中再集团

China Reinsurance (Group) Corporation
中國再保險(集團)股份有限公司
(A joint stock limited liability company incorporated in the People's Republic of China)
(Stock Code: 1508)

ANNOUNCEMENT OF THE UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

The board of directors of China Reinsurance (Group) Corporation hereby announces the unaudited interim results of the Group for the six months ended 30 June 2023 together with the comparative figures for the corresponding period in 2022, which should be read in conjunction with the following management discussion and analysis.

The Group has implemented International Financial Reporting Standards ("**IFRS**") 17 – Insurance Contracts (the "**New Standard for Insurance Contracts**") and IFRS 9 – Financial Instruments (the "**New Standard for Financial Instruments**") (collectively, the "**New Standards**") from 1 January 2023. In accordance with the relevant requirements of the New Standard for Insurance Contracts, the Group has retrospectively adjusted the comparative data of insurance business for the same period last year. At the same time, the Group presented the data of financial assets for the same period last year using the classification overlay method.

FINANCIAL STATEMENTS AND MATERIAL NOTES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 30 June 2023
(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	Six months ended 30 June 2023 (Unaudited)	2022 (Restated, Unaudited)
Operating Income			
Insurance revenue	*6*	**48,465,956**	41,639,381
Interest income	*7*	**4,418,717**	4,589,469
Investment income	*8*	**(455,053)**	(1,637,161)
Exchange gains/(losses), net		**1,507,258**	944,098
Other income		**564,611**	366,732
Total income		**54,501,489**	45,902,519
Operating Expense			
Insurance service expenses	*6*	**(45,588,913)**	(40,321,020)
Allocation of reinsurance premiums paid		**(3,487,046)**	(3,601,317)
Amounts recovered from reinsurance contracts		**1,945,189**	3,240,376
Finance expenses from insurance contracts issued		**(3,487,797)**	(2,832,783)
Finance income/(expense) from reinsurance contracts held		**314,482**	(121,464)
Net impairment loss on financial assets	*9*	**(261,274)**	(356,379)
Finance costs		**(1,101,744)**	(1,025,853)
Other operating and administrative expenses		**(1,672,884)**	(1,347,930)
Total insurance service expenses and others		**(53,339,987)**	(46,366,370)
Share of profit of associates		**1,199,571**	1,149,261
Impairment losses of associates		**–**	(548,432)
Profit before tax		**2,361,073**	136,978
Income tax	*10*	**(294,026)**	228,994
Net profit		**2,067,047**	365,972
Attributable to:			
Equity shareholders of the parent		**2,011,676**	466,246
Non-controlling interests		**55,371**	(100,274)
Earnings per share (RMB)	*12*		
– Basic		**0.05**	0.01
– Dilution		**0.05**	(0.003)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Restated, Unaudited)
Net profit	**2,067,047**	365,972
Other comprehensive income for the year after tax		
Items that will not be reclassified to profit or loss:		
Remeasurement of defined benefit obligation	**(4,629)**	(9)
Equity investment designated at fair value through other comprehensive income	**1,122,882**	120,836
Income tax relating to these items	**(248,462)**	(86,489)
Items that may be reclassified subsequently to profit or loss:		
Share of other comprehensive income of associates	**136,464**	(39,172)
Fair value changes on debt instruments at fair value through other comprehensive income	**757,124**	(2,166,962)
Provision for credit losses on debt instruments measured at fair value through other comprehensive income	**244,609**	–
Exchange differences on translation of financial statements of foreign operations	**282,218**	102,232
Financial changes in insurance contracts		
Including: Primary insurance contracts	**(172,199)**	614,176
Reinsurance contracts	**(1,270,967)**	1,799,464
Financial changes on ceded reinsurance contracts	**492,977**	(445,745)
Income tax relating to these items	**76,562**	273,752
Other comprehensive income for the period after tax	**1,416,579**	172,083
Total comprehensive income for the period	**3,483,626**	538,055
Attributable to:		
Equity shareholders of the parent	**3,391,654**	623,468
Non-controlling interests	**91,972**	(85,413)
Total comprehensive income for the period	**3,483,626**	538,055

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2023
(Expressed in thousands of Renminbi, unless otherwise stated)

Assets	*Note*	**30 June 2023 (Unaudited)**	31 December 2022 (Restated, Unaudited)
Cash and short-term time deposits		**14,248,998**	14,799,064
Derivative financial assets		**57,994**	113,755
Financial assets held under resale agreements		**5,056,303**	4,447,650
Financial investments:			
Financial assets at fair value through profit or loss	*13*	**98,713,666**	77,781,686
Financial assets at amortised cost	*14*	**77,558,124**	78,762,114
Debt investments at fair value through other comprehensive income	*15*	**113,307,174**	110,831,036
Equity investment designated at fair value through other comprehensive income	*16*	**14,969,500**	17,828,870
Insurance contract assets		**493,682**	495,490
Ceded reinsurance contract assets		**23,074,494**	20,255,025
Investment contract assets		**6,821,509**	5,613,490
Time deposits		**26,412,141**	22,556,208
Statutory deposits for insurance operations		**18,873,268**	21,587,198
Investment properties		**5,928,914**	6,038,865
Property and equipment		**3,705,217**	3,876,515
Right-of-use assets		**993,177**	1,089,596
Intangible assets		**2,315,845**	2,353,664
Investments in associates	*17*	**22,781,747**	22,639,532
Goodwill		**1,651,694**	1,634,952
Deferred tax assets		**6,231,491**	6,430,006
Other assets		**6,493,230**	5,597,434
Total assets		**449,688,168**	424,732,150

Liabilities and equity	*Note*	**30 June 2023 (Unaudited)**	31 December 2022 (Restated, Unaudited)
Liabilities			
Financial liabilities at fair value through profit or loss		**427,166**	308,062
Derivative financial liabilities		**343,093**	45,448
Financial assets sold under repurchase agreements		**44,554,406**	51,002,086
Income tax payable		**499,790**	2,233,572
Investment contract liabilities		**31,980,507**	26,226,644
Insurance contract liabilities	*18*	**235,205,588**	215,359,150
Ceded reinsurance contract liabilities		**18,809**	32,965
Notes and bonds payable		**17,432,911**	13,105,985
Long-term borrowings		**3,972,007**	3,826,334
Lease liabilities		**925,406**	1,027,728
Deferred tax liabilities		**1,029,097**	795,175
Other liabilities		**13,023,525**	13,273,109
Total liabilities		**349,412,305**	327,236,258
Equity			
Share capital	*19*	**42,479,808**	42,479,808
Reserves		**23,354,638**	21,827,717
Retained earnings		**25,480,293**	24,310,483
Total equity attributable to equity shareholders of the parent		**91,314,739**	88,618,008
Non-controlling interests		**8,961,124**	8,877,884
Total equity		**100,275,863**	97,495,892
Total liabilities and equity		**449,688,168**	424,732,150

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

		Total equity attributable to equity shareholders of the parent											
			Reserves										
	Note	Share capital	Capital reserve	Surplus reserve	General risk reserve	Catastrophic loss reserve	Defined benefit obligation remeasurement reserve	Fair value reserve	Exchange reserve	Retained earnings	Subtotal	Non-controlling interests	Total equity
As at 31 December 2022 (Restated, Unaudited)		42,479,808	10,684,516	3,176,979	7,615,632	212,951	(19,844)	369,133	(211,650)	24,310,483	88,618,008	8,877,884	97,495,892
Impact of changes in accounting policies		-	-	(2,685)	(13,463)	-	-	128,865	(30)	(218,912)	(106,225)	(8,732)	(114,957)
As at 1 January 2023		42,479,808	10,684,516	3,174,294	7,602,169	212,951	(19,844)	497,998	(211,680)	24,091,571	88,511,783	8,869,152	97,380,935
Profit for the period		-	-	-	-	-	-	-	-	2,011,676	2,011,676	55,371	2,067,047
Other comprehensive income		-	-	-	-	-	(4,629)	1,104,510	280,097	-	1,379,978	36,601	1,416,579
Total comprehensive income		-	-	-	-	-	(4,629)	1,104,510	280,097	2,011,676	3,391,654	91,972	3,483,626
Distributions to shareholders of the parent	*11*	-	-	-	-	-	-	-	-	(594,717)	(594,717)	-	(594,717)
Other comprehensive income transferred to retained earnings		-	-	-	-	-	-	28,237	-	(28,237)	-	-	-
Others		-	6,019	-	-	-	-	-	-	-	6,019	-	6,019
As at 30 June 2023 (Unaudited)		42,479,808	10,690,535	3,174,294	7,602,169	212,951	(24,473)	1,630,745	68,417	25,480,293	91,314,739	8,961,124	100,275,863

		Total equity attributable to equity shareholders of the parent											
			Reserves										
	Note	Share capital	Capital reserve	Surplus reserve	General risk reserve	Catastrophic loss reserve	Defined benefit obligation remeasurement reserve	Fair value reserve	Exchange reserve	Retained earnings	Subtotal	Non-controlling interests	Total equity
As at 31 December 2021 (Audited)		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
Impact of changes in accounting policies		–	–	55,401	181,644	–	–	(1,977,889)	(41,820)	(63,317)	(1,845,981)	155,501	(1,690,480)
As at 1 January 2022		42,479,808	10,685,913	2,862,997	7,088,181	144,470	46,146	624,226	(579,002)	27,508,575	90,861,314	9,537,927	100,399,241
Profit/(loss) for the period		–	–	–	–	–	–	–	–	466,246	466,246	(100,274)	365,972
Other comprehensive income		–	–	–	–	–	(9)	57,612	99,619	–	157,222	14,861	172,083
Total comprehensive income		–	–	–	–	–	(9)	57,612	99,619	466,246	623,468	(85,413)	538,055
Distributions to shareholders of the parent	*11*	–	–	–	–	–	–	–	–	(1,911,591)	(1,911,591)	–	(1,911,591)
Other comprehensive income transferred to retained earnings		–	–	–	–	–	–	13,203	–	(13,203)	–	–	–
Others		–	2,151	–	–	–	–	–	–	–	2,151	–	2,151
As at 30 June 2022 (Restated, Unaudited)		42,479,808	10,688,064	2,862,997	7,088,181	144,470	46,137	695,041	(479,383)	26,050,027	89,575,342	9,452,514	99,027,856

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023
(Expressed in thousands of Renminbi, unless otherwise stated)

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
Operating activities		
Cash generated from operations	**17,463,450**	158,814
Income tax paid	**(2,306,853)**	(1,166,893)
Net cash flows generated from/(used in) operating activities	**15,156,597**	(1,008,079)
Investing activities		
Interest received	**5,190,681**	5,247,502
Dividends received	**631,695**	612,497
Purchases of property and equipment, investment properties and intangible assets	**(118,209)**	(52,357)
Proceeds from disposal of property and equipment, investment properties and intangible assets	**68,131**	21,184
Purchases of investments	**(138,452,963)**	(79,179,462)
Proceeds from disposal of investments	**122,938,053**	84,882,693
Net cash flows (used in)/generated from investing activities	**(9,742,612)**	11,532,057

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
Financing activities		
Changes in third party investors' interests of consolidated structured entities, net	**327,293**	–
Funds received from bond	**4,000,000**	–
Cash paid for debt	**–**	(9,483,330)
Interest paid	**(722,235)**	(783,707)
Cash paid for lease liabilities	**(234,133)**	(238,134)
Net proceeds from securities sold under agreements to repurchase	**(8,517,009)**	(5,195,538)
Net cash flows used in financing activities	**(5,146,084)**	(15,700,709)
Net increase/(decrease) in cash and cash equivalents	**267,901**	(5,176,731)
Cash and cash equivalents at the beginning of the period	**15,416,186**	22,203,831
Effect of foreign exchange rate changes	**64,176**	309,975
Cash and cash equivalents at the end of the period	**15,748,263**	17,337,075
Cash and short-term time deposits	**14,246,154**	15,931,813
Add: Financial assets held under resale agreements with original maturity of no more than three months	**5,057,716**	3,133,962
Less: Restricted cash and short-term time deposits	**(3,555,607)**	(1,728,700)
Cash and cash equivalents at the end of the period	**15,748,263**	17,337,075

(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

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

The accounting policies used for the condensed consolidated interim financial information for the six months ended 30 June 2023 are the same as those used for the preparation of the Group's financial statements for the year ended 31 December 2022, except for the adoption of the new standards effective 1 January 2023 as described in Note 2.1. The Group has not adopted other accounting policies, interpretations or revisions that have been issued but have not yet taken effect in advance.

2.1 New accounting standards and amendments adopted by the Group for the first time for the financial year beginning on 1 January 2023

IFRS 9	Financial Instruments
IFRS 17	Insurance Contract
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies

Except for IFRS 9 and IFRS 17, the above amendments to the standards did not have any impact on the interim condensed consolidated financial statements of the Group for the six months ended 30 June 2023.

2.1.1 International Financial Reporting Standard 17 — Insurance Contract

(a) Classification

The Group classifies its contracts written as either insurance contracts or investment contracts, depending on the level of insurance risk. Contracts under which the Group transfers significant insurance risk are classified as insurance contracts, while those contracts which have the legal form of insurance contracts but do not transfer significant insurance risk are classified as financial liabilities and are referred to as investment contracts.

In the event that a scenario (other than those lacking commercial substance) exists in which an insured event would require the Group to pay significant additional benefits to its customers and has a possibility of incurring a loss on a present value basis, the contract is considered as transferring significant insurance risk and is accounted for as an insurance contract. Contracts held by the Group under which it transfers significant insurance risk related to underlying insurance contracts are classified as reinsurance contracts held. Insurance contracts and reinsurance contracts held can also expose the Group to financial risk. For investment contracts that do not contain discretionary participation features (DPF), IFRS 9 "Financial Instruments" is applied.

Once a contract has been classified as an insurance, reinsurance or investment contract, reclassification is not subsequently performed unless the terms of the agreement are later amended.

(b) Combination and separation

The Group considers a set or series of insurance contracts with the same or related counterparties that may achieve, or be designed to achieve, an overall commercial effect as a whole.

At inception, the Group separates the following components from an insurance contract or a reinsurance contract held and accounts for them as if they were stand-alone financial instruments:

- derivatives embedded in the contract whose economic characteristics and risks are not closely related to those of the host contract, and whose terms would not meet the definition of an insurance contract or a reinsurance contract held as a stand-alone instrument; and

- distinct investment components – i.e. investment components that are not highly interrelated with the insurance components and for which contracts with equivalent terms are sold, or could be sold, separately in the same market or the same jurisdiction.

After separating any financial instrument components, the Group separates any promises to transfer distinct goods or services other than insurance coverage and investment services and accounts for them as separate contracts with customers (i.e. not as insurance contracts). A good or service is distinct if the policyholder can benefit from it either on its own or with other resources that are readily available to the policyholder. A good or service is not distinct and is accounted for together with the insurance component if the cash flows and risks associated with the good or service are highly inter-related with the cash flows and risks associated with the insurance component, and the Group provides a significant service of integrating the good or service with the insurance component.

(c) *Level of aggregation and recognition of group of insurance contracts and reinsurance contracts held*

Insurance contracts

A portfolio of insurance contracts of the Group comprises contracts subject to similar risks and are managed together. Each portfolio is further disaggregated into groups of contracts within one calendar year and is divided into at least three groups based on the profitability of the contract:

- a group of contracts that are onerous at initial recognition;
- a group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or
- a group of the remaining contracts in the portfolio.

An insurance contract issued by the Group is recognised from the earliest of:

- the beginning of its coverage period (i.e. the period during which the Group provides services in respect of any premiums within the boundary of the contract);
- when the first payment from the policyholder becomes due or, if there is no contractual due date, when it is received from the policyholder; and
- when facts and circumstances indicate that the contract is onerous.

When the contract is recognised, it is added to an existing group of contracts or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which future contracts are added.

Reinsurance contracts held

Portfolios of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued. The Group aggregates reinsurance contracts held within one calendar year into groups of:

- a group of contracts for which there is a net gain at initial recognition;
- a group of contracts that at initial recognition have no significant possibility of a net gain arising subsequently; and
- a group of the remaining contracts in the portfolio.

A group of reinsurance contracts held by the Group is recognised on the following dates:

- Reinsurance contracts held that provide proportionate coverage: Generally later of the beginning of the coverage period of the group of reinsurance contracts held, or the date on which any underlying insurance contract is initially recognised.
- Other reinsurance contracts held: The beginning of the coverage period of the group of reinsurance contracts held. However, if the Group recognises an onerous group of underlying insurance contracts on an earlier date and the related reinsurance contract held was entered into on or before that earlier date, then the group of reinsurance contracts held is recognised on that earlier date.

(d) Fulfilment cash flows

Fulfilment cash flows comprise:

Estimates of future cash flows

The estimates of future cash flows:

- are based on a probability-weighted mean of the full range of possible outcomes;

- are determined from the perspective of the Group, provided that the estimates are consistent with observable market prices for market variables; and

- reflect conditions existing at the measurement date.

An adjustment to reflect the time value of money and the financial risks related to future cash flows

The estimates of future cash flows are adjusted using the current discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of cash flows. The discount rates reflect the characteristics of the cash flows arising from the groups of insurance contracts, including timing, currency and liquidity of cash flows. The determination of the discount rate that reflects the characteristics of the cash flows and liquidity characteristics of the insurance contracts requires significant judgement and estimation.

