million, representing a year-on-year decrease of 55.5%, and weighted average return on equity reached 5.74%, of which reinsurance premium income from China Re Life (consolidated with China Re HK) amounted to RMB66,303 million, representing a year-on-year decrease of 4.3%; total written premiums (“TWPs”) amounted to RMB71,715 million (including TWPs of RMB5,412 million from savings-type non-insurance business), representing a year-on-year decrease of 3.7%.

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 limited to the business of China Re Life (consolidated with China Re HK) only.

Business Analysis

In terms of business line, we overcame the impact of weak industry growth, took the initiative to innovate and develop, and achieved steady progress of the protection-type reinsurance business. We controlled the development pace of the savings-type reinsurance business according to market conditions, and we further improved compliance and risk management level of the financial reinsurance business.

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

Unit: in RMB millions, except for percentages

Business line	For the year ended 31 December				
	2022		YoY Change (%)	2021	
	Amount	Percentage (%)		Amount	Percentage (%)
Domestic protection-type reinsurance	29,065	43.8	11.6	26,042	37.6
Domestic savings-type reinsurance	9,928	15.0	119.9	4,514	6.5
Domestic financial reinsurance	16,724	25.2	(32.5)	24,782	35.8
Domestic in total	55,717	84.0	0.7	55,338	79.9
Overseas savings-type reinsurance	7,300	11.0	(46.9)	13,757	19.9
Other overseas business	3,286	5.0	1,487.3	207	0.3
Overseas in total	10,586	16.0	(24.2)	13,964	20.1
Total	66,303	100.0	(4.3)	69,302	100.0

In addition, we continued developing savings-type non-insurance business on the premise of preventing risks and ensuring efficiency. The following table sets forth the TWPs of the savings-type non-insurance business for the reporting periods indicated:

Unit: in RMB millions, except for percentages

Non-insurance business	For the year ended 31 December				
	2022		YoY Change (%)	2021	
	Amount	Percentage (%)		Amount	Percentage (%)
Domestic savings-type non-insurance	5,412	100.0	5.0	5,154	99.4
Overseas savings-type non-insurance	0	0.0	—	30	0.6
Total	5,412	100.0	4.4	5,184	100.0

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 2022, reinsurance premium income from the domestic life and health reinsurance business amounted to RMB55,717 million, representing a year-on-year increase of 0.7%, which basically remained stable compared to the same period last year. TWPs amounted to RMB61,129 million (including TWPs of RMB5,412 million from savings-type non-insurance business), representing a year-on-year increase of 1.1%.

In respect of the protection-type reinsurance business, facing the unfavourable situations of lack of growth momentum and continuous pressure on the development of the industry as a whole, the transformation of agency channels was still in the process of bottoming out, and the growth of new critical illness insurance and mid-end medical care products remained weak. After scientifically assessing the prospects of the industry, we countered challenges through implementing policies in a precise manner, thereby achieving growth in both business scale and profitability. In 2022, our reinsurance premium income amounted to RMB29,065 million, representing a year-on-year increase of 11.6%. Of which, reinsurance premium income of RMB11,491 million was from the yearly renewable term reinsurance business¹ and RMB8,151 million was from medical care insurance business, representing a year-on-year increase of 22.61% in total reinsurance premium income. The reasons for the increase in premium income were that (i) we focused on the new customers and main products of traditional track to further consolidate the long-term cooperation with key customers, and we deeply participated in the new market of medical insurance in transition of long-term protection and maintained a leading position in market share, while tapping into the new critical illness business; (ii) we accelerated the development of innovative track, closely followed the market dynamics of the pharmaceutical industry, and cultivated potential markets such as CAR-T and consumer healthcare; (iii) we also focused on integration and innovation across industries, achieving strategic breakthroughs in “Hui Min Bao” business and innovative payment business. In 2022, “Hui Min Bao” business launched a total of 59 products, covering over 67 million people. With the combined effect of innovation-driven and stringent risk control, the underwriting benefits improved. The combined ratio (excluding operating and administrative expenses) after retrocession of the short-term protection-type business was 97.67%, representing a steady business quality, and the underwriting profits were RMB569 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, reinsurance premium income amounted to RMB9,928 million in 2022, representing a year-on-year increase of 119.9%, and the TWPs amounted to RMB15,340 million (including TWPs of RMB5,412 million from savings-type non-insurance business), representing a year-on-year increase of 58.7%. We proactively responded to adverse circumstances such as the downward pressure on interest rates and cost rigidity in the domestic market, explored opportunities for existing businesses, and achieved domestic large-scale business with lower business costs.

In respect of the financial reinsurance business, reinsurance premium income amounted to RMB16,724 million in 2022, representing a year-on-year decrease of 32.5%. We paid close attention to changes in the regulatory policies, continued with business model innovation and optimisation of analyses on counterparty risk, improved capital optimisation and 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 2022, the reinsurance premium income from our overseas life and health reinsurance business amounted to RMB10,586 million, representing a year-on-year decrease of 24.2%. The decrease in premium income was mainly because we grasped the development pace of the savings-type reinsurance business based on market conditions, and the overseas savings-type reinsurance business recorded a year-on-year decrease. In particular, the reinsurance premium income from China Re Life and China Re HK (both after intra-group eliminations) amounted to RMB7,279 million and RMB3,307 million respectively.

In respect of the overseas savings-type reinsurance business, the reinsurance premium income amounted to RMB7,300 million in 2022, representing a year-on-year decrease of 46.9%. The decrease in premium income was mainly because the cost of new overseas business continued to rise. The Company strictly controlled costs and proactively slowed down the pace of business expansion. Meanwhile, the Company continued to improve its business quality: (1) we set our business priorities based on cost advantages and preferred markets; (2) we took advantage of the dual-platform to dynamically adjust domestic and overseas underwriting strategies and asset allocation plans. We seized the window period of rising interest rate of US bonds to achieve business cooperation and increased interest spread income.

