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China Reinsurance (Group) Corporation

中國再保險(集團)股份有限公司

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

(Stock Code: 1508)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	2023	2022 (Restated)
Operating Income			
Insurance revenue	4	99,755,335	89,225,048
Interest income	5	9,129,703	9,142,204
Other investment return	6	(1,280,368)	(4,129,448)
Exchange gains/(losses), net		673,591	1,343,011
Other income		1,116,610	843,919
Total income		109,394,871	96,424,734
Operating Expense			
Insurance service expenses		(91,092,334)	(82,552,523)
Allocation of reinsurance premiums		(8,356,325)	(7,689,808)
Amounts recoverable from reinsurers		5,868,447	5,894,037
Finance expenses from insurance contracts issued		(6,401,825)	(6,133,095)
Finance income/(expenses) from reinsurance contracts held		856,481	70,466
Net impairment loss on financial assets		138,564	(402,058)
Other finance cost		(2,323,939)	(1,934,023)
Other operating and administrative expenses		(3,718,450)	(3,584,527)
Total insurance service expenses and others		(105,029,381)	(96,331,531)
Share of profit of associates		1,959,788	(589,649)
Impairment losses of associates		–	(871,954)
Profit before tax		6,325,278	(1,368,400)
Income tax	7	(534,685)	493,052
Net profit		5,790,593	(875,348)
Attributable to:			
Equity shareholders of the parent		5,652,446	(324,645)
Non-controlling interests		138,147	(550,703)
Earnings per share (RMB)			
– Basic	9	0.13	(0.01)
– Dilution		0.13	(0.02)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

	2023	2022 (Restated)
Net profit	<u>5,790,593</u>	<u>(875,348)</u>
Other comprehensive income for the year after tax		
Items that will not be reclassified to profit or loss:		
Remeasurement of defined benefit obligation	(15,770)	(65,990)
Equity investments designated at fair value through other comprehensive income	<u>35,146</u>	<u>(341,236)</u>
Items that may be reclassified subsequently to profit or loss:		
Share of other comprehensive income of associates	124,634	(55,417)
Fair value changes on debt instruments measured at fair value through other comprehensive income	1,703,685	(2,106,331)
Provision for credit losses on debt instruments measured at fair value through other comprehensive income	(445,251)	–
Exchange differences on translation of financial statements of foreign operations	28,233	341,034
Finance income/(expenses) from insurance contracts issued	(2,530,438)	2,619,081
Finance income/(expenses) on reinsurance contracts held	<u>717,722</u>	<u>(460,617)</u>
Total other comprehensive income after tax	<u>(382,039)</u>	<u>(69,476)</u>
Total comprehensive income for the year	<u>5,408,554</u>	<u>(944,824)</u>
Attributable to:		
Equity shareholders of the parent	5,351,422	(330,318)
Non-controlling interests	<u>57,132</u>	<u>(614,506)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

	31 December 2023	31 December 2022 (Restated)	1 January 2022 (Restated)
	<i>Note</i>		
Assets			
Cash and short-term time deposits	14,596,526	14,799,064	23,099,708
Derivative assets	72,318	113,755	436,422
Financial assets held under resale agreements	7,505,037	4,447,650	3,464,956
Financial investments:			
Financial investments at fair value through profit or loss	104,382,718	77,781,686	78,141,619
Financial investments at amortized cost	84,093,352	78,762,114	77,450,322
Debt instruments measured at fair value through other comprehensive income	108,546,085	110,831,036	104,743,754
Equity investments designated at fair value through other comprehensive income	11,278,023	17,828,870	12,646,845
Insurance contract assets	459,221	495,490	465,157
Reinsurance contract assets	24,988,528	20,255,025	20,334,021
Investment contract assets	4,606,628	5,613,490	3,782,675
Time deposits	27,758,604	22,556,208	21,734,694
Statutory deposits for insurance operations	18,889,763	21,587,198	19,261,914
Investment properties	5,818,963	6,038,865	6,257,961
Property and equipment	3,670,265	3,876,515	4,027,052
Right-of-use assets	922,361	1,089,596	1,250,371
Intangible assets	2,314,198	2,353,664	2,209,591
Investments in associates	23,523,867	22,639,532	25,583,536
Goodwill	1,642,522	1,634,952	1,597,205
Deferred tax assets	7,805,283	6,430,006	3,685,904
Other assets	6,853,325	5,597,434	4,680,556
	459,727,587	424,732,150	414,854,263
Total assets	459,727,587	424,732,150	414,854,263