A risk adjustment for non-financial risk

The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows, to reflect the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risk. For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Group to the reinsurer.

(e) Contract boundary

The Group uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts.

Insurance contracts

Cash flows are within the boundary of a contract if they arise from substantive rights and obligations that exist during the reporting period under which the Group can compel the policyholder to pay premiums or has a substantive obligation to provide insurance contract services.

A substantive obligation to provide insurance contract services ends when:

- the Group has the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or

- the Group has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio; and the pricing of the premiums for coverage up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

Reinsurance contracts held

Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Group is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer.

A substantive right to receive services from the reinsurer ends when the reinsurer:

- has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that fully reflects those reassessed risks; or

- has a substantive right to terminate the coverage.

The contract boundary is reassessed at each reporting date to include the effect of changes in circumstances on the Group's substantive rights and obligations and, therefore, may change over time.

(f) Insurance acquisition cash flows

The Group defines acquisition cash flows as cash flows that arise from costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) and that are directly attributable to the portfolio of insurance contracts to which the group belongs.

Insurance acquisition cash flows are allocated to groups of contracts using a systematic and rational allocation method.

(g) Measurement – insurance contracts not measured under the PAA

(i) Initial measurement

On initial recognition, the Group measures a group of contracts as the total of: (a) the fulfilment cash flows, which comprise estimates of future cash flows, an adjustment to reflect time value of money and associated financial risks, and a risk adjustment for non-financial risk; and (b) the contractual service margin (CSM).

The CSM of a group of contracts represents the unearned profit that the Group will recognise as it provides services under those contracts. On initial recognition of a group of contracts, if the total of the fulfilment cash flows, any cash flows arising at that date and any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group (including assets for insurance acquisition cash flows) is a net inflow, then the group is not onerous. In this case, the CSM is measured as the equal and opposite amount of the net inflow, which results in no income or expenses arising on initial recognition.

If the total is a net outflow, then the group is onerous. In this case, the net outflow is recognised as a loss in profit or loss. A loss component is created to depict the amount of the net cash outflows, which determines the amounts that are subsequently presented in profit or loss as reversals of losses on onerous groups and are excluded from insurance revenue.

(ii) Subsequent measurement

The carrying amount of a group of insurance contracts at each reporting date is the sum of the liability for remaining coverage (LRC) and the liability for incurred claims (LIC). The LRC comprises (a) the fulfilment cash flows that relate to services that will be provided under the contracts in future periods and (b) any remaining CSM at that date. The LIC includes the fulfilment cash flows for incurred claims and expenses that have not yet been paid, including claims that have been incurred but not yet reported.

The fulfilment cash flows of groups of contracts are measured at the reporting date using current estimates of future cash flows, current discount rates and current estimates of the risk adjustment for non-financial risk. Changes in fulfilment cash flows are recognised as follows.

- Changes relating to future services are adjusted against the CSM (or recognised in the insurance service result in profit or loss if the group is onerous);
- Changes relating to current or past services are recognised in the insurance service result in profit or loss; and
- Effects of the time value of money, financial risk and changes therein on estimated future cash flows are recognised as insurance finance income or expenses for insurance contracts.

The carrying amount of the CSM at each reporting date is that at the start of the reporting period, adjusted mainly for:

- the CSM of any new contracts that are added to the group in the period;
- interest accreted on the carrying amount of the CSM during the period, measured at the discount rates determined on initial recognition;
- changes in fulfilment cash flows that relate to future services, except to the extent that:
  - – any increases in the fulfilment cash flows exceed the carrying amount of the CSM, in which case the excess is recognised in insurance service expenses and recognised as a loss component in LRC; or
  - – any decreases in the fulfilment cash flows adjust the loss component in the LRC and the corresponding amount is recognised in insurance service expenses. If the loss component is reduced to zero, the excess reinstates the CSM;
- the effect of any currency exchange differences on the CSM; and
- the amount recognised as insurance revenue for service provided in the period.

Changes in fulfilment cash flows that relate to future services mainly comprise:

- experience adjustments arising from premiums received in the period that relate to future services and related cash flows, measured at the discount rates determined on initial recognition;

- changes in estimates of the present value of future cash flows in the LRC, measured at the discount rates determined on initial recognition, except for those that relate to the effects of the time value of money, financial risk and changes therein;

- differences between (a) any investment component expected to become payable in the period, determined as the payment expected at the start of the period plus any insurance finance income or expenses related to that expected payment before it becomes payable; and (b) the actual amount that becomes payable in the period;

- differences between (a) any loan to a policyholder expected to become repayable in the period, determined as the repayment expected at the start of the period plus any insurance finance income or expenses related to that expected repayment before it becomes repayable; and (b) the actual amount that becomes repayable in the period; and

- changes in the risk adjustment for non-financial risk that relate to future services.

(h) Measurement – insurance contracts measured under the PAA

The Group generally uses the PAA to simplify the measurement of groups of contracts in the following circumstances:

- where the coverage period of each contract in the group of contracts is one year or less; or

- the Group reasonably expects that the measurement of the LRC would not differ materially from the result of applying the accounting policies of contracts not measured under the PAA.

(i) Initial measurement

On initial recognition of each group of contracts, the carrying amount of the LRC is measured at the premiums received on initial recognition minus any insurance acquisition cash flows allocated to the group at that date, and adjusted for amounts arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group. The Group has elected the accounting policy choice to defer insurance acquisition cash flows through the LRC.

(ii) Subsequent measurement

Subsequently, the carrying amount of the LRC is increased by (i) any premiums received; and (ii) any amortisation of the insurance acquisition cash flows, and decreased by (i) insurance acquisition cash flows paid; (ii) the amount recognised as insurance revenue for coverage provided; and (iii) any investment component paid or transferred to the LIC. On initial recognition of each group of contracts, the Group has chosen to adjust the LRC to reflect the time value of money and the effect of financial risk.

If at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Group recognises a loss in profit or loss and increases the LRC to the extent that the current estimates of the fulfilment cash flows that relate to remaining coverage (including the risk adjustment for non-financial risk) exceed the carrying amount of the LRC as loss component. The fulfilment cash flows are adjusted for the time value of money and the effect of financial risk (using current estimates) if the LIC is also adjusted for the time value of money and the effect of financial risk. In subsequent periods, the loss component is remeasured at each reporting date as the difference between the current estimates of the fulfilment cash flows that relate to remaining coverage (including the risk adjustment for non-financial risk) and the carrying amount of the LRC without loss component until the loss component is reduced to zero.

The Group recognizes the LIC of the insurance contract group as the amount of performance cash flow related to the incurred compensation, discounted at the current interest rate.

(i) Measurement – reinsurance contracts held

For groups of reinsurance contracts held, the Group applies the same accounting policies as that applied to insurance contracts not measured under PAA, with the following modifications.

The carrying amount of a group of reinsurance contracts held at each reporting date is the sum of the asset for remaining coverage and the asset for incurred claims. The asset for remaining coverage comprises (a) the fulfilment cash flows that relate to services that will be received under the contracts in future periods and (b) any remaining CSM at that date.

The Group measures the estimates of the present value of future cash flows using assumptions that are consistent with those used to measure the estimates of the present value of future cash flows for the underlying insurance contracts, with an adjustment for any risk of non-performance by the reinsurer. The effect of the non-performance risk of the reinsurer is assessed at each reporting date and the effect of changes in the non-performance risk is recognised in profit or loss.

The risk adjustment for non-financial risk is the amount of risk being transferred by the Group to the reinsurer.

On initial recognition, the CSM of a group of reinsurance contracts held represents a net cost or net gain on purchasing reinsurance. It is measured as the equal and opposite amount of the total of (a) the fulfilment cash flows, (b) the amount arising from assets or liabilities previously recognised for cash flows related to the group, before the group is recognised, (c) cash flows arising from the contracts in the group at that date and (d) any income recognised in profit or loss because of onerous underlying contracts recognised at that date. However, if any net cost on purchasing reinsurance coverage relates to insured events that occurred before the purchase of the reinsurance, then the Group recognises the cost immediately in profit or loss as an expense.

The carrying amount of the CSM at each reporting date is that at the start of the reporting period, adjusted mainly for:

- the CSM of any new contracts that are added to the group in the period;
- interest accreted on the carrying amount of the CSM during the period, measured at the discount rates determined on initial recognition;
- income recognised in profit or loss in respect of a loss recognised for onerous underlying contracts. A loss-recovery component is established or adjusted in the asset for remaining coverage of reinsurance contracts held for the amount of income recognised;
- reversals of a loss-recovery component to the extent that they are not changes in the fulfilment cash flows of the group;
- changes in fulfilment cash flows that relate to future services, measured at the discount rates determined on initial recognition, unless the changes result from changes in fulfilment cash flows of onerous underlying contracts, in which case they are recognised in profit or loss and create or adjust a loss-recovery component;
- the effect of any currency exchange differences on the CSM; and
- the amount recognised in profit or loss for the services received in the period.

The Group adjusts the CSM of the group to which a reinsurance contract held belongs and as a result recognises income when it recognises a loss on initial recognition of onerous underlying contracts, if the reinsurance contract held is entered into before or at the same time as the onerous underlying contracts are recognised. The adjustment to the CSM is determined by multiplying:

- the amount of the loss that relates to the underlying contracts; and
- the percentage of claims on the underlying contracts that the Group expects to recover from the reinsurance contracts held.

If the reinsurance contract held covers only some of the insurance contracts included in an onerous group of contracts, then the Group uses a systematic and rational method to determine a portion of losses recognised on the onerous group of contracts containing the insurance contracts covered by the reinsurance contract held.

A loss-recovery component is established or adjusted in the asset for remaining coverage of reinsurance contracts held, which determines the amounts that are subsequently presented in profit or loss as reversals of recoveries of losses from the reinsurance contracts held and are excluded from the allocation of reinsurance premiums paid.

Reinsurance contracts held measured under the PAA

The Group applies the same accounting principles to measure a group of insurance contracts or reinsurance contracts held under the PAA.

If a loss-recovery component is established for a group of reinsurance contracts held measured under the PAA, the Group adjusts the carrying amount of the asset.

(j) Presentation

Portfolios of insurance contracts and reinsurance contracts held in an asset position are presented separately from those in a liability position. Portfolios of insurance contracts issued are presented separately from portfolios of reinsurance contracts held.

Income and expenses from reinsurance contracts held are presented separately from income and expenses from insurance contracts.

The Group disaggregates changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses.

Insurance revenue and insurance service expenses exclude any investment components and are recognised as follows.

(i) Insurance revenue

The Group recognises insurance revenue as it satisfies its performance obligations – i.e. as it provides services under groups of contracts. For contracts not measured under the PAA, the insurance revenue relating to services provided for each period represents the total of the changes in the LRC that relate to services for which the Group expects to receive consideration, excludes expected investment components and mainly comprises the following items:

- A release of the CSM, measured based on coverage units provided;
- Changes in the risk adjustment for non-financial risk relating to current services;
- Claims and other insurance service expenses incurred in the period, generally measured at the amounts expected at the beginning of the period; and
- Other amounts, including experience adjustments for premium receipts for current or past services.

For insurance acquisition cash flows recovery, the Group allocates a portion of premiums related to the recovery in a systematic way over the expected coverage of a group of contracts. The allocated amount is recognised as insurance revenue with the same amount recognised as insurance service expenses.

The amount of the CSM of a group of insurance contracts that is recognised as insurance revenue in each reporting period is determined by identifying the coverage units in the group, allocating the CSM remaining at the end of the reporting period (before any allocation) equally to each coverage unit provided in the current period and expected to be provided in future periods, and recognising in profit or loss the amount of the CSM allocated to coverage units provided in the current period. The number of coverage units is the quantity of services provided by the contracts in the group, determined considering for each contract the quantity of benefits provided and its expected coverage period.

For contracts measured under the PAA, the insurance revenue for each period is the amount of expected premium for providing services in the period. The Group allocates the expected premium to each period on the following bases:

- the passage of time; or
- the expected timing of incurred insurance service expenses, if the expected pattern of release of risk during the coverage period differs significantly from the passage of time.

(ii) Insurance service expenses

Insurance service expenses arising from insurance contracts are recognised in profit or loss generally as they are incurred. They exclude repayments of investment components and mainly comprise the following items:

- Incurred claims and other insurance service expenses;
- Amortisation of insurance acquisition cash flows: for contracts not measured under the PAA, this is equal to the amount of insurance revenue recognised in the period that relates to recovering insurance acquisition cash flows. For contracts measured under the PAA, the Group amortises insurance acquisition cash flows on a straight-line basis over the coverage period of the group of contracts;
- Losses on onerous contracts and reversals of such losses; and
- Adjustments to the liabilities for incurred claims that do not arise from the effects of the time value of money, financial risk and changes therein.

For contracts not measured under the PAA, amortisation of insurance acquisition cash flows is reflected in insurance service expenses in the same amount as insurance acquisition cash flows recovery reflected within insurance revenue, as described above.

For contracts measured under the PAA, amortisation of insurance acquisition cash flows is based on the passage of time.

Other expenses not meeting the above categories are included in other operating and administrative expenses in the consolidated statement of profit or loss.

(iii) Loss components

For contracts not measured under the PAA, the Group establishes a loss component of the LRC for onerous groups of contracts. The loss component determines the amounts of fulfilment cash flows that are subsequently excluded from insurance revenue when they occur. When the fulfilment cash flows occur, they are allocated between the loss component and the LRC excluding the loss component on a systematic basis.

Changes in estimates of fulfilment cash flows relating to future services and changes in the Group's share of the fair value of underlying items are allocated solely to the loss component. If the loss component is reduced to zero, then any excess over the amount allocated to the loss component creates or reinstates the CSM for the group of contracts.

For contracts measured under the PAA, relevant facts and circumstances indicate that when the contract group experiences losses during the liability period, the amount of performance cash flow related to unexpired liabilities at the evaluation time point that exceeds the amount of unexpired liability liabilities is included in the current insurance service expenses, while increasing the book value of unexpired liability liabilities.

For groups of reinsurance contracts held covering onerous underlying contracts that were entered into before or at the same time as the onerous underlying contracts, the Group established a loss-recovery component at 1 January 2022. The Group determined the loss-recovery component by multiplying:

- the amount of the loss component that relates to the underlying contracts at 1 January 2022; and

- the percentage of claims on the underlying contracts that the Group expects to recover from the reinsurance contracts held.

(iv) Insurance finance income or expenses

Insurance finance income or expenses comprise changes in the carrying amounts of groups of insurance contracts and reinsurance contracts held arising from the effects of the time value of money, financial risk and changes therein.

The Group has chosen to disaggregate insurance finance income or expenses between profit or loss and other comprehensive income. The amount included in profit or loss is determined by a systematic allocation of the expected total insurance finance income or expenses over the duration of the group of contracts.

2.1.2 International Financial Reporting Standard 9 — Financial Instruments

The adoption of IFRS 9 has resulted in changes in the Group's accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets. Specific accounting policies which have been significantly impacted by IFRS 9 are described as follows:

Classification overlay

The Group applied the classification overlay for the purpose of presenting comparative information about the Group's financial asset as permitted by IFRS 17. When applying the classification overlay, the Group has chosen to:

– present comparative information for all financial assets as if the classification and measurement requirements of IFRS 9 had been applied to all financial assets based on preliminary assessments performed and using reasonable and supportable information available at the transition date to determine how the Group expects the financial assets would be classified and measured at initial applicable of IFRS 9 (i.e. 1 January 2023);

– assess impairment of financial assets classified as measured at amortised cost and FVOCI based on the requirements of IAS 39 Financial Instruments: Recognition and Measurement.

– recognise any difference between the carrying amount of financial assets and the carrying amount at the transition date as a result of applying the classification overlay in the opening equity of 2023.

Financial instruments

(a) Initial recognition, classification and measurement of financial instruments

Financial assets or financial liabilities are recognized when the Group becomes a party to the contractual provisions of the financial instrument.

For purchases or sales of financial assets in a regular way, the related assets and liabilities are recognized or sold assets are derecognized at the trade date, along with the recognition of gains or losses on disposal and the receivables due from the buyer. The trade date is the date on which the Group commits to purchase or sell the financial asset.

At initial recognition, the Group measures a financial asset or financial liability at its fair value. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. For other classes of financial assets or financial liabilities, the relevant transaction costs are included in the initial recognized

Financial assets

Financial assets are classified in the following measurement categories based on the Group's business model for managing the assets and the cash flow characteristics of the assets:

(i) Amortized cost ("AC");

(ii) Fair value through other comprehensive income ("FVOCI"); or

(iii) Fair value through profit or loss ("FVPL").

The business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of "other" business model and measured at FVPL. The Group's assessment of the business model is performed on a financial asset portfolio basis, and determined on a reasonable expected scenario, taking into account: how cash flows were generated in the past, how the performance of the business model and the financial assets held within that business model is evaluated and reported to the Group's key management personnel; how risks are evaluated and managed; and how managers of the business are compensated.

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest ("SPPI"). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes consideration for the time value of money, credit risk associated with the principal amount outstanding during a particular period of time, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. The Group also assesses whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are SPPI.

The classification requirements for debt instruments and equity instruments in the Group are described as below:

Debt Instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds. Classification and measurement of debt instruments depend on the Group's business models for managing the asset and the cash flow characteristics of the asset.