In respect of other overseas business, the reinsurance premium income from overseas financial reinsurance and protection-type business amounted to RMB3,286 million in 2022. The reason for the substantial increase in the premium income was that we explored the overseas financial reinsurance market and contributed reinsurance premium income of RMB3,178 million.

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 year ended 31 December			
	2022		2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Treaty reinsurance	66,181	99.8	69,094	99.7
Facultative reinsurance	122	0.2	208	0.3
Total	66,303	100.0	69,302	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 year ended 31 December			
	2022		2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Proportional reinsurance	66,256	99.9	69,257	99.9
Non-proportional reinsurance	47	0.1	45	0.1
Total	66,303	100.0	69,302	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 year ended 31 December				
	2022		YoY	2021	
	Amount	Percentage (%)	Change (%)	Amount	Percentage (%)
Life reinsurance	37,963	57.3	(14.4)	44,374	64.0
Health reinsurance	26,155	39.4	23.2	21,231	30.7
Accident reinsurance	2,185	3.3	(40.9)	3,697	5.3
Total	66,303	100.0	(4.3)	69,302	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 year ended 31 December		
	2022	2021 (Restated)	Change (%)
Gross written premiums	66,385	69,374	(4.3)
Less: premiums ceded to retrocessionaires	(6,871)	(8,157)	(15.8)
Net written premiums	59,514	61,217	(2.8)
Changes in unearned premium reserves	955	(1,421)	(167.2)
Net premiums earned	60,469	59,796	1.1
Reinsurance commission income	1,357	816	66.3
Investment income	4,147	7,091	(41.5)
Exchange (losses)/gains, net	(552)	102	(641.2)
Other income	2,693	2,347	14.7
Total income	68,114	70,152	(2.9)
Claims and policyholders' benefits	(59,907)	(60,145)	(0.4)
Handling charges and commissions	(5,267)	(4,833)	9.0
Finance costs	(829)	(641)	29.3
Other operating and administrative expenses	(2,070)	(2,293)	(9.8)
Total benefits, claims and expenses	(68,073)	(67,912)	0.2
Share of profit or loss of associates	1,129	1,188	(5.0)
Profit before tax	1,170	3,428	(65.9)
Income tax	53	(682)	(107.8)
Net profit	1,223	2,746	(55.5)

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 life and health reinsurance segment decreased by 4.3% from RMB69,374 million in 2021 to RMB66,385 million in 2022, mainly due to the further optimisation of the premium income structure and the reduction of the premiums and proportion of financial reinsurance business.

Premiums Ceded to Retrocessionaires

Premiums ceded to retrocessionaires for our life and health reinsurance segment decreased by 15.8% from RMB8,157 million in 2021 to RMB6,871 million in 2022, mainly due to the decrease in premiums ceded to retrocessionaires from the savings-type reinsurance business.

Investment Income

Investment income for our life and health reinsurance segment decreased by 41.5% from RMB7,091 million in 2021 to RMB4,147 million in 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 life and health reinsurance segment decreased by 0.4% from RMB60,145 million in 2021 to RMB59,907 million in 2022, which basically remained stable.

Handling Charges and Commissions

Handling charges and commissions for our life and health reinsurance segment increased by 9.0% from RMB4,833 million in 2021 to RMB5,267 million in 2022, mainly due to the impact of changes in the reinsurance business structure.

Share of Profit and Loss of Associates

Share of profit and loss of associates for our life and health reinsurance segment decreased by 5.0% from RMB1,188 million in 2021 to RMB1,129 million in 2022, mainly due to the decrease in profits of associates in 2022.

Net Profit

As a result of the foregoing reasons, net profit for our life and health reinsurance segment decreased by 55.5% from RMB2,746 million in 2021 to RMB1,223 million in 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 2022, we adhered to the general principle of seeking progress while maintaining stability, implemented the requirements of high-quality development, strictly adhered to the bottom line of risks, and coordinated various key tasks throughout the year, so as to ensure the continuous improvement of business development. We continued to promote the “Non-Motor” strategy, continuously improved the business structure, and further optimised the structure of sales personnel. The compensation costs and fixed costs were further reduced. The cost control has achieved initial results, and the business quality has improved significantly. Focusing on areas such as supporting the development of the real economy, rural revitalisation, Healthy China, green technology for dual carbon and regional development, the Group accelerated the promotion of key projects, and implemented the work to effectively improve the quality and efficiency of serving national strategies. The Group constantly improved the comprehensive risk management system, and further consolidated various basic tasks to strengthen risk management and control in key areas, improved risk prevention and mitigation capabilities, and continued to build a solid risk control compliance and security barrier.

In 2022, written premiums from our primary P&C insurance segment amounted to RMB46,361 million, representing a year-on-year increase of 6.6% and accounting for 26.6% of gross written premiums of the Group (before inter-segment eliminations), of which the primary premium income was RMB46,093 million, representing a year-on-year increase of 6.8%. Net profit was RMB-979 million and weighted average return on equity was -3.93%. The combined ratio was 103.06%, representing a year-on-year decrease of 3.50 percentage points. Of which, the loss ratio and expense ratio were 68.24% and 34.82% respectively, representing a year-on-year decrease of 2.69 percentage points and a year-on-year decrease of 0.81 percentage points respectively. Reasons for the year-on-year decrease in net profit were that, firstly, although the combined ratio improved significantly, it was still at a relatively high level; secondly, the capital market fluctuated significantly, and some of the Group’s investment business suffered losses, resulting in a significant year-on-year decrease in investment income.