	31 December 2023	31 December 2022	1 January 2022
<i>Note</i>		(Restated)	(Restated)
Liabilities and equity			
Liabilities			
Financial liabilities at fair value through profit or loss	444,374	308,062	267,054
Derivative liabilities	312,108	45,448	–
Financial assets sold under repurchase agreements	60,308,770	51,002,086	47,982,286
Income tax payable	2,043,898	2,233,572	2,402,562
Investment contract liabilities	27,129,136	26,226,644	21,492,927
Insurance contract liabilities	239,061,469	215,359,150	202,712,552
Reinsurance contract liabilities	40,152	32,965	81,276
Notes and bonds payable	13,152,917	13,105,985	22,787,092
Bank borrowings	1,416,540	3,826,334	3,499,098
Lease liabilities	861,815	1,027,728	1,172,466
Deferred tax liabilities	575,563	795,175	965,450
Other liabilities	12,201,928	13,273,109	11,092,257
Total liabilities	<u>357,548,670</u>	<u>327,236,258</u>	<u>314,455,022</u>
Equity			
Share capital	<i>11</i> 42,479,808	42,479,808	42,479,808
Reserves	21,956,855	21,473,807	20,635,886
Retained earnings	28,816,384	24,664,393	27,745,620
Total equity attributable to equity shareholders of the parent	93,253,047	88,618,008	90,861,314
Non-controlling interests	8,925,870	8,877,884	9,537,927
Total equity	<u>102,178,917</u>	<u>97,495,892</u>	<u>100,399,241</u>
Total liabilities and equity	<u>459,727,587</u>	<u>424,732,150</u>	<u>414,854,263</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

	Attributable to equity shareholders of the parent												Total equity
	Reserves											Non-controlling interests	
	Share capital	Capital reserve	Surplus reserve	General risk reserve	Catastrophic loss reserve	Defined benefit obligation remeasurement reserve	Fair value reserve	Insurance finance reserve	Exchange reserve	Retained earnings	Subtotal		
As at 31 December 2022													
(Restated)	42,479,808	10,684,516	3,132,644	7,306,057	212,951	(19,844)	(1,972,620)	2,373,105	(243,002)	24,664,393	88,618,008	8,877,884	97,495,892
Impact of changes in accounting policies	-	-	-	-	-	-	97,513	-	31,322	(235,060)	(106,225)	(8,732)	(114,957)
As at 1 January 2023 (Restated)	42,479,808	10,684,516	3,132,644	7,306,057	212,951	(19,844)	(1,875,107)	2,373,105	(211,680)	24,429,333	88,511,783	8,869,152	97,380,935
Net Profit	-	-	-	-	-	-	-	-	-	5,652,446	5,652,446	138,147	5,790,593
Other comprehensive income	-	-	-	-	-	(15,770)	1,497,051	(1,809,564)	27,259	-	(301,024)	(81,015)	(382,039)
Total comprehensive income	-	-	-	-	-	(15,770)	1,497,051	(1,809,564)	27,259	5,652,446	5,351,422	57,132	5,408,554
Appropriations to surplus reserve	-	-	123,803	-	-	-	-	-	-	(123,803)	-	-	-
Appropriations to general risk reserve	-	-	-	321,632	-	-	-	-	-	(321,632)	-	-	-
Appropriations to catastrophic loss reserve	-	-	-	-	95,465	-	-	-	-	(95,465)	-	-	-
Distributions to shareholders of the parent	-	-	-	-	-	-	-	-	-	(594,717)	(594,717)	-	(594,717)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(414)	(414)
Disposal of equity investments designated at fair value through other comprehensive income	-	-	-	-	-	-	127,884	-	-	(127,884)	-	-	-
Others	-	(13,547)	-	-	-	-	-	-	-	(1,894)	(15,441)	-	(15,441)
As at 31 December 2023	<u>42,479,808</u>	<u>10,670,969</u>	<u>3,256,447</u>	<u>7,627,689</u>	<u>308,416</u>	<u>(35,614)</u>	<u>(250,172)</u>	<u>563,541</u>	<u>(184,421)</u>	<u>28,816,384</u>	<u>93,253,047</u>	<u>8,925,870</u>	<u>102,178,917</u>