Based on these factors, the debt instruments of the Group are classified into three categories below:

(i) AC: Debt instruments that are held within a business model whose objective is to hold assets to collect contractual cash flows; and contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and that are not designated as at FVPL, are measured at amortized cost.

(ii) FVOCI: Debt instruments that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVOCI.

(iii) FVPL: All financial assets not classified as measured at AC or FVOCI as described above are measured at FVPL.

The Group may also irrevocably designate financial assets as at FVPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

The Group subsequently measures all equity investments at FVPL, except for the equity investment not held for trading where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment as at FVOCI. The Group has irrevocably designated equity instruments that are not held for trading as financial assets at fair value through other comprehensive income. Only relevant dividend income (excluding dividend income explicitly recovered as part of investment cost) is recognised in profit or loss, and subsequent changes in fair value are recognised in other comprehensive income without provision for impairment. When financial assets are derecognised, the accumulated gains or losses previously recognised in other comprehensive income shall be reclassified to retained earnings under equity.

Financial liabilities

The Group's financial liabilities are classified into financial liabilities at FVPL and other financial liabilities carried at amortized cost on initial recognition. Financial liabilities at FVPL is applied to derivatives, financial liabilities held for trading and financial liabilities designated as such at initial recognition.

(b) Subsequent measurement of financial instruments

Subsequent measurement of financial instruments depends on the categories:

Financial assets and liabilities measured at amortized cost

The amortized cost is the amount at which the financial asset or financial liability is measured at initial recognition: (i) minus the principal repayments; (ii) plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount; (iii) for financial assets, adjusted for any loss allowance. Interest income and interest expenses from these financial assets and liabilities are included in "interest income" and "interest expense" using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortized cost before any impairment allowance) or to the amortized cost of a financial liability. The calculation does not consider expected credit losses ("ECL") but includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate. For purchased or originated credit-impaired ("POCI") financial assets, the Group calculates the credit-adjusted effective interest rate, which is calculated based on the amortized cost of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets and is included in "interest income".

Financial assets at fair value through other comprehensive income

Debt instruments

Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue calculated by using the effective interest method and foreign exchange gains and losses on the instrument's amortized cost which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in "interest income" using the effective interest method.

Equity instruments

The equity instrument investments that are not held for trading are designated as FVOCI. Dividends, except when representing a recovery of cost on such investments, continue to be recognized in profit or loss as investment income when the Group's right to receive payments is established. Other net gains or losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to retained earnings.

Financial assets at fair value through profit or loss

Debt instruments

A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented in the profit or loss statement within "Investment income" in the period in which it arises.

Equity instruments

Gains and losses on equity investments at FVPL are included in the "Investment income" in the condensed consolidated interim income statement.

Financial liabilities at fair value through profit or loss

Financial liabilities at FVPL are measured at fair value with all gains or losses recognized in profit or loss of the current period.

(c) Impairment of financial instruments

The Group assesses on a forward-looking basis the ECL associated with its debt instrument assets carried at amortized cost and FVOCI and exposures arising from some loan commitments and financial guarantee contracts.

ECL is the weighted average of credit losses with the respective risks of a default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, which are all cash shortfalls, discounted at the original effective interest rate (or credit-adjusted effective interest rate for POCI financial assets).

The Group measures ECL of a financial instrument reflecting:

(i) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;

(ii) the time value of money; and

(iii) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

For financial instruments whose impairment losses are measured using the ECL models, the Group applies a three-stage impairment model to calculate their impairment allowance and recognize their ECL, as follows:

– Stage I: If the credit risk has not increased significantly since its initial recognition, the financial asset is included in Stage I.

– Stage II: If the credit risk has increased significantly since its initial recognition but is not yet deemed to be credit-impaired, the financial instrument is moved to Stage II.

– Stage III: If the financial instrument is credit-impaired, the financial instrument is then moved to Stage III.

Financial instruments in Stage I have their ECL measured at an amount equivalent to the ECL of the financial asset for the next 12 months ("12m ECL"). Financial instruments in Stage II or Stage III have their ECL measured at an amount equivalent to the ECL over the lifetime of the financial instruments ("Lifetime ECL").

The Group applies the impairment requirements for the recognition and measurement of a loss allowance for debt instruments that are measured at FVOCI. The loss allowance is recognized in other comprehensive income and the impairment loss is recognized in profit or loss, and it should not reduce the carrying amount of the financial asset in the statement of financial position.

If the Group has measured the loss allowance for a financial instrument other than POCI at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the financial instrument is no longer regarded as experiencing a significant increase in credit risk since initial recognition, the Group measures the loss allowance at an amount equal to 12-month expected credit losses at the current reporting date and the amount of expected credit losses reversal is recognized in profit or loss. For POCI financial assets, at the reporting date, the Group only recognizes the cumulative changes in lifetime expected credit losses since initial recognition.

2.2 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 2023

Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Contractual Conditions
Amendments to IFRS 16	Lease Liabilities under Sale-and-leasebacks
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IAS 7, 'Cash Flow Statement' and IFRS 7, 'Financial Instruments: Disclosures'	Financing Arrangements of Supplier
Amendment to IAS 12, 'Income Tax'	Temporary exceptions and specific disclosure requirements for income tax

3 CHANGES IN ACCOUNTING POLICIES

3.1 International Financial Reporting Standard 17 — Insurance Contract

Transition approaches

As at 1 January 2022, the Group applied IFRS 17 retroactively. The Group adopts the fair value approach when it is impracticable to use a full retrospective approach in determining transition amounts at the IFRS 17 transition date.

For the groups of contracts that are measured under the fair value approach, the Group determined the CSM or loss component of the LRC at 1 January 2022 as the difference between the fair value of a group of contracts at that date and the fulfilment cash flows at that date.

The fair value of groups of contracts is primarily determined by using present value technique from the perspective of a market participant with considerations of the following:

- an estimate of future cash flows for the insurance contracts;
- the time value of money measured with the risk-free interest rate;
- a risk premium to reflect the price for bearing the uncertainty inherent in the cash flows.

3.2 *International Financial Reporting Standard 9 — Financial Instruments*

Set out below are disclosures relating to the impact of the adoption of IFRS 9 on the Group:

(a) The measurement category and the carrying amount of financial instruments

The measurement category and the carrying amount of financial instruments in accordance with IAS 39 at 31 December 2022 and IFRS 9 at 1 January 2023 are compared as follows:

	IAS 39			IFRS 9	
Item	**Measurement categories**	**Carrying amount**	**Item**	**Measurement categories**	**Carrying amount**
Cash and short-term time deposits	Amortized costs	14,793,874	Cash and short-term time deposits	Amortized costs	14,796,817
Derivative financial assets	Fair value through profit or loss	113,755	Derivative financial assets	Fair value through profit or loss	113,755
Financial assets held under resale agreements	Amortized costs	4,447,232	Financial assets held under resale agreements	Amortized costs	4,446,513
Time deposits	Amortized costs	21,797,125	Time deposits	Amortized costs	22,546,473
Statutory deposits for insurance operations	Amortized costs	20,997,497	Statutory deposits for insurance operations	Amortized costs	21,573,427
Financial assets at fair value through profit or loss	Fair value through profit or loss	13,024,279	Financial assets at fair value through profit or loss	Fair value through profit or loss	13,133,600
Available-for-sale financial assets	Fair value through other comprehensive income	193,184,316	Financial assets at fair value through profit or loss	Fair value through profit or loss	58,810,797
			Debt instruments at fair value through other comprehensive income	Fair value through other comprehensive income	110,831,036
			Equity investment designated at fair value through other comprehensive income	Fair value through other comprehensive income	17,828,870
			Financial assets at amortized cost	Amortized costs	8,772,002
Held-to-maturity investments	Amortized costs	38,574,066	Financial assets at fair value through profit or loss	Fair value through profit or loss	4,887,472
			Financial assets at amortized cost	Amortized costs	34,519,205
Investments classified as loans and receivables	Amortized costs	35,695,625	Financial assets at fair value through profit or loss	Fair value through profit or loss	949,817
			Financial assets at amortized cost	Amortized costs	35,379,917
Other assets	Amortized costs	9,233,276	Other assets	Amortized costs	4,044,689

(b) Reconciliation of statement of financial position balances from IAS 39 to IFRS 9

The Group performed a detailed analysis of its business models for managing financial assets and analysis of their cash flow characteristics. The following table reconciles the carrying amounts of financial assets, from their previous measurement category in accordance with IAS 39 to their new measurement categories upon transition to IFRS 9 on 1 January 2023:

Financial assets at amortized cost	31 December 2022 IAS 39 carrying amount	Reclassification	Remeasurement	**1 January 2023 IFRS 9 carrying amount**
Cash and short-term time deposits				
Opening balance under IAS 39	14,793,874	–	–	**14,793,874**
Addition: From other assets (IAS 39) (Interest receivables)	–	5,190	–	**5,190**
Remeasurement: ECL allowance	–	–	(2,247)	**(2,247)**
Closing balance under IFRS 9	14,793,874	5,190	(2,247)	**14,796,817**
Financial assets held under resale agreements				
Opening balance under IAS 39	4,447,232	–	–	**4,447,232**
Addition: From other assets (IAS 39) (Interest receivables)	–	418	–	**418**
Remeasurement: ECL allowance	–	–	(1,137)	**(1,137)**
Closing balance under IFRS 9	4,447,232	418	(1,137)	**4,446,513**
Time deposits				
Opening balance under IAS 39	21,797,125	–	–	**21,797,125**
Addition: From other assets (IAS 39) (Interest receivables)	–	759,083	–	**759,083**
Remeasurement: ECL allowance	–	–	(9,735)	**(9,735)**
Closing balance under IFRS 9	21,797,125	759,083	(9,735)	**22,546,473**
Statutory deposits for insurance operations				
Opening balance under IAS 39	20,997,497	–	–	**20,997,497**
Addition: From other assets (IAS 39) (Interest receivables)	–	589,701	–	**589,701**
Remeasurement: ECL allowance	–	–	(13,771)	**(13,771)**
Closing balance under IFRS 9	20,997,497	589,701	(13,771)	**21,573,427**
Financial assets at amortized cost				
Opening balance under IAS 39	–	–	–	**–**
Addition: From held-to-maturity investments (IAS 39)	–	33,862,582	–	**33,862,582**
Remeasurement: ECL allowance	–	–	(26,685)	**(26,685)**
Addition: From investments classified as loans and receivables (IAS 39)	–	34,786,497	–	**34,786,497**
Remeasurement: ECL allowance	–	–	(55,669)	**(55,669)**
Addition: From available-for-sale financial assets (IAS 39)	–	7,899,288	–	**7,899,288**
Remeasurement: From fair value ("FV") to AC	–	–	825,539	**825,539**
Remeasurement: ECL allowance	–	–	(8,636)	**(8,636)**
Addition: From other assets (IAS 39) (Interest receivables)	–	1,388,208	–	**1,388,208**
Closing balance under IFRS 9	–	77,936,575	734,549	**78,671,124**

Financial assets at amortized cost	31 December 2022 IAS 39 carrying amount	Reclassification	Remeasurement	**1 January 2023 IFRS 9 carrying amount**
Held-to-maturity investments				
Opening balance under IAS 39	38,574,066	–	–	**38,574,066**
Subtraction: To AC – financial assets (IFRS 9)	–	(33,862,582)	–	**(33,862,582)**
Subtraction: To FVPL (IFRS 9)	–	(4,711,484)	–	**(4,711,484)**
Closing balance under IFRS 9	38,574,066	(38,574,066)	–	**–**
Investments classified as loans and receivables				
Opening balance under IAS 39	35,695,625	–	–	**35,695,625**
Subtraction: To AC – financial assets (IFRS 9)	–	(34,786,497)	–	**(34,786,497)**
Subtraction: To FVPL (IFRS 9)	–	(909,128)	–	**(909,128)**
Closing balance under IFRS 9	35,695,625	(35,695,625)	–	**–**
Other assets				
Opening balance under IAS 39	9,233,276	–	–	**9,233,276**
Subtraction: To AC – financial assets (IFRS 9)	–	(1,388,208)	–	**(1,388,208)**
Subtraction: To FVPL (IFRS 9)	–	(424,186)	–	**(424,186)**
Subtraction: To FVOCI – debt instruments (IFRS 9)	–	(1,930,629)	–	**(1,930,629)**
Subtraction: To FVOCI – equity instruments (IFRS 9)	–	(57,237)	–	**(57,237)**
Subtraction: To cash and short-term time deposits (IFRS 9)	–	(5,190)	–	**(5,190)**
Subtraction: To Financial assets held under resale agreements (IFRS 9)	–	(418)	–	**(418)**
Subtraction: To time deposits (IFRS 9)	–	(759,083)	–	**(759,083)**
Subtraction: To statutory deposits for insurance operations (IFRS 9)	–	(589,701)	–	**(589,701)**
Remeasurement: ECL allowance	–	–	(33,935)	**(33,935)**
Closing balance under IFRS 9	9,233,276	(5,154,652)	(33,935)	**4,044,689**
Gross financial assets at amortized cost	145,538,695	(133,376)	673,724	**146,079,043**

Financial assets at fair value through profit or loss	31 December 2022 IAS 39 carrying amount	Reclassification	Remeasurement	**1 January 2023 IFRS 9 carrying amount**
Opening balance under IAS 39	13,024,279	–	–	**13,024,279**
Addition: From available-for-sale financial assets (IAS 39)	–	58,612,988	–	**58,612,988**
Addition: From held-to-maturity investments (IAS 39)	–	4,711,484	–	**4,711,484**
Remeasurement: From AC to FV	–	–	70,270	**70,270**
Addition: From investments classified as loans and receivables (IAS 39)	–	909,128	–	**909,128**
Remeasurement: From AC to FV	–	–	29,351	**29,351**
Addition: From other assets (IAS 39) (Interest receivables)	–	424,186	–	**424,186**
Closing balance under IFRS 9	13,024,279	64,657,786	99,621	**77,781,686**
Gross financial assets at fair value through profit or loss	13,024,279	64,657,786	99,621	**77,781,686**

Financial assets at fair value through other comprehensive income	31 December 2022 IAS 39 carrying amount	Reclassification	Remeasurement	**1 January 2023 IFRS 9 carrying amount**
Debt investments at fair value through other comprehensive income				
Opening balance under IAS 39	–	–	–	**–**
Addition: From available-for-sale financial assets (IAS 39)	–	108,900,407	–	**108,900,407**
Addition: From other assets (IAS 39)	–	1,930,629	–	**1,930,629**
Closing balance under IFRS 9	–	110,831,036	–	**110,831,036**
Equity investment designated at fair value through other comprehensive income				
Opening balance under IAS 39	–	–	–	**–**
Addition: From available-for-sale financial assets (IAS 39)	–	17,771,633	–	**17,771,633**
Addition: From other assets (IAS 39) (Interest receivables)	–	57,237	–	**57,237**
Closing balance under IFRS 9	–	17,828,870	–	**17,828,870**
Available-for-sale financial assets				
Opening balance under IAS 39	193,184,316	–	–	**193,184,316**
Subtraction: To AC – financial assets (IFRS 9)	–	(7,899,288)	–	**(7,899,288)**
Subtraction: To FVPL (IFRS 9)	–	(58,612,988)	–	**(58,612,988)**
Subtraction: To debt investments at FVOCI (IFRS 9)	–	(108,900,407)	–	**(108,900,407)**
Subtraction: To equity investments designated at FVOCI (IFRS 9)	–	(17,771,633)	–	**(17,771,633)**
Closing balance under IFRS 9	193,184,316	(193,184,316)	–	**–**
Gross financial assets at fair value through other comprehensive income	193,184,316	(64,524,410)	–	**128,659,906**

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The preparation of the interim condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing the interim condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty, except the following, were the same as those applied to the consolidated financial statements for the year ended 31 December 2022.

4.1 Significant insurance risk test

The Group performs significant insurance risk test at the inception of a contract.

Insurance risk is significant if, and only if, an insured event could cause the issuer to pay additional amounts that are significant in any single scenario, excluding scenarios that have no commercial substance (i.e. no discernible effect on the economics of the transaction). If an insured event could mean significant additional amounts would be payable in any scenario that has commercial substance, the condition in the previous sentence can be met even if the insured event is extremely unlikely, or even if the expected (i.e. probability-weighted) present value of the contingent cash flows is a small proportion of the expected present value of the remaining cash flows from the insurance contract.

In addition, a contract transfers significant insurance risk only if there is a scenario that has commercial substance in which the issuer has a possibility of a loss on a present value basis. However, even if a reinsurance contract does not expose the issuer to the possibility of a significant loss, that contract is deemed to transfer significant insurance risk if it transfers to the reinsurer substantially all the insurance risk relating to the reinsured portions of the underlying insurance contracts.

4.2 Estimates of future cash flows

Insurance contract liabilities are determined on the basis of the Group's estimates of future benefits, premiums and related expenses, taking into account the risk adjustment for non-financial risk. The mortality rate, morbidity rate, lapse rate, discount rate and expense assumption used for the estimation are determined according to the latest empirical analysis and current and future economic conditions. The uncertainty of liabilities arising from uncertain future cash flows such as future benefits, premiums, and related expenses is reflected through the risk adjustment for non-financial risk.