Based on primary premium income of P&C insurance companies in the domestic market in 2022 publicly disclosed by the industry, 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 year ended 31 December				
	2022		YoY Change (%)	2021	
	Amount	Percentage (%)		Amount	Percentage (%)
Motor insurance	23,837	51.7	6.3	22,432	52.0
Accident and short-term health insurance	8,457	18.3	12.0	7,553	17.5
Surety insurance	4,492	9.7	(17.2)	5,423	12.6
Liability insurance	4,018	8.7	40.0	2,871	6.7
Agriculture insurance	1,491	3.2	42.5	1,046	2.4
Cargo insurance	1,067	2.3	(9.6)	1,180	2.7
Others ¹	2,731	5.9	3.3	2,645	6.1
Total	46,093	100.0	6.8	43,150	100.0

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

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

Motor Insurance. In 2022, primary premium income from our motor insurance amounted to RMB23,837 million, representing a year-on-year increase of 6.3%. 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, controllable cost and healthy development from four aspects, namely improvement in precise pricing, policy cost management, business development promotion and business quality management and 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 2022, primary premium income from accident and short-term health insurance amounted to RMB8,457 million, representing a year-on-year increase of 12.0%, of which primary premium income from accident insurance amounted to RMB3,678 million, representing a year-on-year increase of 10.1%; primary premium income from short-term health insurance (critical illness insurance not included) amounted to RMB3,040 million, representing a year-on-year increase of 23.7%; primary premium income from critical illness insurance amounted to RMB1,739 million, representing a year-on-year decrease of 0.9%. We continued to deepen the customer-oriented comprehensive operation, explored and expanded micro and small enterprises' needs for corporate accident insurance and home accident insurance needs, and continued to optimise our business structure. We actively served the national strategies, participated in various livelihood project businesses such as critical illness insurance for urban and rural residents, nursing care insurance and Hui Min Bao, to promote the construction of Healthy China. We developed exclusive health insurance products for the empty nesters to actively respond to the national strategy for aging population, and explored insurance products for new citizens, chronic disease patients, young children, women and other groups, so as to assume the function of insurance in serving the society actively.

Liability Insurance. In 2022, primary premium income from liability insurance amounted to RMB4,018 million, representing a year-on-year increase of 40.0%. We actively served the works of “six stabilities” and “six securities”, and focused on the development of safe production liability insurance, construction inherent defects insurance, first (set of) major technical equipment insurance, government relief liability insurance and other business lines, thus maintaining a positive development trend for liability insurance business.

Surety Insurance. In 2022, primary premium income from surety insurance amounted to RMB4,492 million, representing a year-on-year decrease of 17.2%. The cumulative bad debt rate of personal loan surety insurance business was 9.08%, representing an increase of 2.1 percentage points compared to that of the same period last year, yet still achieved underwriting profitability. We have always persisted with the development concept of prioritising risk control, striving to resolve business risks and sparing no efforts in dealing with the impact of the economic downturn. 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 2022, we provided risk protection for more than 55 thousand micro, small and medium-sized enterprises cumulatively, underwriting risk protection amounted to RMB12,000 million.

Agriculture Insurance. In 2022, primary premium income from agriculture insurance amounted to RMB1,491 million, representing a year-on-year increase of 42.5%. 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 RMB345 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, 291 products including 152 innovative products were developed and filed for the whole year.

Cargo Insurance. In 2022, primary premium income from cargo insurance amounted to RMB1,067 million, representing a year-on-year decrease of 9.6%. 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 RMB19,700 million for 427 insurants.

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 year ended 31 December			
	2022		2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Insurance agents	26,474	57.4	25,244	58.5
Of which: Individual				
insurance agents	15,446	33.5	15,402	35.7
Ancillary insurance agencies	1,651	3.6	2,130	4.9
Professional insurance agencies	9,377	20.3	7,712	17.9
Direct sales	14,061	30.5	13,974	32.4
Insurance brokers	5,558	12.1	3,932	9.1
Total	46,093	100.0	43,150	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 year ended 31 December			
	2022		2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Shanghai	6,683	14.5	7,613	17.6
Zhejiang	4,293	9.3	3,544	8.2
Yunnan	3,188	6.9	3,092	7.2
Shandong	2,684	5.8	2,518	5.8
Inner Mongolia	2,069	4.5	1,811	4.2
Jiangxi	2,035	4.4	1,776	4.1
Sichuan	1,729	3.8	1,360	3.2
Guangdong	1,551	3.4	1,390	3.2
Henan	1,456	3.2	1,408	3.3
Anhui	1,456	3.2	1,268	2.9
Others	18,949	41.1	17,370	40.3
Total	46,093	100.0	43,150	100.0

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

Combined Ratio

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

	For the year ended 31 December	
	2022	2021 (Restated)
Loss ratio (%)	68.24	70.93
Expense ratio (%) ¹	34.82	35.63
Combined ratio (%)	103.06	106.56

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 year ended 31 December		
	2022	2021 (Restated)	Change (%)
Gross written premiums	46,361	43,496	6.6
Less: premiums ceded to reinsurers	(4,796)	(4,456)	7.6
Net written premiums	41,565	39,040	6.5
Changes in unearned premium reserves	(181)	(184)	(1.6)
Net premiums earned	41,384	38,856	6.5
Reinsurance commission income	1,387	1,227	13.0
Investment income	1,373	2,895	(52.5)
Exchange gains/(losses), net	157	(21)	(834.6)
Other income	102	136	(25.5)
Total income	44,404	43,093	3.0
Claims and policyholders' benefits	(28,205)	(27,548)	2.4
Handling charges and commissions	(4,523)	(4,213)	7.4
Finance costs	(116)	(145)	(20.0)
Other operating and administrative expenses	(11,515)	(11,298)	1.9
Total benefits, claims and expenses	(44,359)	(43,204)	2.7
Share of profit or loss of associates	(1,163)	(119)	881.1
Impairment losses of associates	(384)	–	100.0
Profit before tax	(1,502)	(229)	556.6
Income tax	523	44	1,083.2
Net profit	(979)	(185)	430.4

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 6.6% from RMB43,496 million in 2021 to RMB46,361 million in 2022, mainly due to the relatively rapid increase in premium of motor insurance, health insurance, liability insurance, agriculture insurance, etc.