Attributable to equity shareholders of the parent

	Reserves												Total equity
	Share capital	Capital reserve	Surplus reserve	General risk reserve	Catastrophic loss reserve	Defined benefit remeasurement reserve	Fair value reserve	Insurance finance reserve	Exchange reserve	Retained earnings	Subtotal	Non-controlling interests	
As at 31 December 2021	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	-	-	-	-	-	-	(2,193,539)	215,650	(41,820)	173,728	(1,845,981)	155,501	(1,690,480)
As at 1 January 2022 (Restated)	42,479,808	10,685,913	2,807,596	6,906,537	144,470	46,146	408,576	215,650	(579,002)	27,745,620	90,861,314	9,537,927	100,399,241
Net Loss	-	-	-	-	-	-	-	-	-	(324,645)	(324,645)	(550,703)	(875,348)
Other comprehensive income	-	-	-	-	-	(65,990)	(2,433,138)	2,157,455	336,000	-	(5,673)	(63,803)	(69,476)
Total comprehensive income	-	-	-	-	-	(65,990)	(2,433,138)	2,157,455	336,000	(324,645)	(330,318)	(614,506)	(944,824)
Appropriations to surplus reserve	-	-	325,048	-	-	-	-	-	-	(325,048)	-	-	-
Appropriations to general risk reserve	-	-	-	399,520	-	-	-	-	-	(399,520)	-	-	-
Appropriations to catastrophic loss reserve	-	-	-	-	68,481	-	-	-	-	(68,481)	-	-	-
Distributions to shareholders of the parent	-	-	-	-	-	-	-	-	-	(1,911,591)	(1,911,591)	-	(1,911,591)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(45,537)	(45,537)
Disposal of equity investments designated at fair value through other comprehensive income	-	-	-	-	-	-	51,942	-	-	(51,942)	-	-	-
Others	-	(1,397)	-	-	-	-	-	-	-	-	(1,397)	-	(1,397)
As at 31 December 2022 (Restated)	42,479,808	10,684,516	3,132,644	7,306,057	212,951	(19,844)	(1,972,620)	2,373,105	(243,002)	24,664,393	88,618,008	8,877,884	97,495,892

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

	2023	2022
Operating activities		
Cash generated from operations	18,203,912	13,201,221
Income tax paid	<u>(1,910,507)</u>	<u>(1,491,664)</u>
Net cash flows generated from operating activities	<u>16,293,405</u>	<u>11,709,557</u>
Investing activities		
Interest received	9,302,592	9,364,984
Dividends received	3,380,344	3,346,861
Purchases of property and equipment, investment properties and intangible assets	(430,941)	(397,683)
Proceeds from disposal of property and equipment, investment properties and intangible assets	45,962	597
Purchases of investments	(259,576,290)	(181,051,792)
Proceeds from disposal of investments	232,450,494	161,888,760
Disposals of associates	<u>–</u>	<u>45,950</u>
Net cash flows used in investing activities	<u>(14,827,839)</u>	<u>(6,802,323)</u>