Assumptions used to develop estimates about future cash flows are reassessed by the Group at the reporting date and adjusted where required.

Methodology and assumptions

- *The discount rate*

  The discount rates are based on liquid risk-free yield curves available at the reporting date. The Group further adjust the liquid risk-free yield curves to reflect the differences between the liquidity characteristics of the financial instruments that underlie the rates observed in the market and the liquidity characteristics of the insurance contracts when such differences are significant. The assumed spot discount rates are as follows:

	Discount rate assumptions
As at 30 June 2023	1.864%-6.062%
As at 31 December 2022	2.086%-5.230%
As at 30 June 2022	0.465%-4.750%

- *The probability of insurance event*

  The Group determines the probability of insurance event according to historical experience and the expectation in the future. For mortality and morbidity assumptions, the Group refers to "China Life Insurance Mortality Table (2010-2013)" issued by former China Insurance Regulatory Commission and " China Life Insurance Morbidity Table (2020)" issued by former China Banking and Insurance Regulatory Commission in addition to its historical experience. For other assumptions, the Group would mainly refer to its historical experience, the pricing assumption or the industry benchmarks.

- *Expense and other assumptions*

  The Group determines the expense assumption according to its historical experience and the future expectation. The Group would also consider inflation metrics to determine the expense assumption if the assumption is sensitive to inflationary pressures.

  The lapse rate and other assumptions for reserving are determined using the Group's reliable historical experience, current situations and future expectations.

Risk adjustments for non-financial risk

The risk adjustment for non-financial risk is calculated at the Group level and then allocated down to each group of contracts in accordance with their risk profiles. The Group applies a quantile approach and determines the risk adjustment for non-financial risk at the 75th quantile points.

4.3 Investment components

The Group identifies the investment component of an insurance contract by determining the amount that it would be required to repay to the policyholder in all circumstances, regardless of whether an insured event occurs. For contracts with surrender values, the investment component is determined as the change of surrender value when a payment is made.

4.4 Classification of financial assets

Significant judgements made by the Group in the classification of financial assets include business model and analysis on contractual cash flow characteristics.

The Group determines the business model for financial asset management at the level of different groups of financial assets, and factors to be considered include the methods for evaluating financial asset performance and reporting the financial asset performance to key management personnel, risks affecting financial asset performance and corresponding management methods, and the ways in which related business management personnel are remunerated.

When assessing whether contractual cash flow characteristics of financial assets are consistent with basic lending arrangement, key judgements made by the Group include: the possibility of changes in timing or amount of the principal during the duration due to reasons such as early repayment; whether interest only includes considerations for time value of money, credit risks, other basic lending risks, costs and profits. For example, whether the prepayment amount only reflects the principal outstanding and the interest on the principal outstanding, as well as the reasonable compensation for the early termination of the contract.

4.5 Measurement of expected credit losses

For financial asset debt instrument investments measured at amortized cost and fair value with changes recognized in other comprehensive income, complex models and numerous assumptions are used in the measurement of expected credit losses.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

5 SEGMENT INFORMATION

The Group's operating segments are presented in a manner consistent with the internal management reporting provided to 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, 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.

- 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.

- 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 China.

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

	For the six months ended 30 June 2023 (Unaudited)						
	Property and casualty reinsurance	Life and health reinsurance	Primary property and casualty insurance	Asset management	Others	Elimination	Total
Insurance revenue	19,985,765	7,008,289	22,580,149	–	–	(1,108,247)	48,465,956
Interest income	1,239,545	2,333,097	624,547	26,817	194,711	–	4,418,717
Investment income	161,087	(640,873)	99,694	47,884	(114,652)	(8,193)	(455,053)
Exchange gains and losses, net	370,115	1,105,024	31,121	313	900	(215)	1,507,258
Other income	73,453	9,840	75,138	282,713	384,601	(261,134)	564,611
Total income	21,829,965	9,815,377	23,410,649	357,727	465,560	(1,377,789)	54,501,489
– External income	21,535,725	8,999,533	23,409,946	145,432	410,853	–	54,501,489
– Inter-segment income	294,240	815,844	703	212,295	54,707	(1,377,789)	–
Insurance service expenses	(17,724,634)	(7,435,320)	(22,008,816)	–	–	1,579,857	(45,588,913)
Allocation of reinsurance premiums paid	(2,669,941)	(451,108)	(1,494,921)	–	–	1,128,924	(3,487,046)
Amounts recovered from reinsurance contracts	855,916	1,191,395	912,895	–	–	(1,015,017)	1,945,189
Finance expenses from insurance contracts issued	(886,341)	(2,240,987)	(387,884)	–	–	27,415	(3,487,797)
Finance income/(expense) from reinsurance contracts held	166,517	113,485	74,054	–	–	(39,574)	314,482
Net impairment loss on financial assets	(16,601)	(241,127)	(502)	(130)	(2,914)	–	(261,274)
Finance costs	(396,709)	(535,202)	(98,151)	(7,708)	(63,974)	–	(1,101,744)
Other operating and administrative expenses	(461,649)	(214,083)	(298,770)	(180,491)	(648,343)	130,452	(1,672,884)
Total insurance service expenses and others	(21,133,442)	(9,812,947)	(23,302,095)	(188,329)	(715,231)	1,812,057	(53,339,987)
Share of profits from investments in associates	180,081	594,323	13,565	–	456,596	(44,994)	1,199,571
Profit before tax	876,604	596,753	122,119	169,398	206,925	389,274	2,361,073
Income tax	(132,945)	(7,670)	26,744	(27,866)	(24,763)	(127,526)	(294,026)
Net profit	743,659	589,083	148,863	141,532	182,162	261,748	2,067,047

	For the six months ended 30 June 2022 (Restated, Unaudited)						
	Property and casualty reinsurance	Life and health reinsurance	Primary property and casualty insurance	Asset management	Others	Elimination	Total
Insurance revenue	16,408,416	5,190,740	20,941,180	–	–	(900,955)	41,639,381
Interest income	1,097,893	2,340,926	678,473	244,377	227,800	–	4,589,469
Investment income	(275,790)	(1,106,807)	(210,282)	(221,974)	178,744	(1,052)	(1,637,161)
Exchange gains and losses, net	(58,445)	1,024,641	48,602	(42,488)	(27,981)	(231)	944,098
Other income	11,810	4,760	42,956	238,244	303,277	(234,315)	366,732
Total income	17,183,884	7,454,260	21,500,929	218,159	681,840	(1,136,553)	45,902,519
– External income	16,681,536	7,091,271	21,483,755	24,586	621,371	–	45,902,519
– Inter-segment income	502,348	362,989	17,174	193,573	60,469	(1,136,553)	–
Insurance service expenses	(15,304,158)	(5,066,420)	(20,557,255)	–	–	606,813	(40,321,020)
Allocation of reinsurance premiums paid	(2,516,314)	(397,484)	(1,403,826)	–	–	716,307	(3,601,317)
Amounts recovered from reinsurance contracts	2,011,087	836,165	971,970	–	–	(578,846)	3,240,376
Finance expenses from insurance contracts issued	(372,667)	(2,105,031)	(372,996)	–	–	17,911	(2,832,783)
Finance income/(expense) from reinsurance contracts held	(116,672)	(36,417)	62,580	–	–	(30,955)	(121,464)
Net impairment loss on financial assets	(6,055)	(343,452)	(4,400)	–	(2,472)	–	(356,379)
Finance costs	(479,993)	(369,812)	(60,010)	(62,573)	(53,465)	–	(1,025,853)
Other operating and administrative expenses	(370,312)	(367,338)	(273,631)	(135,984)	(535,507)	334,842	(1,347,930)
Total insurance service expenses and others	(17,155,084)	(7,849,789)	(21,637,568)	(198,557)	(591,444)	1,066,072	(46,366,370)
Share of profits from investments in associates	102,283	577,466	15,325	(7,871)	451,932	10,126	1,149,261
Share of impairment losses on investments in associates	(307,122)	–	(241,310)	–	–	–	(548,432)
Profit before tax	(176,039)	181,937	(362,624)	11,731	542,328	(60,355)	136,978
Income tax	126,209	95,428	66,284	(33,411)	(42,829)	17,313	228,994
Net profit	(49,830)	277,365	(296,340)	(21,680)	499,499	(43,042)	365,972

	30 June 2023 (Unaudited)						
	Property and casualty reinsurance	**Life and health reinsurance**	**Primary property and casualty insurance**	**Asset management**	**Others**	**Elimination**	**Total**
Segment assets	**126,178,307**	**220,709,785**	**72,634,827**	**5,332,006**	**61,136,087**	**(36,302,844)**	**449,688,168**
Segment liabilities	**93,714,744**	**200,420,547**	**47,896,555**	**1,049,369**	**9,317,216**	**(2,986,126)**	**349,412,305**

	31 December 2022 (Restated, Unaudited)						
	Property and casualty reinsurance	Life and health reinsurance	Primary property and casualty insurance	Asset management	Others	Elimination	Total
Segment assets	114,393,228	205,767,842	69,226,425	5,553,712	66,312,231	(36,521,288)	424,732,150
Segment liabilities	85,483,782	186,663,291	44,715,647	1,576,519	11,453,571	(2,656,552)	327,236,258

6 INSURANCE SERVICE INCOME AND EXPENSE

	For the six months ended 30 June	
	2023	2022
Insurance service income		
Contracts not measured under the PAA	**17,139,684**	15,509,474
Contracts measured under the PAA	**31,326,272**	26,129,907
Total	**48,465,956**	41,639,381
Insurance service expense		
Contracts not measured under the PAA	**14,225,853**	13,545,578
Contracts measured under the PAA	**31,363,060**	26,775,442
Total	**45,588,913**	40,321,020

7 INTEREST INCOME

	For the six months ended 30 June	
	2023	2022 (Restated)
Interest income		
Current and time deposits	**965,537**	1,023,910
Fixed maturity investment		
– Financial assets at amortised cost	**1,544,501**	1,646,297
– Debt instruments at fair value through other comprehensive income	**1,880,449**	1,884,460
Financial assets held under resale agreements	**28,230**	34,802
Total	**4,418,717**	4,589,469

8 INVESTMENT INCOME

	For the six months ended 30 June	
	2023	2022 (Restated)
Interest, dividend and rental income (a)	**2,040,483**	1,857,575
Realised profits and losses (b)	**(1,451,318)**	(928,851)
Unrealised profits and losses (c)	**(387,691)**	(2,565,885)
Dilution of equity in associates	**(656,527)**	–
Total	**(455,053)**	(1,637,161)

(a) Interest, dividend and rental income

	For the six months ended 30 June	
	2023	2022
Interest income		
– Financial assets at fair value through profit or loss	**718,002**	555,586
Dividend income		
Equity securities		
– Financial assets at fair value through profit or loss	**969,672**	661,677
– Equity instruments at fair value through other comprehensive income	**201,387**	502,926
Subtotal	**1,171,059**	1,164,603
Rental income from investment properties	**151,422**	137,386
Total	**2,040,483**	1,857,575

	For the six months ended 30 June	
	2023	2022
Dividend income		
Listed securities	**753,186**	725,083
Unlisted securities	**417,873**	439,520
Total	**1,171,059**	1,164,603

(b) Realised profits and losses

	For the six months ended 30 June	
	2023	2022
Fixed maturity investment		
– Financial assets at fair value through profit or loss	**(22,355)**	(1,678)
– Debt instruments at fair value through other comprehensive income	**126,331**	(348,286)
Equity securities		
– Financial assets at fair value through profit or loss	**(1,581,338)**	(889,088)
Derivative instruments	**26,044**	291,940
Financial liabilities at fair value through profit or loss	**–**	18,261
Total	**(1,451,318)**	(928,851)

(c) Unrealised profits and losses

	For the six months ended 30 June	
	2023	2022
Financial assets at fair value through profit or loss	**474,199**	(2,544,862)
Financial liabilities at fair value through profit or loss	**(119,103)**	(41,008)
Investment contracts at fair value	**(388,187)**	413,155
Derivative financial assets	**(54,765)**	(396,899)
Derivative financial liabilities	**(299,835)**	3,729
Total	**(387,691)**	(2,565,885)

9 NET IMPAIRMENT LOSS ON FINANCIAL ASSETS

	For the six months ended 30 June	
	2023	2022
Financial investment:		
Financial assets at amortised cost	**(9,019)**	22,000
Debt instruments at fair value through other comprehensive income	**262,017**	334,379
Others	**8,276**	–
Total	**261,274**	356,379

The Group applied the classification overlay for the purpose of presenting comparative information about net impairment loss on financial assets based on the requirements of IAS 39 Financial Instruments: Recognition and Measurement as described in Note 2.1.2.

10 INCOME TAX

	For the six months ended 30 June	
	2023	2022 (Restated)
Current income tax		
Income tax expense at current year	**733,958**	965,346
Income tax adjustment at prior year	**(22,410)**	(43,739)
Deferred income tax	**(417,522)**	(1,150,601)
Total	**294,026**	(228,994)

Note: The income tax rate applied to the Company and its subsidiaries in the Chinese mainland is 25% for the six months ended 30 June 2023 (for the six months ended 30 June 2022: 25%). Taxation for overseas subsidiaries and branches is charged at the appropriate current rates of taxation ruling in the relevant jurisdictions.

11 DIVIDENDS

	Six months ended 30 June	
	2023	2022
In respect of previous year:		
2022 final dividend (declared in 2023): RMB0.014 per ordinary share	**594,717**	
2021 final dividend (declared in 2022): RMB0.045 per ordinary share		1,911,591

12 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the net profit attributable to ordinary equity shareholders of the parent and the weighted average number of ordinary shares in issue for the six months ended 30 June 2023 and the six months ended 30 June 2022.

	Six months ended 30 June	
	2023	2022 (Restated)
Net profit attributable to the shareholders of the parent	**2,011,676**	466,246
Weighted average number of ordinary shares (in thousands)	**42,479,808**	42,479,808
Basic and diluted earnings per share (in RMB)	**0.05**	0.01

(b) Diluted earnings per share

	Six months ended 30 June	
	2023	2022 (Restated)
Net profit attributable to the shareholders of the parent	**2,011,676**	466,246
Add: Adjustment of profit attributable to the shareholders of the parent from the assumption of the convention of all the convertible bonds issued by an associate (Note)	**–**	(604,415)
Net profit attributable to the shareholders of the parent for diluted earnings per share	**2,011,676**	(138,169)
Weighted average number of ordinary shares (in thousands)	**42,479,808**	42,479,808
Diluted earnings per share (in RMB)	**0.05**	(0.003)

Note: The associate of the Group, China Everbright Bank issued convertible bonds with a share conversion period from 17 March 2017 to 16 March 2023 which meet potential ordinary shares under IAS 33. Therefore, When calculating the diluted earnings per share for the six months ended 30 June 2022, the Group considered the impact of the conversion of all convertible corporate bonds of China Everbright Bank into ordinary shares on the net profit attributable to the shareholders of the parent company. During the six month period ended 30 June 2023, convertible corporate bonds mentioned above have been converted into ordinary shares, and no other potential dilution of ordinary shares.