Premiums Ceded to Reinsurers

Premiums ceded to reinsurers for our primary P&C insurance segment increased by 7.6% from RMB4,456 million in 2021 to RMB4,796 million in 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 13.0% from RMB1,227 million in 2021 to RMB1,387 million in 2022, mainly due to the growth in premiums ceded to reinsurers leading to a corresponding growth in reinsurance commission income.

Investment Income

Investment income for our primary P&C insurance segment decreased by 52.5% from RMB2,895 million in 2021 to RMB1,373 million in 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 increased by 2.4% from RMB27,548 million in 2021 to RMB28,205 million in 2022, mainly due to the increase of loss ratio for motor insurance as a result of the effective implementation of policies for comprehensive reform of motor insurance.

Handling Charges and Commissions

Handling charges and commissions for our primary P&C insurance segment increased by 7.4% from RMB4,213 million in 2021 to RMB4,523 million in 2022, mainly due to the growth in gross written premiums leading to an increase in handling charges and commissions.

Net profit

As a result of the foregoing reasons, net profit for our primary P&C insurance segment decreased by RMB794 million from RMB-185 million in 2021 to RMB-979 million in 2022.

Asset Management Business

In 2022, the intensifying geopolitical conflicts and the tightening of monetary policies of major developed economies affected overseas economic growth, and the impact of the decline in real estate investment dragged down the domestic economic recovery. Against this macroeconomic backdrop, the global asset prices fluctuated sharply, and the domestic equity asset prices declined amid fluctuations, 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 RMB422,960 million, of which the total investment assets balance of the Group was RMB320,697 million, representing an increase of 0.1% from the end of the previous year; the balance of third-party assets under the management of the Group was RMB102,263 million, representing an increase of 295.3% from the end of the previous year.

Investment Portfolio

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

Unit: in RMB millions, except for percentages

Investment assets	31 December 2022		31 December 2021 (Restated)	
	Amount	Percentage (%)	Amount	Percentage (%)
Cash and short-term time deposits	14,794	4.6	23,096	7.2
Fixed-income investments	271,141	84.5	257,338	80.3
Time deposits	21,797	6.8	21,366	6.7
Bonds	180,503	56.3	168,255	52.5
Government bonds	19,319	6.0	14,948	4.7
Financial bonds	28,792	9.0	23,950	7.5
Enterprise (corporate) bonds	116,569	36.3	116,043	36.2
Subordinated bonds	15,823	5.0	13,314	4.1
Investments classified as loans and receivables	35,696	11.1	39,097	12.2
Other fixed-income investments ¹	33,145	10.3	28,620	8.9
Equity and investment funds	57,274	17.9	56,043	17.5
Investment funds ²	26,771	8.3	26,246	8.2
Stocks	27,394	8.5	26,607	8.3
Unlisted equity shares ³	3,109	1.0	3,190	1.0
Other investments	28,439	8.9	32,012	10.0
Investment in associates	22,640	7.1	25,584	8.0
Others ⁴	5,799	1.8	6,428	2.0
Less: Financial assets sold under agreements to repurchase	(50,951)	(15.9)	(47,986)	(15.0)
Total investment assets	320,697	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 the general tone of seeking progress while maintaining stability amid the significant market fluctuations, and strengthened active response and refined management to proactively seize the phased opportunities for allocation and deterministic investment income. In terms of domestic fixed income, we flexibly mastered the pace of market 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 the allocation to improve medium-and-long-term returns. For equity investment, we kept focused, controlled our position, and balanced the 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 seized investment opportunities to keep paying attention to high-growth quality enterprises and exited the existing listed projects in an orderly manner.

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 management¹ with China Re AMC acting as the trustee, domestic credit bond investment accounted for 22.93% of which bonds with AAA rating² accounted for 97.55%, and bonds with AA rating 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 assets³ accounted for 10.50% of entrusted assets under the management of China Re AMC, of which those with an external rating of AA+ and above accounted for 79.86%. The top three industries in terms of positions held were real estate, transportation and public utilities, accounting for 28.26%, 23.54% and 22.60%, respectively.

Notes:

1. The insurance asset management products issued by China Re AMC include external client funds.
2. Some of the credit bonds have no external debt rating, and the bonds are rated according to external rating agencies.
3. Non-standard assets include five types of assets which are collective fund trust plans of the trust company, the infrastructure debt investment plans, the equity investment plans, the project asset support plans, and the real estate debt investment plans.

In terms of risk management, we continued to improve our comprehensive risk management system, and promoted the effective transmission of asset allocation strategies and risk appetite. We improved our risk assessment system, strengthened the management of investment risk limits 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.

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, paid close attention to the impact of market volatility on the investment income and solvency of the 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 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, making them more accurate in reflecting the changes of corporate credit risks and more effectively in 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 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 2022, China Everbright Bank continued to boost the strategy of “building a first-class wealth management bank”, and its transformation of wealth management was improved steadily with a stable asset quality. The annual operating income and net profit maintained steady growth with a stable asset quality, 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.

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.

In 2022, due to the macroeconomic slowdown and the capital market fluctuations, some of the Group's investment businesses suffered losses, resulting the impact on its operating results.