	2023	2022
Financing activities		
Net changes in third party investors' interests of consolidated structured entities	601,943	885,875
Net proceeds from bonds issued	9,000,000	-
Redemption of bonds and loans	(9,037,697)	(9,483,330)
Net payment of bank borrowings	(2,496,462)	-
Interest paid	(2,177,771)	(2,067,120)
Payments for lease liabilities	(445,902)	(455,042)
Dividends paid to shareholders of the parent	(594,717)	(1,911,591)
Dividends paid to non-controlling interests	(414)	(45,537)
Net changes in financial assets sold under repurchase agreements	<u>6,150,220</u>	<u>873,586</u>
Net cash flows generated from/(used in) financing activities	<u>999,200</u>	<u>(12,203,159)</u>
Net increase/(decrease) in cash and cash equivalents	<u>2,464,766</u>	<u>(7,295,925)</u>
Cash and cash equivalents at the beginning of the period	15,416,186	22,203,831
Effect of foreign exchange rate changes	<u>(77,533)</u>	<u>508,280</u>
Cash and cash equivalents at the end of the period	<u><u>17,803,419</u></u>	<u><u>15,416,186</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

1 CORPORATE INFORMATION

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

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

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

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

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION

(1) Basis of preparation

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

For the purpose of preparing the consolidated financial statements, the Group has adopted all applicable new and revised IFRS Accounting Standards in issue which are relevant to the Group for the current year’s financial statements, except for any new standards or interpretations that are not yet effective for the year ended 31 December 2023.

(2) Basis of measurement

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

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

- financial instruments measured at fair value.
- insurance contracts issued and reinsurance contracts held measured on a current value basis.

(3) 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
Amendment to IAS 12, 'Income Tax'	Temporary exceptions and specific disclosure requirements for income tax

Except for IFRS 9 and IFRS 17, the above amendments to the standards did not have any impact on the consolidated financial statements of the Group for the year ended 31 December 2023.

(4) 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
Amendments to HKAS 21	Lack of Exchangeability

3 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.

	Property and casualty reinsurance	Life and health reinsurance	Primary property and casualty insurance	Asset management	Others	Elimination	Total
Insurance revenue	43,308,562	11,913,885	46,558,131	-	-	(2,025,243)	99,755,335
Interest income	2,761,455	4,743,109	1,209,660	59,240	356,239	-	9,129,703
Other investment return	(173,208)	(963,767)	(36,518)	59,321	(149,693)	(16,503)	(1,280,368)
Exchange gains/(losses), net	156,240	455,225	881	(621)	61,955	(89)	673,591
Other income	176,937	21,228	162,218	652,327	694,005	(590,105)	1,116,610
Total income	46,229,986	16,169,680	47,894,372	770,267	962,506	(2,631,940)	109,394,871
- External income	45,379,103	14,969,906	47,893,273	299,496	853,093	-	109,394,871
- Inter-segment income	850,883	1,199,774	1,099	470,771	109,413	(2,631,940)	-
Insurance service expenses	(35,586,443)	(12,229,212)	(45,586,902)	-	-	2,310,223	(91,092,334)
Allocation of reinsurance premiums	(5,860,056)	(1,382,774)	(2,991,385)	-	-	1,877,890	(8,356,325)
Amounts recoverable from reinsurers	2,914,586	2,278,125	2,544,315	-	-	(1,868,579)	5,868,447
Finance expenses from insurance contracts issued	(2,249,113)	(3,402,121)	(805,558)	-	-	54,967	(6,401,825)
Finance income/(expenses) from reinsurance contracts held	426,110	374,809	129,198	-	-	(73,636)	856,481
Net impairment loss on financial assets	(90,322)	336,716	(67,228)	(5,137)	(35,465)	-	138,564
Other finance cost	(859,080)	(1,095,936)	(220,421)	(13,365)	(135,137)	-	(2,323,939)
Other operating and administrative expenses	(1,392,984)	(818,507)	(515,167)	(401,240)	(1,092,130)	501,578	(3,718,450)
Total insurance service expenses and others	(42,697,302)	(15,938,900)	(47,513,148)	(419,742)	(1,262,732)	2,802,443	(105,029,381)
Share of profits of associates	238,680	957,291	22,783	(528)	811,255	(69,693)	1,959,788
Impairment losses of associates	-	-	-	-	-	-	-
Profit before tax	3,771,364	1,188,071	404,007	349,997	511,029	100,810	6,325,278
Income tax	(706,173)	105,722	(28,406)	(65,189)	214,768	(55,407)	(534,685)
Net profit	3,065,191	1,293,793	375,601	284,808	725,797	45,403	5,790,593