13 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Listed	**30 June 2023**	31 December 2022
Debt securities		
Government bonds	**–**	3,637
Financial bonds	**842,128**	400,482
Corporate bonds	**20,527,168**	18,212,665
Subordinated bonds	**445,294**	200,169
Assets backed securities	**280,677**	291,545
Equity securities		
Funds	**6,492,712**	4,172,496
Stocks	**19,605,109**	14,184,441
Subtotal	**48,193,088**	37,465,435
Unlisted		
Debt securities		
Government bonds	**–**	89,525
Financial bonds	**308,188**	507,745
Corporate bonds	**532,297**	385,549
Subordinated bonds	**14,893,469**	10,240,775
Debt investment plans	**1,697,542**	1,689,737
Trust schemes	**2,249,765**	2,266,340
Assets backed plans	**184,692**	185,430
Equity securities		
Investment funds	**28,106,445**	22,598,600
Unlisted shares	**431,402**	581,611
Products from insurance asset managers	**2,116,778**	1,770,939
Subtotal	**50,520,578**	40,316,251
Total	**98,713,666**	77,781,686

14 FINANCIAL ASSETS AT AMORTISED COST

	30 June 2023	31 December 2022
Listed		
Government bonds	**4,047,481**	3,999,934
Financial bonds	**779,010**	673,630
Corporate bonds	**23,678,376**	22,268,525
Subordinated bonds	**2,290,150**	2,060,073
Subtotal	**30,795,017**	29,002,162
Unlisted		
Government bonds	**178,496**	143,682
Financial bonds	**4,309,812**	3,725,802
Corporate bonds	**6,616,515**	8,934,377
Subordinated bonds	**1,526,070**	1,520,741
Debt investment plans	**24,444,510**	24,694,282
Trust schemes	**11,681,368**	12,654,666
Subtotal	**48,756,771**	51,673,550
Total	**79,551,788**	80,675,712
Less: impairment provision	**(1,993,664)**	(1,913,598)
Net	**77,558,124**	78,762,114

15 DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2023	31 December 2022
Listed		
Government bonds	**4,161,085**	4,670,559
Financial bonds	**4,113,061**	2,219,396
Corporate bonds	**56,895,838**	52,045,769
Subordinated bonds	**3,129,492**	2,017,217
Subtotal	**68,299,476**	60,952,941
Unlisted		
Government bonds	**5,823,020**	7,105,292
Financial bonds	**21,229,563**	22,885,011
Corporate bonds	**17,955,115**	19,887,792
Subtotal	**45,007,698**	49,878,095
Total	**113,307,174**	110,831,036
Including: cost	**114,154,459**	112,431,495
Accumulated changes in fair value	**(847,285)**	(1,600,459)

16 EQUITY INSTRUMENT DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2023	31 December 2022
Listed		
Stocks	**10,574,975**	13,209,467
Perpetual bonds	**3,746,427**	3,863,371
Subtotal	**14,321,402**	17,072,838
Unlisted		
Unlisted shares	**648,098**	756,032
Subtotal	**648,098**	756,032
Total	**14,969,500**	17,828,870
Including: cost	**18,244,091**	22,181,778
Accumulated changes in fair value	**(3,274,591)**	(4,352,908)

17 INVESTMENTS IN ASSOCIATES

	30 June 2023	31 December 2022
Book balance		
– Listed shares	**20,168,720**	20,138,455
– Unlisted shares	**2,613,027**	2,501,077
Total	**22,781,747**	22,639,532

18 INSURANCE CONTRACT LIABILITIES

Analysis of Unexpired Liability and Incurred Claims in Insurance Contracts

	30 June 2023	31 December 2022
Liability for remaining coverage	**88,223,594**	91,685,964
Liability for incurred claims	**146,981,994**	123,673,186
Total	**235,205,588**	215,359,150

19 SHARE CAPITAL

	30 June 2023	31 December 2022
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

20 CONTINGENCIES

Owing to the nature of the insurance business, the Group is involved in the making of estimates for contingencies and legal proceedings in the ordinary course of business. The adverse effects of these contingencies and legal proceedings mainly involve claims on the Group's insurance contracts and reinsurance contracts. The Group has considered possible losses caused by such litigations when measuring insurance contract liabilities. For the six months ended 30 June 2023, certain subsidiaries of the Group were involved in such legal proceedings, and the amounts for specific legal claims may be significant and the cases are being investigated by relevant authorities. While the outcomes of such contingencies and legal proceedings cannot be determined at present, based on the current available information, the Group believes that they did not have a material adverse impact on the financial position as at 30 June 2023 and operating results of the Group for the six months ended 30 June 2023.

As at 30 June 2023, the Group had issued the following guarantees:

(1) As at 30 June 2023, the Company provided maritime guarantee of RMB1,528 million (31 December 2022: RMB1,671 million) for domestic and overseas ship mutual insurance associations or overseas insurance institutions which provided 100% of counter guarantee for the aforesaid maritime guarantee.

(2) As at 30 June 2023, CRIH provided letter of credit to Lloyd's to support Syndicate 1084's and Syndicate 1176's underwriting business of GBP 350 million totally (31 December 2022: GBP 350 million).

(3) CRIH entered into two Tier 1 securities lending arrangement for Funds at Lloyd's with two financial institutions. The facilities total GBP 100 million and USD75 million (31 December 2022: GBP 100 million and USD50 million).

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 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: in RMB millions, except for percentages

	For the six months ended 30 June **2023**	2022	Change (%)
Insurance revenue	**48,466**	41,639	16.4
Insurance revenue by business segment:			
P&C reinsurance[1]	**19,986**	16,408	21.8
Life and health reinsurance[1]	**7,008**	5,191	35.0
Primary P&C insurance[1]	**22,580**	20,941	7.8
Total investment income[2]	**4,626**	2,316	99.7
Annualised total investment yield (%)[4]	**3.27**	2.77	Increase by 0.50 percentage points
Net investment income[3]	**6,990**	7,129	(1.9)
Annualised net investment yield (%)[4]	**3.96**	4.30	Decrease by 0.34 percentage points

Notes: 1. Insurance revenue 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 after deducting non-insurance investment contracts + interest income + share of profit of associates + impairment losses of associates – interest expenses on financial assets sold under repurchase agreements – net impairment loss on financial assets after deducting other receivables.

3. Net investment income = Interest income + dividend income + rental income + share of profit of associates - interest expenses on financial assets sold under repurchase agreements.

4. In the calculation of an annualised total investment yield and an annualised net investment yield, only interest income, rental income from investment properties and share of profit of associates are annualised, and such treatment does not apply to dividend income, realised profits and losses, unrealised profits and losses, interest income from financial assets held under resale agreements, interest expenses on financial assets sold under repurchase agreements and impairment losses, etc.

5. The gross written premiums of the Group during the Reporting Period amounted to RMB102,617 million, representing a year-on-year increase of 16.6%. The basis of preparation of such data is the same as that for the same period last year.

	As at 30 June 2023		As at 31 December 2022	
	Core solvency adequacy ratio (%)	**Aggregated solvency adequacy ratio (%)**	Core solvency adequacy ratio (%)	Aggregated solvency adequacy ratio (%)
China Re Group	**155**	**186**	157	190
Group Company	**424**	**424**	635	635
China Re P&C	**126**	**209**	119	191
China Re Life	**173**	**214**	167	208
China Continent Insurance	**221**	**247**	235	260

Notes: 1. The relevant solvency data as at 30 June 2023 were not audited or reviewed by the auditors of the Company.

2. According to Articles 5 and 7 of the Regulations on the Solvency Supervision of Insurance Companies No. 1: Actual Capital, the evaluation of actual capital shall be based on the Accounting Standards for Business Enterprises approved by the former China Banking and Insurance Regulatory Commission, and the evaluation standards of assets and liabilities shall be adjusted according to the purpose of solvency supervision; as for the assets and liabilities of insurance contracts, their book value shall be recognised and measured in accordance with the Accounting Standards for Business Enterprises No. 25 - Original Insurance Contracts and the Accounting Standards for Business Enterprises No. 26 - Reinsurance Contracts issued in 2006 by the Ministry of Finance, and the Regulations on Accounting Treatment of Insurance Contracts issued in 2009 by the Ministry of Finance.

In the first half of 2023, in the face of the complex and volatile operating situations, China Re Group fully implemented the general tone of "seeking progress while ensuring stability, enhancing value". The overall operating results continued to improve. Under the New Standards, the insurance revenue amounted to RMB48,466 million, representing a year-on-year increase of 16.4%.

The operation of each business segment achieved steady progress. Firstly, the insurance revenue from our P&C reinsurance business amounted to RMB19,986 million, representing a year-on-year increase of 21.8%. Secondly, the insurance revenue from the life and health reinsurance business amounted to RMB7,008 million, representing a year-on-year increase of 35.0%. Thirdly, the insurance revenue from our primary P&C insurance business was RMB22,580 million, representing a year-on-year increase of 7.8%. Fourthly, the total investment income amounted to RMB4,626 million, representing a year-on-year increase of 99.7%. The solvency and international ratings of the Group remained stable. During the Reporting Period, we maintained "A (Excellent)" by A.M. Best and were rated "A" by S&P Global Ratings, with our financial condition remaining stable.

Key Financial Indicators

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

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

	For the six months ended 30 June		
	2023	2022	Change (%)
Operating income	**54,501**	45,903	18.7
Profit before tax	**2,361**	137	1,623.4
Net profit	**2,067**	366	464.8
Net profit attributable to equity shareholders of the parent company	**2,012**	466	331.5
Earnings per share (RMB)	**0.05**	0.01	331.5
Annualised weighted average return on equity (%)[1]	**4.46**	1.02	Increase by 3.44 percentage points

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

In the first half of 2023, net profit attributable to equity shareholders of the parent company of the Group was RMB2,012 million, representing a year-on-year increase of 331.5%, mainly due to the fact that the Company has implemented the New Standards since 1 January 2023, and the Company retroactively adjusted the comparative data of insurance business and investment business for the same period last year in accordance with the requirements of the New Standards. Affected by the implementation of the New Standards and the changes in the capital market, the total investment income of the Group in the first half of 2023 increased significantly as compared with the same period last year.

Unit: in RMB millions, unless otherwise stated

	As at 30 June 2023	As at 31 December 2022	Change (%)
Total assets	**449,688**	424,732	5.9
Total liabilities	**349,412**	327,236	6.8
Total equity	**100,276**	97,496	2.9
Net assets per share attributable to equity shareholders of the parent company (RMB)	**2.15**	2.09	2.9

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 the first half of 2023, we focused on consolidating the leading position in domestic reinsurance market, and continued to facilitate the establishment of platforms for domestic commercial insurance business and national policy-oriented business, strengthen the innovation-driven model and technological application, and accelerate the implementation of strategic initiatives. We continued to upgrade our customer service system, consistently strengthened the capability of our underwriting team, and enhanced our technical capabilities. We achieved rapid growth in emerging business sectors such as short-term health insurance, construction inherent defects insurance (IDI), construction surety bond insurance, Chinese interest abroad projects insurance, cyber securities insurance, and safety production liability 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. Matching with market cycles, 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 the first half of 2023, the insurance revenue from our P&C reinsurance segment amounted to RMB19,986 million, representing a year-on-year increase of 21.8% and accounting for 40.3% of insurance revenue of the Group (before inter-segment eliminations). The increase in insurance revenue was mainly due to the fact that we grasped market opportunities to actively develop businesses with prominent advantages. Net profit amounted to RMB744 million, representing an increase of RMB794 million as compared with the same period last year. The increase in net profit was mainly due to the fact that we implemented the New Standard for Financial Instruments, so that the impact of changes in the capital market on profit was more significant. At the same time, the decrease in provision for impairment of investments in associates resulted in a significant year-on-year increase in investment income.

Financial Analysis

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

Unit: in RMB millions, except for percentages

	For the six months ended 30 June		
	2023	2022	Change (%)
Insurance revenue	**19,986**	16,408	21.8
Interest income	**1,240**	1,098	12.9
Investment income	**161**	(276)	–
Exchange gains/(losses), net	**370**	(58)	–
Other income	**73**	12	508.3
Total income	**21,830**	17,184	27.0
Insurance service expenses	**(17,725)**	(15,304)	15.8
Allocation of reinsurance premiums paid	**(2,670)**	(2,516)	6.1
Amounts recovered from reinsurance contracts	**856**	2,011	(57.4)
Finance expenses from insurance contracts issued	**(886)**	(373)	137.5
Finance income/(expense) from reinsurance contracts held	**167**	(117)	–
Net impairment loss on financial assets	**(17)**	(6)	183.3
Finance costs	**(397)**	(480)	(17.3)
Other operating and administrative expenses	**(461)**	(370)	24.9
Total insurance service expense and others	**(21,133)**	(17,155)	23.2
Share of profit of associates	**180**	102	76.5
Impairment losses of associates	**–**	(307)	(100.0)
Profit before tax	**877**	(176)	–
Income tax	**(133)**	126	–
Net profit	**744**	(50)	–

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

Insurance revenue

Insurance revenue of our P&C reinsurance segment increased by 21.8% from RMB16,408 million in the first half of 2022 to RMB19,986 million in the first half of 2023, mainly due to the fact that we grasped market opportunities to actively develop businesses with prominent advantages.

Interest income

Interest income from our P&C reinsurance segment increased by 12.9% from RMB1,098 million in the first half of 2022 to RMB1,240 million in the first half of 2023. For details of analysis on changes of interest income, please refer to relevant contents in asset management business segment.

Investment income

Investment income from our P&C reinsurance segment increased by RMB437 million from RMB-276 million in the first half of 2022 to RMB161 million in the first half of 2023. For details of analysis on changes of investment income, please refer to relevant contents in asset management business segment.

Insurance service expenses

Insurance service expenses of our P&C reinsurance segment increased by 15.8% from RMB15,304 million in the first half of 2022 to RMB17,725 million in the first half of 2023, mainly due to the corresponding increase in insurance service expense caused by the business scale.

Share of profit of associates

Share of profit of associates from our P&C reinsurance segment increased by 76.5% from RMB102 million in the first half of 2022 to RMB180 million in the first half of 2023, mainly due to the increase in profit of associates in the first half of 2023.

Net profit

As a result of the foregoing reasons, net profit for our P&C reinsurance segment increased by RMB794 million from RMB-50 million in the first half of 2022 to RMB744 million in the first half of 2023.

Business Analysis

The basis of preparation of the data under the "Business Analysis" is the same as that for the same period last year.

Domestic P&C Reinsurance Business

Domestic P&C reinsurance business mentioned in this section refers to domestic P&C reinsurance business operated by China Re P&C.

In the first half of 2023, the reinsurance premium income from our domestic P&C reinsurance business amounted to RMB24,311 million, representing a year-on-year increase of 19.4%. The combined ratio was 99.65%, representing a year-on-year increase of 0.09 percentage points.

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

	For the six months ended 30 June		
	2023	2022	Change
Loss ratio (%)	**65.01**	65.92	Decrease by 0.91 percentage points
Expense ratio (%)	**34.64**	33.64	Increase by 1.00 percentage point
Combined ratio (%)	**99.65**	99.56	Increase by 0.09 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

	For the six months ended 30 June			
Type of reinsurance arrangement	**2023**		2022	
	Amount	**Percentage (%)**	Amount	Percentage (%)
Treaty reinsurance	**23,450**	**96.5**	19,296	94.7
Facultative reinsurance	**861**	**3.5**	1,073	5.3
Total	**24,311**	**100.0**	20,369	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 six months ended 30 June 2023		2022	
	Amount	**Percentage (%)**	Amount	Percentage (%)
Proportional reinsurance	**24,006**	**98.7**	20,120	98.8
Non-proportional reinsurance	**305**	**1.3**	248	1.2
Total	**24,311**	**100.0**	20,369	100.0

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

Unit: in RMB millions, except for percentages

Business channel	For the six months ended 30 June 2023		2022	
	Amount	**Percentage (%)**	Amount	Percentage (%)
Primary	**22,784**	**93.7**	18,935	93.0
Via broker	**1,527**	**6.3**	1,434	7.0
Total	**24,311**	**100.0**	20,369	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, and achieved rapid growth in emerging business sectors such as short-term health insurance, construction inherent defects insurance (IDI), construction surety bond insurance, Chinese interest abroad projects insurance, cyber securities insurance and safety production liability insurance, with total reinsurance premium income recorded at RMB1,684 million.

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

Unit: in RMB millions, except for percentages

Line of business	For the six months ended 30 June				
	2023		YoY Change (%)	2022	
	Amount	**Percentage (%)**		Amount	Percentage (%)
Motor	**6,072**	**25.0**	34.5	4,516	22.2
Agriculture	**5,934**	**24.4**	23.7	4,799	23.6
Commercial property	**3,800**	**15.6**	3.8	3,661	18.0
Liability	**3,200**	**13.2**	0.5	3,185	15.6
Engineering	**1,607**	**6.6**	24.1	1,294	6.4
Others[1]	**3,697**	**15.2**	26.9	2,914	14.3
Total	**24,311**	**100.0**	19.4	20,369	100.0

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

Motor reinsurance. In the first half of 2023, we successfully seized business opportunities for customers, and the premium volume increased. The reinsurance premium income from motor insurance business amounted to RMB6,072 million, representing a year-on-year increase of 34.5%.

Agriculture reinsurance. In the first half of 2023, we actively explored and developed commercial agriculture reinsurance, while strengthening cooperation in policy based agriculture insurance business and promoting innovation of our agriculture insurance products. The reinsurance premium income from agriculture insurance business amounted to RMB5,934 million, representing a year-on-year increase of 23.7%.

Commercial property reinsurance. In the first half of 2023, reinsurance premium income from commercial property insurance business amounted to RMB3,800 million, representing a year-on-year increase of 3.8%, and the premium volume steadily increased.

Liability reinsurance. In the first half of 2023, reinsurance premium income from liability insurance business amounted to RMB3,200 million, representing a year-on-year increase of 0.5%, and the premium volume remained steady.

Engineering reinsurance. In the first half of 2023, reinsurance premium income from engineering insurance business amounted to RMB1,607 million, representing a year-on-year increase of 24.1%, mainly due to the increase in the scale of premiums ceded to reinsurers in the market as a result of growth in engineering project construction.

Clients and Client Services

In the first half of 2023, 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 continuously and comprehensively implemented the business philosophy of "customer-oriented & innovation-driven reinsurance", innovatively developed service concepts and channels, constantly 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 87 domestic P&C insurance companies, covering 97.8% 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 the first half of 2023, we seized the opportunities of rising rates in the international market to actively develop our businesses with prominent advantages, which resulted in rapid growth in premium volume and significant improvement in underwriting efficiency. Gross written premiums from our overseas P&C reinsurance and Chaucer business amounted to RMB13,923 million, representing a year-on-year increase of 22.4%. The combined ratio was 88.45%, representing a year-on-year decrease of 8.05 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 six months ended 30 June		
	2023	2022	Change
Loss ratio (%)	**50.53**	58.10	Decrease by 7.57 percentage points
Expense ratio (%)	**37.92**	38.40	Decrease by 0.48 percentage points
Combined ratio (%)	**88.45**	96.50	Decrease by 8.05 percentage points

Overseas P&C Reinsurance Business

In the first half of 2023, the reinsurance premium income from our overseas P&C reinsurance business amounted to RMB2,751 million, representing a year-on-year increase of 11.5%. The growth in premium income was mainly due to the fact that we seized the opportunity of rising rates in the international market to actively expand new business. The combined ratio was 104.53%, representing a year-on-year increase of 7.57 percentage points, which was mainly due to the losses incurred by the earthquake in Turkey.