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 year ended 31 December	
	2022	2021 (Restated)
Cash and fixed-income investments	8,689	8,215
Interest income	10,389	10,181
Realised (losses)/gains	(1,196)	(165)
Unrealised losses	(102)	(462)
Impairment losses	(402)	(1,339)
Equity and investment funds	(700)	6,055
Dividend income	2,645	1,713
Realised gains	(1,878)	4,508
Unrealised (losses)/gains	(657)	(102)
Impairment losses	(810)	(64)
Other investments	(1,242)	2,180
Share of profit or loss of associates	(590)	1,686
Impairment losses of associates	(872)	—
Other gains or losses ¹	220	494
Less: interest expenses on securities sold under agreements to repurchase	(995)	(783)
Total investment income ²	5,752	15,667
Total investment yield (%) ²	1.79	4.99
Net investment income ³	12,721	13,836
Net investment yield (%) ³	3.97	4.40

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. $\text{Total investment income} = \text{Investment income} + \text{share of profit or loss of associates} - \text{interest expenses on securities sold under agreements to repurchase};$

$\text{Total investment yield} = \text{Total investment income} \div \text{average of total investment assets as at the beginning and end of the period};$

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

3. $\text{Net investment income} = \text{Interest income} + \text{dividend income} + \text{rental income} + \text{share of profit or loss of associates};$

$\text{Net investment yield} = \text{Net investment income} \div \text{average of total investment assets as at the beginning and end of the period}.$

In 2022, the Group's total investment income was RMB5,752 million, representing a year-on-year decrease of 63.3%, and the total investment yield was 1.79%, representing a year-on-year decrease of 3.20 percentage points. Net investment income amounted to RMB12,721 million, representing a year-on-year decrease of 8.1%, and the net investment yield was 3.97%, representing a year-on-year decrease of 0.43 percentage points. Such decreases were mainly due to the significant fluctuations in the capital market, losses incurred in some of the investment businesses and the year-on-year significant decrease in the investment income of equity and fund as a result of geopolitical conflicts, macroeconomic pressure and other factors.

Insurance Intermediary Business

Insurance intermediary business refers to the insurance intermediary business operated by Huatai Insurance Agency and its subsidiary, Beijing Huatai Surveyors & Adjusters Company. In 2022, against a general environment of intensifying competition and tightening regulatory policies in the insurance intermediary market, we adhered to the general principle of seeking progress while ensuring stability and striving for innovation and transformation, strove to boost the “Going Out” marketing, industrial layout and coordinated development, effectively overcame the adverse impact of external environment on business development, and well achieved the annual development goals.

In 2022, revenue from insurance intermediary business amounted to RMB544 million, representing a year-on-year increase of 7.19%. Profit before tax amounted to RMB3.25 million, representing a year-on-year increase of 24.46%.

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

	31 December 2022	31 December 2021 (after adjustment)	31 December 2021 (before adjustment)	Change (%)
China Re Group				
Core capital	88,785	99,147	99,645	(10.5)
Available capital	108,960	112,145	112,643	(2.8)
Minimum capital	57,350	53,855	53,930	6.5
Core solvency adequacy ratio (%)	155	184	185	Decrease by 29 percentage points
Aggregated solvency adequacy ratio (%)	190	208	209	Decrease by 18 percentage points
Group Company				
Core capital	74,124	78,540	78,950	(5.6)
Available capital	74,124	78,540	78,950	(5.6)
Minimum capital	11,654	13,135	13,163	(11.3)
Core solvency adequacy ratio (%)	636	598	600	Increase by 38 percentage points
Aggregated solvency adequacy ratio (%)	636	598	600	Increase by 38 percentage points
China Re P&C				
Core capital	17,806	22,309	22,627	(20.2)
Available capital	28,190	30,308	30,627	(7.0)
Minimum capital	14,862	14,233	14,304	4.4
Core solvency adequacy ratio (%)	120	157	158	Decrease by 37 percentage points
Aggregated solvency adequacy ratio (%)	190	213	214	Decrease by 23 percentage points
China Re Life				
Core capital	30,197	33,790	33,790	(10.6)
Available capital	37,565	38,788	38,788	(3.2)
Minimum capital	18,053	18,028	18,028	0.1
Core solvency adequacy ratio (%)	167	187	187	Decrease by 20 percentage points
Aggregated solvency adequacy ratio (%)	208	215	215	Decrease by 7 percentage points
China Continent Insurance				
Core capital	20,965	25,044	25,224	(16.3)
Available capital	23,091	25,044	25,224	(7.8)
Minimum capital	8,886	6,841	6,857	29.9
Core solvency adequacy ratio (%)	236	366	368	Decrease by 130 percentage points
Aggregated solvency adequacy ratio (%)	260	366	368	Decrease by 106 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 relevant solvency data of China Re Life as at 31 December 2022 have been audited by the auditors of the Company; the relevant solvency data of other entities have not been audited by the auditors of the Company. The relevant data of the Group Company, China Re P&C and China Continent Insurance is the same as the data submitting to the CBIRC.
 4. Affected by certain non-holding enterprise's reduction in its results for 2021 after adjustment, 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 above table.

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 decreased, mainly due to the changes in business. In particular, the solvency adequacy ratio of the Group Company saw an increase, mainly due to the changes in the retrocession arrangement within the Group. The solvency adequacy ratio of China Re P&C decreased, mainly due to the increased business scale and decreased net assets. The solvency adequacy ratio of China Re Life decreased, mainly due to the changes in business and calculation rules. The solvency adequacy ratio of China Continent Insurance decreased, mainly due to the change of calculation rules and decrease of net assets.

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 fourth 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.

Exchange Rate Fluctuation Risk

Substantial amount of assets and liabilities of the Group are denominated in Renminbi, but certain assets and liabilities are denominated in Hong Kong dollars, US dollars, British pounds and other foreign currencies. The fluctuations of the value of Renminbi against such currencies expose us to foreign exchange risks. We control the adverse impacts of the fluctuations of exchange rates through enhancing management of the assets and liabilities matching in different currencies, keeping foreign exchange positions under control and using foreign currency derivatives appropriately. As at 31 December 2022, the Group held foreign currency derivatives of RMB68 million (31 December 2021: RMB436 million).