2022 (Restated)

	Property and casualty reinsurance	Life and health reinsurance	Primary property and casualty insurance	Asset management	Others	Elimination	Total
Insurance revenue	36,471,108	12,950,079	43,128,792	–	–	(3,324,931)	89,225,048
Interest income	2,305,515	4,787,836	1,340,871	267,004	440,978	–	9,142,204
Other investment return	(671,947)	(2,363,314)	(891,832)	(197,677)	2,006,929	(2,011,607)	(4,129,448)
Exchange gains/(losses), net	149,545	1,434,721	77,024	(42,561)	(274,878)	(840)	1,343,011
Other income	116,084	8,434	101,701	576,896	643,754	(602,950)	843,919
Total income	38,370,305	16,817,756	43,756,556	603,662	2,816,783	(5,940,328)	96,424,734
– External income	37,285,640	14,570,450	43,724,944	136,921	706,779	–	96,424,734
– Inter-segment income	1,084,665	2,247,306	31,612	466,741	2,110,004	(5,940,328)	–
Insurance service expenses	(30,888,509)	(12,828,890)	(42,118,863)	–	–	3,283,739	(82,552,523)
Allocation of reinsurance premiums	(6,404,027)	(1,175,926)	(2,906,315)	–	–	2,796,460	(7,689,808)
Amounts recoverable from reinsurers	4,290,565	2,082,009	1,840,322	–	–	(2,318,859)	5,894,037
Finance expenses from insurance contracts issued	(1,636,350)	(3,798,548)	(735,081)	–	–	36,884	(6,133,095)
Finance income/(expenses) from reinsurance contracts held	126,529	(105,069)	128,758	–	–	(79,752)	70,466
Net impairment loss on financial assets	(73,548)	(246,034)	(53,000)	–	(29,476)	–	(402,058)
Other finance cost	(816,028)	(829,028)	(115,981)	(67,795)	(105,191)	–	(1,934,023)
Other operating and administrative expenses	(1,018,205)	(824,339)	(515,762)	(329,870)	(1,274,683)	378,332	(3,584,527)
Total insurance service expenses and others	(36,419,573)	(17,725,825)	(44,475,922)	(397,665)	(1,409,350)	4,096,804	(96,331,531)
Share of profits of associates	(1,375,503)	1,135,430	(1,160,422)	(8,024)	854,895	(36,025)	(589,649)
Impairment losses of associates	(488,294)	–	(383,660)	–	–	–	(871,954)
Profit before tax	86,934	227,361	(2,263,447)	197,973	2,262,328	(1,879,549)	(1,368,400)
Income tax	(100,071)	119,550	716,819	(77,102)	(58,990)	(107,154)	493,052
Net profit	(13,137)	346,911	(1,546,628)	120,871	2,203,338	(1,986,703)	(875,348)

	2023						
	Property and casualty reinsurance	Life and health reinsurance	Primary property and casualty insurance	Asset management	Others	Elimination	Total
Segment assets	137,374,974	220,217,927	72,570,642	5,149,167	63,574,573	(39,159,696)	459,727,587
Segment liabilities	(98,455,841)	(200,634,833)	(47,928,590)	(804,465)	(12,539,835)	2,814,894	(357,548,670)
	2022 (Restated)						
	Property and casualty reinsurance	Life and health reinsurance	Primary property and casualty insurance	Asset management	Others	Elimination	Total
Segment assets	114,393,225	205,838,590	69,226,425	5,553,712	66,312,228	(36,592,030)	424,732,150
Segment liabilities	(85,399,197)	(186,940,935)	(44,715,647)	(1,576,519)	(11,453,569)	2,849,609	(327,236,258)