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

	For the six months ended 30 June		
	2023	2022	Change
Loss ratio (%)	**79.90**	68.54	Increase by 11.36 percentage points
Expense ratio (%)	**24.63**	28.42	Decrease by 3.79 percentage points
Combined ratio (%)	**104.53**	96.96	Increase by 7.57 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 reinsurance premium income from our overseas P&C reinsurance business by type of business for the reporting periods indicated:

Unit: in RMB millions, except for percentages

	For the six months ended 30 June			
Type of business	**2023**		2022	
	Amount	**Percentage (%)**	Amount	Percentage (%)
Treaty reinsurance	**2,599**	**94.5**	2,345	95.0
Facultative reinsurance	**152**	**5.5**	123	5.0
Total	**2,751**	**100.0**	2,468	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 gross written premiums from our overseas P&C reinsurance business by line of business for the reporting periods indicated:

Unit: in RMB millions, except for percentages

Line of business	For the six months ended 30 June				
	2023		YoY Change (%)	2022	
	Amount	**Percentage (%)**		Amount	Percentage (%)
Non-marine	**1,854**	**67.4**	14.2	1,624	65.8
Specialty	**390**	**14.2**	27.5	306	12.4
Liability	**174**	**6.3**	9.4	159	6.4
Others[1]	**333**	**12.1**	(12.1)	379	15.4
Total	**2,751**	**100.0**	11.5	2,468	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 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. By virtue of long-term and stable business relationships with quality and core clients, we captured 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 overseas Chinese clients with professional services and support by providing diversified products and cooperation solutions for international reinsurance practise, and exert our synergy advantages 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 the first half of 2023, Chaucer leveraged its own professional advantages to seize the opportunity of rising market premiums, actively explored business opportunities, and optimised business portfolios. The gross written premiums amounted to RMB11,172 million, representing a year-on-year increase of 25.4%; the combined ratio was 82.66%[1], representing a year-on-year decrease of 13.68 percentage points, mainly due to grasping opportunities of rising rates in the market and lower losses from catastrophes as compared with the same period last year; the return on economic capital (ROEC) was 8.7%[2]. The premium of contracts led by Chaucer accounted for approximately 47.0% 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 six months ended 30 June		
	2023	2022	Change
Loss ratio (%)	**39.95**	54.30	Decrease by 14.35 percentage points
Expense ratio (%)	**42.71**	42.04	Increase by 0.67 percentage points
Combined ratio (%)	**82.66**	96.34	Decrease by 13.68 percentage points

Notes: 1. Under the UK GAAP, the combined ratio of Chaucer was 86.47%, which was different from that under the International Accounting Standards, mainly due to the different treatment for 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 six months ended 30 June			
	2023		2022	
	Amount	**Percentage (%)**	Amount	Percentage (%)
Treaty reinsurance	**6,056**	**54.2**	4,484	50.3
Facultative reinsurance	**1,485**	**13.3**	1,111	12.5
Primary insurance	**3,631**	**32.5**	3,311	37.2
Total	**11,172**	**100.0**	8,906	100.0

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

Unit: in RMB millions, except for percentages

Line of business	For the six months ended 30 June				
	2023		YoY Change (%)	2022	
	Amount	**Percentage (%)**		Amount	Percentage (%)
Casualty and political risk/ credit insurance	**1,516**	**13.6**	(15.9)	1,803	20.2
Marine, energy, space and aviation, nuclear insurance	**2,149**	**19.2**	47.2	1,460	16.4
Property and political violence insurance	**1,867**	**16.7**	22.3	1,527	17.1
Others[1]	**5,640**	**50.5**	37.0	4,116	46.3
Total	**11,172**	**100.0**	25.4	8,906	100.0

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

In terms of development strategy, in the first half of 2023, Chaucer adopted the growth strategy by matching with the rising trend of rates in the market, 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 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 specialty lines, including political risk and nuclear insurance, etc. We also have an outstanding claims team with over 100 years of claims handling experience in London market capable of dealing with the most complex claims, which effectively handles approximately 10,000 claims each year. In addition, we operate 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 provides protections to 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. We formulated a "smart underwriting" strategy for the use of modern technology in some business lines to improve work efficiency in channel management, risk analysis, and underwriting processes.

In terms of environmental, social and governance (ESG), Chaucer 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 (SDGs), which won positive feedback from the market. In the first half of 2023, Chaucer deepened its cooperation with Moody's Analytics by setting up a joint working group in the Lloyd's market to try to establish ESG market standards. In addition, Chaucer has joined the United Nations Principles for Sustainable Insurance ("**UN PSI**") and become one of the signatories of over 150 major global insurance and reinsurance companies.

CNIP Business

The Group Company, together with China Re P&C and China Continent Insurance, underwrites global nuclear insurance business via CNIP. In the first half of 2023, our reinsurance premium income via the CNIP platform amounted to RMB95 million.

LIFE AND HEALTH REINSURANCE BUSINESS

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

In the first half of 2023, the recruitment of domestic life and health insurance agents faced continuing challenges. While the new value growth point had not yet appeared, the market was dominated by the scale growth driven by savings products. There was a hike in business costs in Hong Kong and Singapore markets, where competition was fierce in the reinsurance market. We strove to overcome the adverse impact of the industry, continued to optimise our business structure, pursued actively innovative development, and effectively managed risks on the whole. We strategically developed the protection-type reinsurance business, facilitated the supply-side structural reform of the industry with "Data+" and "Product+" models. To implement Healthy China Action and develop Inclusive Finance, we actively facilitated the development of tax-preferential health insurance products, giving full play to the Company's technical advantages in product development and risk control. We also promoted the integration of health insurance products and health industry by constantly implementing innovation in insurance payment models. In terms of professional voice, we successfully released the report on the Research on Global Life and Health Insurance Market Experience and Transformation of China's Life and Health Insurance (《全球人身險市場經驗及中國人身險轉型研究》) jointly with Boston Consulting Group, and summarising the practical experience of Hui Min Bao, released the Contents, Present Status and Sustainable Development of Hui Min Bao (《惠民保的內涵、現狀及可持續發展》). Moreover, we accurately grasped the business opportunities of savings-type reinsurance, and attached great importance to cost control and asset-liability management. We developed new financial reinsurance business under the premise of compliance and improved management of existing business. We continued paying close attention to the credit risk and compliance risk of our counterparties. We are in a solid competitive position in both the mainland and Hong Kong markets. In the mainland market, we have maintained the highest proportion of reinsurance contracts being entered into as leading reinsurer in all reinsurance contracts.

In the first half of 2023, insurance revenue from our life and health reinsurance segment amounted to RMB7,008 million, representing a year-on-year increase of 35.0% and accounting for 14.1% of the Group's gross insurance revenue (before inter-segment eliminations). The increase in insurance revenue was mainly due to the rapid growth of protection-type reinsurance business. Net profit amounted to RMB589 million, representing a year-on-year increase of 112.4%. The increase in net profit was mainly due to the fact that we implemented the New Standard for Financial Instruments, so that the impact of changes in the capital market on profit was more significant and the investment income significantly increased year-on-year.

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

Financial Analysis

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

Unit: in RMB millions, except for percentages

	For the six months ended 30 June		
	2023	2022	Change (%)
Insurance revenue	**7,008**	5,191	35.0
Interest income	**2,333**	2,341	(0.3)
Investment income	**(641)**	(1,107)	(42.1)
Exchange gains/(losses), net	**1,105**	1,025	7.8
Other income	**10**	5	106.7
Total income	**9,815**	7,454	31.7
Insurance service expenses	**(7,435)**	(5,066)	46.8
Allocation of reinsurance premiums paid	**(451)**	(397)	13.5
Amounts recovered from reinsurance contracts	**1,191**	836	42.5
Finance expenses from insurance contracts issued	**(2,241)**	(2,105)	6.5
Finance income/(expense) from reinsurance contracts held	**113**	(36)	–
Net impairment loss on financial assets	**(241)**	(343)	(29.8)
Finance costs	**(535)**	(370)	44.7
Other operating and administrative expenses	**(214)**	(367)	(41.7)
Total insurance service expense and others	**(9,813)**	(7,850)	25.0
Share of profit of associates	**594**	577	2.9
Profit before tax	**597**	182	228.0
Income tax	**(8)**	95	–
Net profit	**589**	277	112.4

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

Insurance revenue

Insurance revenue of our life and health reinsurance segment increased by 35.0% from RMB5,191 million in the first half of 2022 to RMB7,008 million in the first half of 2023, mainly due to the significant growth of domestic protection-type reinsurance business.

Interest income

Interest income from our life and health reinsurance segment decreased by 0.3% from RMB2,341 million in the first half of 2022 to RMB2,333 million in the first half of 2023. For details of analysis on changes of interest income, please refer to relevant contents in asset management business segment.

Investment income

Investment income from our life and health reinsurance segment increased by 42.1% from RMB-1,107 million in the first half of 2022 to RMB-641 million in the first half of 2023. For details of analysis on changes of investment income, please refer to relevant contents in asset management business segment.

Insurance service expenses

Insurance service expenses from our life and health reinsurance segment increased by 46.8% from RMB5,066 million in the first half of 2022 to RMB7,435 million in the first half of 2023, mainly due to the significant growth of protection-type reinsurance business and the day-one loss.

Share of profit of associates

Share of profit of associates from our life and health reinsurance segment increased by 2.9% from RMB577 million in the first half of 2022 to RMB594 million in the first half of 2023, which was mainly due to the increase in profit of associates in the first half of 2023.

Net profit

As a result of the foregoing reasons, net profit for our life and health reinsurance segment increased by 112.4% from RMB277 million in the first half of 2022 to RMB589 million in the first half of 2023.

Business Analysis

The basis of preparation of the data under the "Business Analysis" is the same as that for the same period last year.

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; as for the savings-type reinsurance business, the assets and liabilities management and domestic and overseas interconnection have been strengthened; and we further improved compliance and risk management level of the financial reinsurance business.

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

Unit: in RMB millions, except for percentages

	For the six months ended 30 June				
Business line	**2023**		YoY change (%)	2022	
	Amount	**Percentage (%)**		Amount	Percentage (%)
Domestic protection-type reinsurance	**15,559**	**40.7**	15.2	13,506	41.1
Domestic savings-type reinsurance	**14,237**	**37.2**	1,186.8	1,106	3.4
Domestic financial reinsurance	**5,077**	**13.3**	(62.6)	13,581	41.3
Domestic in total	**34,872**	**91.1**	23.7	28,193	85.7
Overseas savings-type reinsurance	**1,886**	**4.9**	(57.4)	4,429	13.5
Other overseas business	**1,504**	**3.9**	447.1	275	0.8
Overseas in total	**3,390**	**8.9**	(27.9)	4,704	14.3
Total	**38,262**	**100.0**	16.3	32,897	100.0

In addition, we continued developing non-insurance business on the precondition of preventing risks and ensuring efficiency. In the first half of 2023, the TWPs of non-insurance business amounted to RMB5,080 million, representing year-on-year growth of 66.5%.

Domestic Life and Health Reinsurance Business

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

In the first half of 2023, reinsurance premium income from the domestic life and health reinsurance business amounted to RMB34,872 million, representing a year-on-year increase of 23.7%. TWPs amounted to RMB39,948 million (including TWPs of RMB5,076 million from non-insurance business), representing a year-on-year increase of 27.8%.

In respect of the protection-type reinsurance business, the reinsurance premium income amounted to RMB15,559 million in the first half of 2023, representing a year-on-year increase of 15.2%. Of which, reinsurance premium income of RMB6,623 million was from the yearly renewable term protection-type business[1] and RMB6,023 million was from the mid-end and long-term medical care insurance business, and the total reinsurance premium income increased by 9.7% year-on-year. Facing severe business environment, we actively took the following countermeasures. (i) We deeply cultivated key areas to capture key customers and key business opportunities, formulated scientific and reasonable cost calculation methods and built risk prediction models through in-depth research and data analysis, solved the pain points of customer product design, pricing and risk control, promoted business cooperation, and achieved long-term win-win cooperation with customers. (ii) We closely followed the guidance of preferential tax policies, provided support for the development of tax-preferential health insurance products, and helped related products to be quickly launched in the market; went deep into the front line of the primary insurance company, and provided a variety of health service options for product development of customer companies; actively responded to the national strategies, continued to pay attention to the protection of specific groups of people, and provided customised reinsurance support plans for Hui Jun Bao, Hui Shi Bao, etc. (iii) We continued to promote industrial integration and innovation, and carried out innovative payment cooperation around special medicine, Internet outpatient services, dentistry, ophthalmology and other fields, realising normalised underwriting of profitable businesses. Under the combined effect of innovation-driven and stringent risk control, we ensured stable quality of our business and achieved a combined ratio (excluding operating and administrative expenses) after retrocession of the short-term protection-type business of 97.35%, with underwriting profits of RMB320 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, we accurately grasped the opportunities of rapid development of domestic savings-type business, and facilitated larger orders at a lower cost. The reinsurance premium income amounted to RMB14,237 million in the first half of 2023, representing a year-on-year increase of 1186.8%.

In respect of the financial reinsurance business, we paid more attention to compliance and risk management under the "C-ROSS" Phase II, actively explored new business opportunities, innovated business models, strengthened the management of existing businesses, and enhanced the efficiency of capital usage. The reinsurance premium income amounted to RMB5,077 million in the first half of 2023, representing a year-on-year decrease of 62.6%.

Overseas Life and Health Reinsurance Business

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

In the first half of 2023, the reinsurance premium income from our overseas life and health reinsurance business amounted to RMB3,390 million, representing a year-on-year decrease of 27.9%, of which the reinsurance premium income from China Re Life and China Re HK (both after intra-segment eliminations) amounted to RMB2,672 million and RMB718 million, respectively.

In respect of the overseas savings-type reinsurance business, the reinsurance premium income amounted to RMB1,886 million in the first half of 2023, representing a year-on-year decrease of 57.4%. Focusing on "stability" and "excellence" when developing new businesses, we insisted on not engaging in price wars, and insisted on cost first, cautiously undertook new business.

In respect of other overseas business, the reinsurance premium income amounted to RMB1,504 million in the first half of 2023, representing a year-on-year increase of 447.1%, which was mainly attributable to renewal premiums of overseas financial reinsurance business in the previous year.

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

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

Unit: in RMB millions, except for percentages

Type of reinsurance arrangement	For the six months ended 30 June 2023		2022	
	Amount	**Percentage (%)**	Amount	Percentage (%)
Treaty reinsurance	**38,215**	**99.9**	32,856	99.9
Facultative reinsurance	**47**	**0.1**	41	0.1
Total	**38,262**	**100.0**	32,897	100.0

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

Unit: in RMB millions, except for percentages

Form of cession	For the six months ended 30 June 2023		2022	
	Amount	**Percentage (%)**	Amount	Percentage (%)
Proportional reinsurance	**38,206**	**99.9**	32,883	100.0
Non-proportional reinsurance	**56**	**0.1**	14	0.0
Total	**38,262**	**100.0**	32,897	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

	For the six months ended 30 June				
Line of business	**2023**		YoY change (%)	2022	
	Amount	**Percentage (%)**		Amount	Percentage (%)
Life reinsurance	**23,279**	**60.8**	16.8	19,936	60.6
Health reinsurance	**13,832**	**36.2**	11.1	12,448	37.8
Accident reinsurance	**1,151**	**3.0**	124.4	513	1.6
Total	**38,262**	**100.0**	16.3	32,897	100.0

PRIMARY P&C INSURANCE BUSINESS

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

In the first half of 2023, we focused on underwriting profit target and high-quality development, which achieved positive results. By continuously optimising product structure and implementing differentiated development strategies for product lines and channel lines, we accelerated the development of major growth segments and profitable lines of insurance. Through strengthening cost control and implementing precise policies, we also strengthened the refined management of sales expenses, optimised fixed costs by various measures, and enhanced institutional construction to promote improvement of production capacity of institutions. In the meantime, we formulated strategic goals for digital transformation and a top-level plan of transformation roadmap to promote the Company's digital transformation. System construction was constantly improved to further consolidate the foundation of risk control and compliance.

In the first half of 2023, insurance revenue from our primary P&C insurance segment amounted to RMB22,580 million, representing a year-on-year increase of 7.8% and accounting for 45.6% of gross insurance revenue of the Group (before inter-segment eliminations). The increase in insurance revenue was mainly due to the fact that we insisted on improving quality and efficiency, optimising development strategies, stabilising the basic market of motor insurance, and vigorously developing profitable non-motor insurance business. Net profit amounted to RMB149 million, representing an increase of RMB445 million as compared with the same period last year. The increase in net profit was mainly due to the fact that we implemented the New Standard for Financial Instruments, so that the impact of changes in the capital market on profit was more significant. At the same time, the decrease in provision for impairment of investments in associates resulted in a significant year-on-year increase in investment income.

Based on primary premium income of P&C insurance companies in the domestic market in the first half of 2023 disclosed by the industry, we maintained leading market share in domestic primary P&C insurance business.