Details of Assets Charged and Bank Borrowings

As at 31 December 2022, bonds with a carrying value of RMB15,468 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 31 December 2022, the carrying value of bonds deposited in the collateral pool was RMB51,446 million (as at 31 December 2021: RMB49,593 million). The collateral is restricted from trading during the period of the repurchase transaction. The Group can withdraw the exchange-traded bonds from the collateral pool in short time provided that the value of the bonds is no less than the balance of related repurchase transactions.

As at 31 December 2022, the Group held a long-term borrowing of USD550 million with a coupon rate of 4.7%, and the term is 60 months.

Contingencies

As at 31 December 2022, the Group had issued the following guarantees:

- (1) As at 31 December 2022, the Group Company provided maritime guarantee of RMB1,671 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 31 December 2022, CRIH provided the letter of credit to Lloyd's to support Syndicate 1084's and Syndicate 1176's underwriting business of GBP350 million totally (31 December 2021: GBP335 million).
- (3) During the Reporting Period, CRIH entered into Tier 1 securities lending arrangements for Funds at Lloyd's with two financial institutions. The facilities amounted to GBP100 million and USD75 million (31 December 2021: GBP80 million and USD50 million) respectively.

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

References are made to the 2021 annual report published by the Company on 28 April 2022 and the 2022 interim report published by the Company on 23 September 2022, which set out, among other things, the use of proceeds from the initial public offering of the Company.

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

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

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

Other Major Events

Maturity and Repayment of US Dollar-Denominated Notes

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

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

Prospects

Market Environment

Looking ahead to 2023, China's economy has strong resilience, great potential, and the long-term positive fundamentals remain unchanged. The insurance industry has accelerated the transformation from resource-driven to technology-driven and high-speed growth to high-quality development, from passive loss allocation to active risk reduction and whole-process governance, and from a single risk protection provider to a comprehensive risk solution provider.

For the primary P&C insurance market, with the increasing confidence of economic entities, economic vitality is further released. As industrial upgrading is accelerated, the emerging engines of digitisation, green and high-end are growing, bringing more room and opportunities for development of the insurance industry. Based on the differentiated impact of external macro-policy environment on various lines of businesses, the impact of the comprehensive reform of motor insurance tends to be stable. Affected by the growth of production and sales of new energy vehicles, the growth rate of motor insurance is expected to recover steadily. With the implementation of economic policies for stable growth, non-motor insurance maintains rapid growth and continues to be the main contributor to industry growth.

For the primary life and health insurance market, affected by pressure on economic growth, capital market fluctuations, agents manpower shortage and low productivity and other factors, we have seen the pressure of declining demand, supply impact and lower expectation, resulting in the pressure on the development of liability side and the increased pressure on the matching of assets and liabilities of the investment side. On the other hand, the insurance industry remains in the period of strategic opportunities, with the establishment of multi-level healthcare protection system and third pillar pension insurance system being accelerated. Commercial insurance appears to be the important product in the vision of "Healthy China" and the strategy for an ageing population. The industry is speeding up the supply-side reform for products, channels and services, and strengthening the development of risk protection, wealth management, life and health services, aiming for the better integration of online and offline services.

In respect of the P&C reinsurance market, the pressure from the comprehensive reform of motor insurance has been released, the competition order in the primary insurance market has improved, and the new energy vehicle insurance business has grown significantly. The non-motor insurance has maintained steady growth with continuous optimisation of structure and accelerated implementation of product innovation pilots. In order to facilitate green transformation, participate in risk co-governance and serve society and people's livelihoods, industry entities will play their risk management functions in aligning with national strategies and integrating into the economic market to achieve business growth. Non-motor insurance such as agricultural insurance, liability insurance and health insurance will continue to grow rapidly. Reinsurance will play a more prominent role in serving the real economy and modernising social governance. Its product innovation capability, risk management capability and technology application capability will become increasingly important in market competition.

For the life and health reinsurance market, due to factors such as long-term low interest rates, fluctuations in profits derived from international life and health reinsurance companies have increased. Relying on the younger demographic structure in the emerging markets in Southeast Asia, the overseas protection-type reinsurance market is worth looking forward to. The growth of domestic protection-type reinsurance business remained sluggish, and the demand for the development and iteration of the primary insurance market products increased. As a result, data, product and service innovation have become the keys to stand out in the competitive reinsurance market. Under the environment of low interest rates and with the implementations of IFRS 17 and the "C-ROSS" Phase II project, there were opportunities and challenges arising from savings-type and financial reinsurance business.

In respect of the development of capital market and use of insurance funds, in 2023, global economic growth will slow down with inflation running at a relatively high level. Geopolitical frictions will continue to disrupt the operation of the global economy. The domestic economic recovery has a clear direction, but the initial stage of recovery is not yet solid and still faces some challenges.

Outlook of China Re Group

China Re Group will firmly grasp the top priority of high-quality development, adhere to the general tone of "seeking progress while ensuring stability, enhancing value", insist on the operational policy of "stabilising growth, adjusting structure, controlling risks, and increasing profitability", strengthen the concept of coordinated development and priority to efficiency, and embark on the new journey of the "three-step" strategy from a high starting point.

In respect of the P&C reinsurance business, we will adhere to the new development philosophy, insist in returning to the origin of risk protection, adhere to technology empowerment and product innovation, focus on major national strategies in business development, serve the national economy and society and people's livelihoods, promote the domestic reinsurance business to strengthen the internal circulation, and promote the construction of a characteristic ecosystem for reinsurance in an orderly manner. Under the premise of controllable risks, we will continue to consolidate our position as the main channel in the domestic market. For overseas operations, we will adhere to the ideal of underwriting profits, grasp market cycles, continue to optimise our business portfolio and strengthen risk management to achieve high-quality development.