4 INSURANCE REVENUE

	2023			
	Reinsurance contracts issued – property and casualty	Reinsurance contracts issued – life and health	Primary insurance contracts issued – property and casualty	Total
Contracts not measured under the PAA:				
Amounts relating to changes in liabilities for remaining coverage				
– CSM recognised for the services provided	1,873,623	1,838,872	1,515,873	5,228,368
– Changes in the risk adjustment for non-financial risk	793,495	721,717	747,524	2,262,736
– Expected incurred claims and other directly attributable expenses	6,281,074	7,475,367	6,095,334	19,851,775
– Experience adjustments arising from premiums received in the period other than those relate to future service	926,251	543,302	436,755	1,906,308
Insurance acquisition cash flows recovery	1,299,314	138,349	2,772,565	4,210,228
Subtotal of contracts not measured under the PAA	11,173,757	10,717,607	11,568,051	33,459,415
Contracts measured under the PAA	20,428,349	–	45,867,571	66,295,920
Total insurance revenue	31,602,106	10,717,607	57,435,622	99,755,335

2022

	Reinsurance contracts issued – property and casualty	Reinsurance contracts issued – life and health	Primary insurance contracts issued – property and casualty	Total
Contracts not measured under the PAA: Amounts relating to changes in liabilities for remaining coverage				
– CSM recognised for the services provided	1,131,534	3,257,532	1,486,644	5,875,710
– Changes in the risk adjustment for non-financial risk	729,083	720,650	804,529	2,254,262
– Expected incurred claims and other directly attributable expenses	5,997,030	7,429,712	6,487,058	19,913,800
– Experience adjustments arising from premiums received in the period other than those relate to future service	1,008,673	(965,095)	859,340	902,918
Insurance acquisition cash flows recovery	<u>985,647</u>	<u>263,277</u>	<u>2,580,397</u>	<u>3,829,321</u>
Subtotal of contracts not measured under the PAA	<u>9,851,967</u>	<u>10,706,076</u>	<u>12,217,968</u>	<u>32,776,011</u>
Contracts measured under the PAA	15,638,205	–	40,810,832	56,449,037
Total insurance revenue	<u>25,490,172</u>	<u>10,706,076</u>	<u>53,028,800</u>	<u>89,225,048</u>

5 INTEREST INCOME

	2023	2022 (Restated)
Interest income		
Current and time deposits	1,933,099	1,861,101
Fixed maturity investments		
– Financial investments at amortised cost	3,242,813	3,328,476
– Debt instruments measured at fair value through other comprehensive income	3,901,911	3,880,052
Financial assets held under resale agreements	51,880	72,575
Total	<u>9,129,703</u>	<u>9,142,204</u>

6 OTHER INVESTMENT RETURN

	2023	2022 (Restated)
Interest, dividend and rental income (a)	4,666,964	4,184,582
Realised gains and losses (b)	(4,263,295)	(2,845,826)
Unrealised gains and losses (c)	(1,027,510)	(5,468,204)
Dilution loss from investments in associates	(656,527)	–
Total	<u>(1,280,368)</u>	<u>(4,129,448)</u>

(a) **Interest, dividend and rental income**

	2023	2022 (Restated)
Dividend income		
– Financial investments at fair value through profit or loss	1,914,395	1,456,199
– Equity investments designated at fair value through other comprehensive income	955,149	1,390,999
	<u>2,869,544</u>	<u>2,847,198</u>
Subtotal	<u>2,869,544</u>	<u>2,847,198</u>
Interest income		
– Financial investments at fair value through profit or loss	1,485,497	1,060,375
	<u>1,485,497</u>	<u>1,060,375</u>
Subtotal	<u>1,485,497</u>	<u>1,060,375</u>
Rental income from investment properties	311,923	277,009
	<u>311,923</u>	<u>277,009</u>
Total	<u>4,666,964</u>	<u>4,184,582</u>

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

Dividend income		
Listed equity securities	2,007,666	1,635,975
Unlisted equity securities	861,878	1,211,223
	<u>2,869,544</u>	<u>2,847,198</u>
Total	<u>2,869,544</u>	<u>2,847,198</u>