Financial Analysis

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

Unit: in RMB millions, except for percentages

	For the six months ended 30 June		
	2023	2022	Change (%)
Insurance revenue	**22,580**	20,941	7.8
Interest income	**625**	678	(7.8)
Investment income	**100**	(210)	–
Exchange gains/(losses), net	**31**	49	(36.7)
Other income	**75**	43	74.4
Total income	**23,411**	21,501	8.9
Insurance service expenses	**(22,009)**	(20,557)	7.1
Allocation of reinsurance premiums paid	**(1,495)**	(1,404)	6.5
Amounts recovered from reinsurance contracts	**913**	972	(6.1)
Finance expenses from insurance contracts issued	**(388)**	(373)	4.0
Finance income/(expense) from reinsurance contracts held	**74**	63	17.5
Net impairment loss on financial assets	**(1)**	(4)	(75.0)
Finance costs	**(98)**	(60)	63.3
Other operating and administrative expenses	**(299)**	(274)	9.1
Total insurance service expense and others	**(23,302)**	(21,638)	7.7
Share of profit of associates	**14**	15	(6.7)
Impairment losses of associates	**–**	(241)	(100)
Profit before tax	**122**	(363)	–
Income tax	**27**	66	(59.1)
Net profit	**149**	(296)	–

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

Insurance revenue

Insurance revenue of our primary P&C insurance segment increased by 7.8% from RMB20,941 million in the first half of 2022 to RMB22,580 million in the first half of 2023, mainly due to relatively fast growth of premiums for liability insurance, cargo insurance, agriculture insurance, accident insurance, etc.

Interest income

Interest income from our primary P&C insurance segment decreased by 7.8% from RMB678 million in the first half of 2022 to RMB625 million in the first half of 2023. For details of analysis on changes of interest income, please refer to relevant contents in asset management business segment.

Investment income

Investment income from our primary P&C insurance segment increased by RMB310 million from RMB-210 million in the first half of 2022 to RMB100 million in the first half of 2023. For details of analysis on changes of investment income, please refer to relevant contents in asset management business segment.

Allocation of reinsurance premiums paid

Allocation of reinsurance premiums paid our primary P&C insurance segment increased by 6.5% from RMB1,404 million in the first half of 2022 to RMB1,495 million in the first half of 2023, which was mainly due to the increase in insurance revenue resulting in a corresponding increase in allocation of reinsurance premiums paid.

Insurance service expenses

Insurance service expenses from our primary P&C insurance segment increased by 7.1% from RMB20,557 million in the first half of 2022 to RMB22,009 million in the first half of 2023, mainly due to the corresponding increase in insurance service expense caused by the business scale.

Net profit

As a result of the foregoing reasons, net profit for our primary P&C insurance segment increased by RMB445 million from RMB-296 million in the first half of 2022 to RMB149 million in the first half of 2023.

Business Analysis

The basis of preparation of the data under the "Business Analysis" is the same as that for the same period last year.

Analysis by Line of Business

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

Unit: in RMB millions, except for percentages

	For the six months ended 30 June				
Line of business	**2023**		YoY change (%)	2022	
	Amount	**Percentage (%)**		Amount	Percentage (%)
Motor insurance	**12,499**	**45.0**	2.6	12,184	49.7
Accident and short-term health insurance	**6,768**	**24.4**	29.5	5,225	21.3
Surety insurance	**2,601**	**9.4**	29.5	2,009	8.2
Liability insurance	**2,304**	**8.3**	11.2	2,073	8.5
Agriculture insurance	**1,177**	**4.2**	20.7	975	4.0
Cargo insurance	**780**	**2.8**	39.1	561	2.3
Others[1]	**1,635**	**5.9**	10.8	1,476	6.0
Total	**27,764**	**100.0**	13.3	24,503	100.0

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

Motor Insurance. In the first half of 2023, primary premium income from our motor insurance amounted to RMB12,499 million, representing a year-on-year increase of 2.6%. Adhering to the business philosophy of "improving quality and efficiency, pursuing transformational development" and guided by the principle of comprehensive operation of motor insurance, we upheld our underwriting profit target and stabilised our basic share of motor insurance. With the management of policy cost as the core, we achieved pricing upgrade, structural optimisation, cost control and healthy development. 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. Built on our motor insurance intelligent system and driven by technology, we gradually realised intelligent business decision-making and digitised business management.

Accident and Short-term Health Insurance. In the first half of 2023, primary premium income from accident and short-term health insurance amounted to RMB6,768 million, representing a year-on-year increase of 29.5%, of which primary premium income from accident insurance amounted to RMB1,954 million, representing a year-on-year increase of 15.6%; primary premium income from short-term health insurance (critical illness insurance not included) amounted to RMB2,779 million, representing a year-on-year increase of 33.2%; primary premium income from critical illness insurance amounted to RMB2,035 million, representing a year-on-year increase of 40.5%. We subdivided the customer group, sought for growth in different scenarios, and explored the integrated marketing of products + services by taking the family customer group and the middle-aged and elderly customer group as the entry points. We continued to promote the customer-oriented comprehensive operation, actively served the national strategies, participated in various livelihood protection businesses such as major illness insurance for urban and rural residents, large amount insurance for urban employees, nursing care insurance and Hui Min Bao, constantly explored insurance products for new citizens, the old and young and women, vigorously developed personal commercial health insurance, and actively participated in the construction of a multi-level medical security system, so as to assume the function of insurance in serving the society.

Surety Insurance. In the first half of 2023, primary premium income from surety insurance amounted to RMB2,601 million, representing a year-on-year increase of 29.5%; of which the cumulative bad debt rate of personal loan surety insurance business was 9.9%, representing an increase of 1.5 percentage points compared to that of the same period last year, and a decrease of 3.6 percentage points compared to that of the beginning of the year. We persisted with the development concept of prioritising risk control, constantly enhancing risk identification ability, steadily improving management efficiency, and sparing no effort to mitigate existing risks. 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 development. In the first half of the year, we provided risk protection for approximately 30,000 micro, small and medium-sized enterprises cumulatively, underwriting risk protection amounted to RMB6,600 million.

Liability Insurance. In the first half of 2023, primary premium income from liability insurance amounted to RMB2,304 million, representing a year-on-year increase of 11.2%. We actively served the national strategy of "six stabilities" and "six securities", focused on the development of safe production liability insurance, construction inherent defects insurance (IDI), first (set of) major technical equipment insurance, litigation preservation liability insurance and other business lines, created the industry's first housing security insurance, and fully promoted green insurance, thus maintaining a positive development trend for liability insurance business.

Agriculture Insurance. In the first half of 2023, primary premium income from agriculture insurance amounted to RMB1,177 million, representing a year-on-year increase of 20.7%. 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. 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, 111 products including 43 innovative products were developed and filed.

Cargo Insurance. In the first half of 2023, primary premium income from cargo insurance amounted to RMB780 million, representing a year-on-year increase of 39.1%. The relatively rapid growth in business was mainly attributable to the seasonal increase of return freight insurance of online shopping, except for which other business lines developed steadily.

Analysis by Business Channel

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

Unit: in RMB millions, except for percentages

Business channel	For the six months ended 30 June 2023		2022	
	Amount	**Percentage (%)**	Amount	Percentage (%)
Insurance agents	**14,232**	**51.3**	13,607	55.5
Of which: Individual insurance agents	**8,322**	**30.0**	8,217	33.5
Ancillary insurance agencies	**745**	**2.7**	829	3.4
Professional insurance agencies	**5,165**	**18.6**	4,561	18.6
Direct sales	**10,062**	**36.2**	8,112	33.1
Insurance brokers	**3,470**	**12.5**	2,784	11.4
Total	**27,764**	**100.0**	24,503	100.0

Analysis by Region

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

Unit: in RMB millions, except for percentages

Region	For the six months ended 30 June			
	2023		2022	
	Amount	**Percentage (%)**	Amount	Percentage (%)
Shanghai	**4,022**	**14.5**	3,220	13.1
Zhejiang	**2,333**	**8.4**	2,220	9.1
Yunnan	**1,975**	**7.1**	1,763	7.2
Jiangxi	**1,516**	**5.5**	1,102	4.5
Shandong	**1,409**	**5.1**	1,379	5.6
Inner Mongolia	**1,386**	**5.0**	1,262	5.2
Sichuan	**1,207**	**4.3**	928	3.8
Guangdong	**1,018**	**3.7**	782	3.2
Shaanxi	**1,007**	**3.6**	782	3.2
Henan	**958**	**3.5**	841	3.4
Others	**10,931**	**39.4**	10,224	41.7
Total	**27,764**	**100**	24,503	100

Combined Ratio

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

	For the six months ended 30 June	
	2023	2022
Loss ratio (%)	**68.08**	68.05
Expense ratio (%)[1]	**32.78**	34.95
Combined ratio (%)	**100.86**	103.00

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

ASSET MANAGEMENT BUSINESS

In the first half of 2023, global inflation has slowed down, but was still at its historical high. As rate hikes continued in major developed economies, recovery momentum of the world economy weakened, and the volatility of global financial market increased. Meanwhile, the domestic economy showed characteristics of both "transition recovery" and "post-epidemic recovery". The momentum of production supply and domestic demand recovered despite pressure. Under this context, the overall volatility of domestic equity market increased, structural market conditions emerged among sectors, while the yield of the domestic bond market generally declined.

As at the end of the Reporting Period, the balance of assets under the management of the Group amounted to RMB604,279 million, of which the total investment assets balance of the Group was RMB352,584 million, representing an increase of 8.1% from the end of the previous year; the balance of assets of third parties under management was RMB251,695 million, representing an increase of 146.1% 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	As at 30 June 2023		As at 31 December 2022	
	Amount	Percentage (%)	Amount	Percentage (%)
Cash and short-term time deposits	**14,249**	**4.0**	14,799	4.5
Fixed-income investments	**283,168**	**80.3**	272,658	83.6
Time deposits	**26,412**	**7.5**	22,556	6.9
Bonds	**194,256**	**55.1**	184,199	56.5
Government bonds	**14,210**	**4.0**	16,013	4.9
Financial bond	**31,577**	**9.0**	30,412	9.3
Enterprise (corporate) bonds	**126,185**	**35.8**	121,735	37.3
Subordinated bonds	**22,284**	**6.3**	16,039	5.0
Other fixed-income investments[1]	**62,500**	**17.7**	65,903	20.2
Equity and investment funds	**71,722**	**20.4**	61,137	18.8
Investment funds[2]	**34,599**	**9.8**	26,771	8.2
Stocks	**30,180**	**8.6**	27,394	8.4
Unlisted equity shares[3]	**3,197**	**0.9**	3,109	1.0
Others	**3,746**	**1.1**	3,863	1.2
Other investments	**27,999**	**7.9**	28,439	8.7
Investment in associates	**22,782**	**6.5**	22,640	6.9
Others[4]	**5,217**	**1.4**	5,799	1.8
Less: Financial assets sold under repurchase agreements	**(44,554)**	**(12.6)**	(51,002)	(15.6)
Total investment assets	**352,584**	**100.0**	326,031	100.0

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

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

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 significant market fluctuations, and strengthened active response and refined management to proactively seize the phased opportunities for allocation and deterministic investment income. In terms of asset allocation, we adhered to dynamic optimisation, allocated more high-dividend assets, reduced the concentration on high dividend industries and optimised the distribution of high dividend industries, so as to obtain stable investment income. In terms of domestic fixed-income investments, we flexibly mastered the market pace to steadily promote re-allocation upon maturity and allocation of new cash flow, strengthened the allocation of RMB deposits, domestic foreign currency deposits, senior bonds, bond funds, and other categories of products, and strictly controlled the credit risk. As for overseas fixed-income investments, we leveraged the allocation value at the peak of rate cycle for high-grade corporate bonds and extended the duration to improve medium-and-long-term returns. For domestic equity investments, we maintained focused on "stability" while remaining flexible in operation. In particular, we explored 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 emphasised on both investment and management and orderly exited from existing listed projects. At the same time, we grasped investment opportunities and kept paying attention to high-growth quality enterprises, while refining post-investment management of real estate investments.

As at the end of the Reporting Period, in terms of par value, among the assets entrusted by the Group Company, China Re P&C, China Re Life, China Continent Insurance and products from insurance asset managers for management[1] with China Re AMC acting as the trustee, domestic credit bond investment accounted for 16.98%, of which bonds with AAA rating accounted for 98.43%, and bonds with AA rating[2] and above accounted for 100%. Currently, there is no bond default and the risk is generally controllable.

As at the end of the Reporting Period, the assets entrusted by the Group Company, China Re P&C, China Re Life and China Continent Insurance and products from insurance asset managers for management with China Re AMC acting as the trustee directly held domestic non-standard assets[3] accounted for 6.71% of entrusted assets under the management of China Re AMC, of which those with an external rating of AA+ and above accounted for 80.12%. The top three industries in terms of positions held were transportation, real estate and public utilities, accounting for 26.42%, 26.06% and 23.54%, respectively.

Notes: 1. The products from insurance asset managers for management 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 investment risk limits and concentration management, and conducted in-depth analysis and evaluation of 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 multidimensional 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 the solvency. We strengthened the risk prevention and control in key areas 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 actively responded to changes in the external environment such as the aggravation of macro and capital market risks, reviewed and further improved the investment risk limit management, the key points of which included the evaluation and adjustment of the list of industries and regions with high credit risk, the careful addition of limit for urban investment high-risk regions, and the adjustment of limit for real estate industry, 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 changes of corporate credit risks and more effectively managing credit risk exposure. In terms of the risk of overseas markets, under the major short-term impact of the Federal Reserve's interest rate hike on the market, we fully considered the characteristics of insurance funds, increased the determination to deal with market fluctuations, strengthened market research and judgment, improved the management of duration and diversification, and enhanced monitoring on the adverse fluctuation of individual bond and stock prices to avoid further losses, as well as the tracking and stress testing of portfolio indicators.

As at the end of the Reporting Period, our significant investments held mainly included China Re – Bairong World Trade Center Real Estate Debt Investment Scheme, investments in associate, 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 RMB8.0 billion in total. A principal of RMB1,540 million in total for such scheme was repaid five times on 27 June 2017, 27 June 2018, 27 June 2019, 30 July 2019 and 20 December 2019, respectively. Since 2020, China Re AMC has taken legal measures on behalf of the investment plan due to failure of the debt-servicing entity and the guarantor of the investment plan to make timely payments relating to the investment plan.

In the first half of 2023, China Everbright Bank expanded its scale steadily with stable asset quality and improving profit growth, and the overall operation was relatively stable. As at the end of the Reporting Period, China Re Group held approximately 3.93% 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.

Investment Performance

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

Unit: in RMB millions, except for percentages

Investment income	For the six months ended 30 June	
	2023	2022
Cash and fixed-income investments	**5,319**	3,874
Interest income	**5,137**	5,145
Realised profits and losses	**104**	(350)
Unrealised profits and losses	**334**	(565)
Impairment losses	**(256)**	(356)
Equity and investment funds	**(271)**	(1,704)
Dividend income	**1,171**	1,165
Realised profits and losses	**(1,581)**	(889)
Unrealised profits and losses	**139**	(1,980)
Other investments	**247**	613
Share of profit of associates	**1,200**	1,149
Dilution of equity in associates	**(657)**	–
Other gains or losses[1]	**(296)**	12
Impairment losses	**–**	(548)
Less: Interest expenses on financial assets sold under repurchase agreements	**(669)**	(467)
Total investment income[2]	**4,626**	2,316
Annualised total investment yield (%)[4]	**3.27**	2.77
Net investment income[3]	**6,990**	7,129
Annualised net investment yield (%)[4]	**3.96**	4.30

Notes: 1. Including gains or losses from changes in fair value and realised gains or losses from financial liabilities at fair value through profit or loss, gains or losses from changes in fair value and realised gains or losses from derivative financial instruments, rental income from investment properties.

2. Total investment income = Investment income after deducting non-insurance investment contracts + interest income + share of profit of associates + impairment loss of associates – interest expenses on financial assets sold under repurchase agreements – net impairment loss on financial assets after deducting other receivables;

   Investment assets = Cash and short-term time deposits + financial assets at fair value through profit or loss + financial assets held under resale agreements + time deposits + financial assets at amortised cost + debt investments at fair value through other comprehensive income + equity investment designated at fair value through other comprehensive income + investments in associates + statutory deposits + derivative financial instruments + investment properties – financial liabilities at fair value through profit or loss – financial assets sold under repurchase agreements.

3. Net investment income = Interest income + dividend income + rental income + share of profit of associates - interest expenses on financial assets sold under repurchase agreements;

4. In the calculation of an annualised total investment yield and an annualised net investment yield, only interest income, rental income from investment properties and share of profit of associates are annualised, and such treatment does not apply to dividend income, realised profits and losses, unrealised profits and losses, interest income from financial assets held under resale agreements, interest expenses on financial assets sold under repurchase agreements and impairment losses, etc.

In the first half of 2023, the Group's total investment income was RMB4,626 million, representing a year-on-year increase of 99.7%. The net investment income was RMB6,990 million, representing a year-on-year decrease of 1.9%. The increase in investment income was mainly because firstly, we actively seized structural opportunities to optimise the structure of equity positions, thus increasing the return on equity and fund investments. At the same time, as the yield of domestic bond market generally declined, bond prices went up, and income from cash and fixed-income investments increased. Secondly, in the same period last year, the capital market experienced significant fluctuations, and the base of investment income from equity and investment funds was low in the same period last year; overseas bond prices fell, and the base of cash and fixed-income investments was low. In the first half of 2023, the annualised total investment yield was 3.27%, representing a year-on-year increase of 0.50 percentage points. The annualised net investment yield was 3.96%, representing a year-on-year decrease of 0.34 percentage points.