For the life and health reinsurance business, we will actively promote supply side reforms such as products and services by taking 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 the industry regulatory requirements and our customers’ needs, strengthen counterparty risk management and existing business management, and develop the financial reinsurance business with innovative solutions under the principle of risk control. 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 follow the national strategy and the Group’s “14th Five-Year” development plan, focus on “customers, processes and performance”, uphold integrity and innovation, optimise structure, control risks, improve quality and efficiency, and promote the high-quality development to a new level. In terms of motor insurance, we will adhere to benchmarking the industry, optimise the structure with improved quality, and deepen the transformation and development of motor insurance. In terms of non-motor insurance, we will closely integrate business development with the national strategy, further enhance the initiative of serving the national strategy with a focus on key points and opportunities exploration, strengthen product and service innovation and expand development room in areas such as safeguarding the real economy, serving social governance, promoting rural revitalisation, strengthening people’s livelihood protection, and supporting small and micro enterprises. We will consolidate the foundation of corporate management with effective development measures, and improve the overall management level to achieve underwriting profit.

For the asset management business, we will strengthen the “two coordination” to coordinate development and safety, and continue to work hard to stabilise revenue and prevent risks. It is also necessary for us to coordinate the current and long-term development, make steady progress in investment capacity building, third-party business expansion, digital development, etc., improve internal strength while consolidating the foundation, and strive to achieve steady progress in investment income, stable quality improvement in basic management, and stable and new development momentum. We will uphold a sound and prudent concept of investment, continuously optimise the asset allocation structure for structural opportunities, and make efforts to enhance investment returns. The high-quality development of the third-party businesses will be promoted in an orderly manner along with continuous innovation thinking to follow market demands closely. 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 as a whole.

EMBEDDED VALUE

1. Valuation Results

As at 31 December 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 31 December 2022.

This section summarises the EV and the value of one year’s new business (“1-year VNB”) results as at 31 December 2022 and the corresponding results as at prior valuation date.

Unit: in RMB millions

Valuation Date	31 Dec 2022	31 Dec 2021 (Restated)
Embedded Value		
Adjusted Net Worth (“ANW”)	94,623	103,090
Value of In-force Business (“VIF”) before CoC	11,718	12,132
Cost of Required Capital (“CoC”)	(4,290)	(4,636)
Value of In-force Business after CoC	7,428	7,496
Embedded Value	102,051	110,586
Of which:		
ANW of the life and health reinsurance business	23,773	28,390
VIF after CoC of the life and health reinsurance business	7,299	7,331
EV of the life and health reinsurance business	31,072	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	2,438	3,483
Cost of Required Capital	(747)	(1,189)
Value of One Year’s New Business after CoC	1,691	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: As the financial data of the Group and China Re Life for 2021 have been restated, the figures of ANW and EV at the beginning of this period are adjusted accordingly.

2. Assumptions

The assumptions used in the EV and 1-year VNB calculations as at the valuation date have been made under a “going concern” basis, assuming a continuation of the economic and regulatory environment currently prevailing in China. The calculation followed “Guidance on Actuarial Practice: Valuation of Embedded Value for Life and Health Insurance” and industry practice for publicly listed companies in Hong Kong. Various operating actuarial assumptions were set primarily based on internal experience analysis results, and with reference to the experience in the China insurance market and the outlook of future tendency of the experience assumptions. Therefore, this represents the best estimate of future valuation based on the information available as at the valuation date.

The assumptions below are used for the valuation of EV and value of one year’s new business as at 31 December 2022.

Risk Discount Rate

A 10.5% risk discount rate has been used to calculate value of in-force business and value of one year’s new business.

Investment Return Rates

The following table summarises the assumptions of investment return rates used for the value of in-force business and value of one year’s new business as at 31 December 2022:

	2023	2024	2025	2026-2032	2033+
Life and health reinsurance business of the Group Company and China Re Life					
Non asset-driven business	5.00%	5.00%	5.00%	5.00%	5.00%
Asset-driven business – Domestic Universal Life	6.00%	6.00%	5.00%	5.00%	5.00%
Asset-driven business – Domestic Other	6.00%	6.00%	6.00%	6.00%	5.00%
Asset-driven business – Overseas	6.00%	6.00%	6.00%	6.00%	5.00%
Life and health reinsurance business of China Re HK					
	5.15%	5.05%	4.08%	4.08%	4.08%

The assumptions shown above are determined with reference to the circumstances of current capital market, current and expected future asset allocations, and the investment returns of major asset classes.

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

Policyholder Dividend

Policyholder dividend has been derived in accordance with the terms related to dividend accepted by the reinsurer as stipulated in the reinsurance contracts. The surplus of the participating business accepted is the sum of interest surplus and mortality surplus, and 70% of the corresponding surplus is assumed to be distributed to policyholders. The reinsurer is responsible for paying the amount of dividend according to the terms in the reinsurance contracts. Moreover, interest surplus is determined either based on the terms in the reinsurance contracts or the Group's assumptions for investment return rates.

Mortality and Morbidity

The assumptions of mortality and morbidity rates are based on the recent experience of China Re Group and the overall experience of China life and health insurance market. Mortality and morbidity assumptions vary by product categories.

Claim Ratio

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

Discontinuance Rates

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

Expenses

The assumptions of expenses are determined based on recent experience, expense management and the expected future expense level of life and health reinsurance business. For per policy expense assumptions, the assumed annual inflation rate is 2%.

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

Tax

Currently, corporate income tax rates in the Chinese mainland market and the Hong Kong market are assumed to be 25% and 8.25% of taxable profit respectively. And some percentage of investment return is assumed to be tax free based on current experience and future expectation.