(b) **Realised gains/(losses)**

	2023	2022 (Restated)
Fixed maturity investments		
– Financial investments at fair value through profit or loss	(85,703)	27,422
– Financial investments at amortised cost	–	(96,773)
– Debt investments at fair value through other comprehensive income	(568,378)	(1,030,662)
Equity securities		
– Financial investments at fair value through profit or loss	(3,523,910)	(1,990,181)
– Investments in associates	1,169	(74,857)
	<u>(86,473)</u>	<u>300,964</u>
Derivative instruments	(86,473)	300,964
Financial liabilities at fair value through profit or loss	–	18,261
	<u>(4,263,295)</u>	<u>(2,845,826)</u>
Total	<u>(4,263,295)</u>	<u>(2,845,826)</u>

(c) **Unrealised gains/(losses)**

	2023	2022 (Restated)
Financial investments at fair value through profit or loss	(858,854)	(5,684,162)
Financial liabilities at fair value through profit or loss	(136,312)	(41,008)
Derivative assets	(39,219)	(318,261)
Derivative liabilities	(269,380)	(38,605)
Investment contracts at fair value	276,255	613,832
	<u>(1,027,510)</u>	<u>(5,468,204)</u>
Total	<u>(1,027,510)</u>	<u>(5,468,204)</u>

7 INCOME TAX

	2023	2022 (Restated)
Current income tax	1,884,966	1,336,028
Deferred income tax	<u>(1,350,281)</u>	<u>(1,829,080)</u>
Total	<u><u>534,685</u></u>	<u><u>(493,052)</u></u>

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

	2023	2022 (Restated)
Profit before tax	6,325,278	(1,368,400)
Tax at the applicable tax rate of 25%	1,581,319	(342,100)
The effect of different tax rates of other countries and regions (i)	(137,995)	75,216
Tax effect of non-deductible expenses	32,579	89,487
Tax effect of non-taxable income	(912,770)	(184,713)
Unused tax losses for which no deferred tax asset has been recognised	1,481	5,835
Previously unrecognised temporary differences used to reduce deferred tax expense	(2,462)	(74,095)
Previously unrecognised tax losses used to reduce deferred tax expense	–	(4,537)
Income tax adjustment relating to prior year	(34,638)	(62,148)
Withheld income tax on dividends received from associates	<u>7,171</u>	<u>4,003</u>
Income tax	<u><u>534,685</u></u>	<u><u>(493,052)</u></u>

(i) The income tax rate applied to the Company and its subsidiaries in the Chinese mainland is 25% for the year ended 31 December 2023 (2022: 25%). Taxation for overseas subsidiaries and branches is charged at the appropriate current rates of taxation ruling in the relevant jurisdictions.

8 DIVIDENDS

	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

9 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 issued.

	2023	2022 (Restated)
Net profit attributable to the shareholders of the parent	5,652,446	(324,645)
Weighted average number of ordinary shares (in thousands)	42,479,808	42,479,808
Basic and diluted earnings per share (in RMB)	0.13	(0.01)
Net profit attributable to the shareholders of the parent for diluted earnings per share	5,652,446	(998,657)
Diluted earnings per share (in RMB)	0.13	(0.02)

10 INVESTMENTS IN ASSOCIATES

	31 December 2023	31 December 2022
Carrying amount before impairment		
– Listed shares	20,886,609	20,138,455
– Unlisted shares	2,637,258	2,501,077
Total	<u>23,523,867</u>	<u>22,639,532</u>

(a) Particulars of the Group’s major associates are as follows:

Name of associates	Place of incorporation and business	Registered capital (in RMB millions)	Principal activities	Proportion of ownership interests			
				The Group’s effective interest	Held by the Company	Held by a subsidiary	
China Everbright Bank Company Limited (“CEB”)	China	59,086	Commercial banking				
				31 December 2023	3.93%	1.34%	2.59%
				31 December 2022	4.29%	1.46%	2.83%

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

11 SHARE CAPITAL

(Unit: RMB’000)

	31 December 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	<u>42,479,808</u>	<u>42,479,808</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