INSURANCE INTERMEDIARY BUSINESS

Insurance intermediary business refers to the insurance intermediary business operated by Huatai Insurance Agency and its subsidiary, Huatai Surveyors & Adjusters Company. In the first half of 2023, focusing on China Re Group's vision and goal of "building a world-class comprehensive reinsurance group", Huatai Insurance Agency determined the medium-and-long-term strategic goal of "sprinting into the first camp in the field of insurance agency". Adhering to the general principle of "seeking progress while maintaining stability and striving for innovation and transformation", the company continued to deepen the improvement of quality and efficiency as well as innovation and transformation, and completed the half-yearly development goals successfully.

In the first half of 2023, revenue from insurance intermediary business amounted to RMB342 million, representing a year-on-year increase of 37.7%. Profit before tax amounted to RMB2.1150 million, representing a year-on-year increase of 24.8%.

SOLVENCY

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

Unit: in RMB millions, except for percentages

	30 June 2023	31 December 2022	Change (%)
China Re Group			
Core capital	**100,312**	89,921	11.6
Available capital	**119,709**	108,961	9.9
Minimum capital	**64,524**	57,363	12.5
Core solvency adequacy ratio (%)	**155**	157	Decrease by 1 percentage point
Aggregated solvency adequacy ratio (%)	**186**	190	Decrease by 4 percentage points
Group Company			
Core capital	**78,806**	74,237	6.2
Available capital	**78,806**	74,237	6.2
Minimum capital	**18,596**	11,693	59.0
Core solvency adequacy ratio (%)	**424**	635	Decrease by 211 percentage points
Aggregated solvency adequacy ratio (%)	**424**	635	Decrease by 211 percentage points
China Re P&C			
Core capital	**18,054**	17,580	2.7
Available capital	**30,020**	28,260	6.2
Minimum capital	**14,363**	14,811	(3.0)
Core solvency adequacy ratio (%)	**126**	119	Increase by 7 percentage points
Aggregated solvency adequacy ratio (%)	**209**	191	Increase by 18 percentage points
China Re Life			
Core capital	**35,450**	30,197	17.4
Available capital	**43,861**	37,565	16.8
Minimum capital	**20,486**	18,053	13.5
Core solvency adequacy ratio (%)	**173**	167	Increase by 6 percentage points
Aggregated solvency adequacy ratio (%)	**214**	208	Increase by 6 percentage points
China Continent Insurance			
Core capital	**21,217**	20,799	2.0
Available capital	**23,649**	23,028	2.7
Minimum capital	**9,586**	8,847	8.4
Core solvency adequacy ratio (%)	**221**	235	Decrease by 14 percentage points
Aggregated solvency adequacy ratio (%)	**247**	260	Decrease by 14 percentage points

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

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

3. The solvency-related data as at 30 June 2023 have not been audited or reviewed by the Company's auditors.

4. According to Articles 5 and 7 of the Regulations on the Solvency Supervision of Insurance Companies No. 1: Actual Capital, the evaluation of actual capital shall be based on the Accounting Standards for Business Enterprises approved by the former China Banking and Insurance Regulatory Commission, and the evaluation standards of assets and liabilities shall be adjusted according to the purpose of solvency supervision; as for the assets and liabilities of insurance contracts, their book value shall be recognised and measured in accordance with the Accounting Standards for Business Enterprises No. 25 – Original Insurance Contracts and the Accounting Standards for Business Enterprises No. 26 – Reinsurance Contracts issued in 2006 by the Ministry of Finance, and the Regulations on Accounting Treatment of Insurance Contracts issued in 2009 by the Ministry of Finance.

Compared with the end of 2022, the consolidated solvency adequacy ratio of China Re Group remained stable basically. In particular, the solvency adequacy ratio of the Group Company saw a decrease, which was mainly due to the policy changes during the transition period of calculation rules and the changes in the retrocession arrangement within the Group. The solvency adequacy ratio of China Re P&C increased, mainly due to the issuance of capital supplementary bonds and retrocession arrangement. The solvency adequacy ratio of China Re Life increased, mainly due to the comprehensive income growth and retrocession arrangement. The solvency adequacy ratio of China Continent Insurance decreased, mainly due to the growth in business scale.

According to the requirements of the Solvency Regulatory Rules (II) for Insurance Companies (Yin Bao Jian Fa [2021] No. 51), the "Summary of Solvency Reports" as of the end of the second quarter of 2023 of the Group Company and its subsidiaries, namely China Re P&C, China Re Life and China Continent Insurance, will be disclosed on their official websites respectively and the website of Insurance Association of China in due course. Shareholders and investors are advised by the Board to pay attention to the following key operation indicators extracted from the Summary of Solvency Reports for the second quarter:

Table 1: Key operating indicators

Unit: in RMB millions unless otherwise stated

Indicators \ Entities	Group Company	China Re P&C	China Re Life	China Continent Insurance
As at 30 June 2023				
Total assets	88,180	123,981	245,056	95,009
Net assets	61,643	21,621	19,899	24,615
Insurance contract liabilities	18,655	62,084	157,339	49,567
For the six months ended 30 June 2023				
Insurance income	9,339	28,420	37,545	27,921
Net profit	540	444	108	219
Basic earnings per share (RMB)	0.013	0.039	0.013	0.014
Return on equity (%)	0.87	2.10	0.55	0.90
Return on total assets (%)	0.63	0.38	0.05	0.24
Investment yield (%)	1.44	1.31	1.50	0.96
Combined investment yield (%)	1.49	2.40	2.49	1.73

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

Unit: in RMB millions unless otherwise stated

Indicators \ Entity	China Continent Insurance
For the six months ended 30 June 2023	
Premiums of signed policies (total premiums for policies sold)	27,557
Premiums of signed policies for motor insurance	12,419
Premiums of signed policies for top 5 non-motor insurance	12,771
Average premiums per motor for motor insurance (RMB) (written premiums from new motor insurance policies/number of new motors underwritten)	1,847
Premiums of signed policies by channels	27,557
Premiums of signed policies of agency channels	14,198
Premiums of signed policies of direct sale channels	9,968
Premiums of signed policies of brokerage channels	3,391
Premiums of signed policies of other channels	0

Notes: 1. As the consolidated scope is larger than these four companies and affected by offsetting factors when calculating the consolidated net profit of the Group, the consolidated net profit of the Group is not equal to the sum of net profits of these four companies.

2. The relevant data as at 30 June 2023 in the Summary of Solvency Reports of the Group Company, China Re P&C, China Re Life and China Continent Insurance are the same as the data submitted to the National Administration of Financial Regulation, which are not audited or reviewed by the auditors of the Company.

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

For viewing of the Summary of Solvency Reports for the second quarter of 2023, shareholders and potential investors can visit the official websites of the Company at http://www.chinare.com.cn, China Re P&C at http://www.cpcr.com.cn, China Re Life at http://www.chinalifere.cn and China Continent Insurance at http://www.ccic-net.com.cn, or the website of Insurance Association of China at http://www.iachina.cn for enquiries.

EXCHANGE RATE FLUCTUATION RISK

Substantial amount of assets and liabilities of the Group 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 30 June 2023, the Group held foreign currency derivatives of RMB285 million (31 December 2022: RMB68 million).

DETAILS OF ASSETS CHARGED AND BANK BORROWINGS

As at 30 June 2023, bonds with a carrying value of RMB17,517 million (as at 31 December 2022: RMB16,812 million) were pledged as collateral for the securities sold under agreements to repurchase resulting from debt repurchase transactions entered into by the Group in the interbank market.

For debt repurchase transactions through the stock exchange, the Group is required by the stock exchange to deposit certain exchange-traded bonds into a collateral pool with fair value converted at a standard rate pursuant to the stock exchange's regulation which should be no less than the balance of the related repurchase transactions during the repurchase period. As at 30 June 2023, the carrying value of bonds deposited in the collateral pool was RMB61,805 million (as at 31 December 2022: RMB56,687 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 30 June 2023, the Group held a long-term borrowing of USD550 million with a coupon rate of 4.70%, and the term is 60 months.

CONTINGENCIES

As at 30 June 2023, the Group had issued the following guarantees:

(1) As at 30 June 2023, the Group Company provided maritime guarantee of RMB1,528 million (31 December 2022: RMB1,671 million) for domestic and overseas ship mutual insurance associations or overseas insurance institutions which provided 100% of counter guarantee for the aforesaid maritime guarantee.

(2) As at 30 June 2023, 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 2022: GBP350 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 2022: GBP100 million and USD75 million) respectively.

Employees

As of 30 June 2023, China Re Group had a total of 51,550 employees. The Group's staff remuneration comprises three components, namely basic salary, performance bonus and benefits and subsidies. We always uphold the guidance of "combining the market practice with the real situation of China Re", follow the distribution concept of "giving priority to the front-line staff, the front office staff, the core backbones and the best-performing staff", and have established a fair, competitive and motivating remuneration system. We have established an enterprise annuity plan and a supplementary medical insurance plan to provide employees with more comprehensive benefits, which plays an important role in attracting, motivating and retaining talents.

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

MAJOR EVENTS

Material Connected Transactions

During the Reporting Period, the Group did not conduct any connected transaction that was 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, 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

China Re P&C completed the issuance of capital supplementary bonds

On 20 April 2023 and 2 May 2023, the Company published the announcements in relation to the "Approval of the Issuance of Capital Supplementary Bonds by China Re P&C" and the "Completion of the Issuance of Capital Supplementary Bonds by China Re P&C" respectively. China Re P&C has successfully issued capital supplementary bonds with a total principal amount of RMB4.0 billion in the National Interbank Bond Market. The capital supplementary bonds are ten-year fixed-rate bonds with an annual coupon rate of 3.45% for the first five years, and China Re P&C has conditional redemption rights at the end of the fifth year. In the event that China Re P&C does not exercise the redemption rights, the annual coupon rate of the capital supplementary bonds will be 4.45% for the remaining five years. The proceeds from the issuance of the capital supplementary bonds will be used to replenish the capital of China Re P&C in accordance with applicable laws and the approval of the regulatory authorities so as to improve its solvency and support the sustainable and steady development of its business.

China Re P&C redeemed the capital supplementary bonds

On 13 July 2018 and 17 August 2018, the Company published the announcements in relation to the "Approval of the Issuance of Capital Supplementary Bonds by China Re P&C" and the "Completion of the Issuance of Capital Supplementary Bonds by China Re P&C" respectively. China Re P&C has successfully issued capital supplementary bonds with a total principal amount of RMB4.0 billion in the National Interbank Bond Market. The capital supplementary bonds are ten-year fixed-rate bonds with an annual coupon rate of 4.97% for the first five years, and China Re P&C has conditional redemption rights at the end of the fifth year. In the event that China Re P&C does not exercise the redemption rights, the annual coupon rate of the capital supplementary bonds will be 5.97% for the remaining five years. On 17 August 2023, after reporting to the People's Bank of China and the National Administration of Financial Regulation for record, China Re P&C has completed the exercise of redemption rights, and fully redeemed the capital supplementary bonds in the National Interbank Bond Market with RMB4.0 billion.

PROSPECTS

China Re Group will firmly implement the overall operation mindset of "growth in scale, effective underwriting and prudent investment", focus on improving innovation and development capabilities, unswervingly accelerate the adjustment of business structure, and continuously strengthen the construction of investment capabilities.

In terms of P&C reinsurance business, we will adhere to the general tone of "seeking progress while ensuring stability, enhancing value", deeply serve the national strategies, deepen innovation-driven development, improve the quality and efficiency of operation and management, strengthen comprehensive risk management and control, and achieve balanced and progressive profit growth and business growth, thereby promoting the Company's high-quality development to a new level.

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

For the primary P&C insurance business, we will closely adhere to serving the national strategies and the development strategies under the "14th Five-Year" Plan. We aspire to achieve the high-quality development goals by comprehensively enhancing our strategic capability, insisting on improving the quality and efficiency of business development, consolidating the foundation of risk control, and promoting the profitability of underwriting. In respect of the motor insurance, we will further optimise the business structure, improve our business screening and risk pricing capabilities, and continuously optimise cost control, so as to promote the refined management of claim settlement costs and drive the improvement of overall operation. In respect of the non-motor insurance, we will focus on social governance, real economy, rural revitalisation, protection of people's livelihood and other fields to promote and serve the implementation of national strategies, pay close attention to cost management, and continue to improve operating results, thus driving the high-quality development of "Non-Motor" business.

In respect of asset management business, in the face of complex and severe market situations at home and abroad, we will continue to maintain strategic focus, adhere to the general tone of stability and seeking progress while maintaining stability, uphold a healthy and prudent investment philosophy, expand asset allocation capabilities across all fields, and continuously optimise the asset allocation structure, thus increasing investment returns. We will aim at strengthening investment management capabilities and business innovation capabilities, promote marketisation with products, and drive the long-term development of third-party asset management business. Moreover, we will look for structural opportunities in the transformation of economic momentum, strengthen our risk management capabilities, and better the overall planning of development and security, so as to provide strong support for the overall steady development of the Group.

EMBEDDED VALUE

1. Valuation Results

As at 30 June 2023, the China Re Group life and health reinsurance business includes the life and health reinsurance business of the Group Company and all businesses of China Re Life and China Re HK. Based on "Guidance on Actuarial Practice: Valuation of Embedded Value for Life and Health Insurance" issued by the China Association of Actuaries in November 2016 and industry practice for publicly listed companies in Hong Kong, we performed the China Re Group embedded value ("**EV**") calculation as at 30 June 2023.

This section summarises the EV and the value of one year's new business ("**1-year VNB**") results as at 30 June 2023 and the corresponding results as at prior valuation date.

Unit: in RMB millions

Valuation Date	**30 June 2023**	31 December 2022
Embedded Value		
Adjusted Net Worth ("**ANW**")	**99,332**	94,623
Value of In-force Business ("**VIF**") before CoC	**12,940**	11,718
Cost of Required Capital ("**CoC**")	**(4,869)**	(4,290)
Value of In-force Business after CoC	**8,071**	7,428
Embedded Value	**107,403**	102,051
Of which:		
ANW of the life and health reinsurance business	**25,527**	23,773
VIF after CoC of the life and health reinsurance business	**7,912**	7,299
EV of the life and health reinsurance business	**33,439**	31,072
Value of One Year's New Business of the life and health reinsurance business		
Value of One Year's New Business before CoC	**2,757**	2,438
Cost of Required Capital	**(937)**	(747)
Value of One Year's New Business after CoC	**1,820**	1,691

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: The basis of preparation of "ANW" and "ANW of the life and health reinsurance business" is the same as that for the same period last year.

2. Assumptions

The key assumptions, except claim ratio, used for the life and health reinsurance business of the Group Company and China Re Life as at 30 June 2023 are the same as those used in 2022 year-end valuation. The claim ratio assumptions of short-term reinsurance business are determined on a contract-by-contract basis according to the claim experience of recent years.

3. Sensitivity

We have performed a series of sensitivity tests on alternative assumptions for value of in-force business and value of one year's new business of the life and health reinsurance business of China Re Group as at 30 June 2023. 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	7,912	1,820
Risk discount rate increased by 100 basis points	6,962	1,687
Risk discount rate decreased by 100 basis points	9,013	1,965
Annual investment return rates increased by 50 basis points	9,651	1,932
Annual investment return rates decreased by 50 basis points	6,166	1,709
Mortality and morbidity rates increased by 10%	7,904	1,820
Mortality and morbidity rates decreased by 10%	7,936	1,820
Discontinuance rates increased by 10%	7,805	1,802
Discontinuance rates decreased by 10%	8,020	1,840
Expenses increased by 10%	7,772	1,780
Expenses decreased by 10%	8,053	1,860
Combined ratio of short-term reinsurance contracts increased by 1 percentage point on absolute basis	7,780	1,713
Combined ratio of short-term reinsurance contracts decreased by 1 percentage point on absolute basis	8,122	1,939

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has adopted the Corporate Governance Code as its corporate governance code. During the Reporting Period, the Company has been in compliance with all applicable code provisions stipulated in the Corporate Governance Code and adopted recommended best practices under appropriate circumstances.

SECURITIES TRANSACTIONS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

INTERIM DIVIDEND

The Company does not declare interim dividend for the six months ended 30 June 2023.

REVIEW OF INTERIM RESULTS

The Group's 2023 interim financial information prepared under International Financial Reporting Standards has been reviewed by PricewaterhouseCoopers. The interim results have been reviewed by the Audit Committee of the fourth session of the Board.

PUBLICATION OF INTERIM REPORT

The interim report of the Company for the six months ended 30 June 2023 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.

"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
"C-ROSS"	China Risk Oriented Solvency System, which is China's second generation insurance solvency regulation system
"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 2023 until 30 June 2023
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"Supervisor(s)"	the supervisor(s) of the Company

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

Beijing, the PRC, 29 August 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. Li Bingquan, Mr. Yang Changsong and Mr. Li Wenfeng, and the independent non-executive Directors are Ms. Jiang Bo and Mr. Dai Deming.