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 31 December 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	7,299	1,691
Risk discount rate increased by 100 basis points	6,438	1,578
Risk discount rate decreased by 100 basis points	8,295	1,815
Annual investment return rates increased by 50 basis points	8,730	1,810
Annual investment return rates decreased by 50 basis points	5,862	1,572
Mortality and morbidity rates increased by 10%	7,296	1,691
Mortality and morbidity rates decreased by 10%	7,315	1,691
Discontinuance rates increased by 10%	7,167	1,674
Discontinuance rates decreased by 10%	7,432	1,709
Expenses increased by 10%	7,163	1,658
Expenses decreased by 10%	7,435	1,724
Combined ratio of short-term reinsurance contracts increased by 1 percentage point on absolute basis	7,164	1,597
Combined ratio of short-term reinsurance contracts decreased by 1 percentage point on absolute basis	7,504	1,786

4. Movement Analysis

The table below shows the movement analysis of the EV of China Re Group for the period from 31 December 2021 to 31 December 2022.

Unit: in RMB millions

No.	Item	Amount	Details
1	EV of life and health reinsurance business as at 31 December 2021	35,721	EV as at 2021 year end before model change. As the financial data of the Group and China Re Life for 2021 have been restated, the figures of EV at the beginning of this period are adjusted accordingly
2	Model change	(149)	EV model improvement
3	Modified EV of life and health reinsurance business as at 31 December 2021	35,572	EV as at 2021 year end after model change
4	Expected return on EV	2,905	Expected return on EV in the year of 2022
5	Impact of new business	1,256	Impact of new business in the year of 2022
6	Impact of market value adjustments and other adjustments	(36)	Changes from asset market value adjustments and other adjustments

No.	Item	Amount	Details
7	Economic experience variances	(7,349)	Difference between actual investment income and expected investment income in the year of 2022
8	Operating experience variances	12	Difference between actual operational experience and expected operational results in the year of 2022
9	Change in assumptions	49	Adjustments to assumptions at 31 December 2022
10	Others	(270)	
11	Capital injection and shareholder dividend payment	(1,066)	Capital injection to China Re Life and dividend paid to the Group Company by China Re Life
12	EV of life and health reinsurance business as at 31 December 2022	31,072	
13	EV of other business of the Group as at 31 December 2021	74,865	
14	Profit from other business in the year of 2022	(1,664)	
15	Impact of market value adjustments and other adjustments	(1,342)	Changes from asset market value adjustments and other adjustments
16	Others	(36)	
17	Capital injection and shareholder dividend payment	(845)	Capital injection to subsidiaries, dividend paid to the Group Company by subsidiaries and dividend paid to shareholders by China Re Group
18	EV of other business of the Group as at 31 December 2022	70,979	
19	EV of the Group as at 31 December 2022	102,051	

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. Upon enquiries made by the Company, 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

During the Reporting Period, save as otherwise disclosed, the Company or any of its subsidiaries has not purchased, sold or redeemed any listed securities of the Company or its subsidiaries.

IMPORTANT EVENTS SINCE THE END OF THE FINANCIAL YEAR

Since the end of the financial year and up to the date of this annual results announcement, the Group did not have any important events.

FINAL DIVIDEND

The Board recommends the payment of final dividend for the year ended 31 December 2022 of RMB0.014 per share (tax inclusive), totalling approximately RMB595 million (the “**2022 Final Dividend**”). The 2022 Final Dividend is subject to the approval of shareholders of the Company at the 2022 annual general meeting, and is expected to be paid on Tuesday, 22 August 2023 to the shareholders of the Company whose names appear on the register of members of the Company as at Thursday, 6 July 2023 and will be denominated and declared in Renminbi, while the dividend for H shares will be paid in Hong Kong dollars, which shall be calculated at the average central parity rate of Hong Kong dollars against Renminbi in the interbank foreign exchange market for the last five business days up to and including the date of the 2022 annual general meeting published by China Foreign Exchange Trade System as authorised by the People’s Bank of China. The above profit distribution plan will not result in a lower indicator of the Company’s relevant solvency adequacy ratio than the regulatory requirements.

Notice of the 2022 annual general meeting will announce the date of the 2022 annual general meeting of the Company and details of relevant book closure, as well as the arrangement of book closure for the final dividend.

REVIEW OF ANNUAL RESULTS

The consolidated financial statements for the year ended 31 December 2022 of the Group were audited by PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers. The audit committee of the Company has also reviewed the audited annual results of the Group for the year ended 31 December 2022. The figures in respect of the Group’s results for the year ended 31 December 2022 as set out in this annual results announcement have been agreed by the auditor of the Company, PricewaterhouseCoopers, to the amounts set out in the Group’s audited consolidated financial statements for the year ended 31 December 2022.

PUBLICATION OF ANNUAL REPORT

The annual report of the Company for the year ended 31 December 2022 will be dispatched to the shareholders of the Company and 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

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

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

“Huatai Insurance Agency”	Huatai Insurance Agency and Consultant Service Limited (華泰保險經紀有限公司), a subsidiary of the Company incorporated in the PRC on 1 March 1993. The Company holds 52.5% of its shares
“Lloyd’s”	The Society of Lloyd’s, a global leading specialised P&C and liability insurance market
“Ministry of Finance”	the Ministry of Finance of the PRC (中華人民共和國財政部)
“Model Code for Securities Transactions”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Hong Kong Listing Rules
“Reporting Period”	since 1 January 2022 until 31 December 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, 28 March 2023

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

* *Upon the approval at the Company’s first extraordinary general meeting of 2023, Mr. Li Wenfeng, Mr. Dai Deming, Ms. Ye Mei and Mr. Ma Ho Fai have been appointed as Directors. They will officially perform their duties after their qualifications as Directors are approved by the CBIRC and the implementation of the procedural requirements stipulated in the Articles of Association.*