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

Key Operating Data

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

Unit: in RMB millions, except for percentages

	For the year ended		
	31 December		
	2023	2022 (Restated)	Change (%)
Insurance revenue	99,755	89,225	11.8
Insurance revenue by business segment:			
P&C reinsurance ¹	43,309	36,471	18.7
Life and health reinsurance ¹	11,914	12,950	(8.0)
Primary P&C insurance ¹	46,558	43,129	8.0
Total investment income ²	9,304	1,503	519.0
			Increase by 2.30 percentage
Total investment yield (%) ³	2.77	0.47	points
Net investment income ⁴	14,370	11,742	22.4
			Increase by 0.62 percentage
Net investment yield (%) ⁵	4.28	3.66	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 and derivative financial instruments related to life insurance business + 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 assets - loss on dilution of equity in associates.
3. Total investment yield = Total investment income ÷ average of total investment assets as at the beginning and end of the period.
4. Net investment income = Interest income + dividend income + rental income + share of profit of associates – interest expenses on financial assets sold under repurchase agreements.
5. Net investment yield = Net investment income ÷ average of total investment assets as at the beginning and end of the period.
6. Under the China Accounting Standards for Business Enterprises, the Company continues to implement the Accounting Standards for Business Enterprises No. 25 – Original Insurance Contracts (Cai Kuai [2006] No. 3), the Accounting Standards for Business Enterprises No. 26 – Reinsurance Contracts (Cai Kuai [2006] No. 3), the Regulations on Accounting Treatment Related to Insurance Contracts (Cai Kuai [2009] No. 15), the Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments, the Accounting Standards for Business Enterprises No. 23 – Transfer of Financial Assets, the Accounting Standards for Business Enterprises No. 24 – Hedging (Cai Kuai [2006] No. 3), the Accounting Standards for Business Enterprises No. 37 – Presentation and Reporting of Financial Instruments (Cai Kuai [2014] No. 23) and other relevant accounting standards (collectively, the “**Old Standards**”). Under the Old Standards, the Group’s gross written premiums for the Reporting Period were RMB176,849 million, representing a year-on-year increase of 4.2%.

	<u>As at 31 December 2023</u>		<u>As at 31 December 2022</u>	
	Core solvency adequacy ratio (%)	Aggregated solvency adequacy ratio (%)	Core solvency adequacy ratio (%)	Aggregated solvency adequacy ratio (%)
Group	154	191	157	190
Group Company	409	409	635	635
China Re P&C	150	246	119	191
China Re Life	158	215	167	208
China Continent Insurance	231	257	235	260

- Notes:*
1. The relevant solvency data of China Re P&C as at 31 December 2023 have been audited by the auditors of the Company; the relevant solvency data of other entities have not been audited by the auditors of the Company. The relevant data of the Group Company, China Re Life and China Continent Insurance are the same as the data submitted to the National Financial Regulatory Administration.
 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 CBIRC, 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 2023, China Re adhered to the general tone of “seeking progress while ensuring stability, enhancing value”, firmly established the business philosophy of “development with scale, underwriting to be efficient, and investment to be sound”, and actively responded to the complex and ever-changing market environment, significantly enhancing the business resilience and development quality, and achieving new results in high-quality development. First, the insurance revenue grew steadily, with an insurance revenue of RMB99,755 million, representing a year-on-year increase of 11.8%. Second, the operational efficiency was significantly improved, with a total investment income of RMB9,304 million, representing a year-on-year increase of 519.0%, indicating a significant improvement in underwriting profit contribution. In addition, the Group’s solvency and international ratings remained stable. During the Reporting Period, we maintained the “A (Excellent)” rating by A.M. Best and “A” by S&P Global Ratings, and the financial position remained robust and healthy.

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 year ended		Change (%)
	31 December		
	2023	2022 (Restated)	
Operating income	109,395	96,425	13.5
Profit before tax	6,325	(1,368)	–
Net profit	5,791	(875)	–
Net profit attributable to equity shareholders of the parent company	5,652	(325)	–
Earnings per share (RMB)	0.13	(0.01)	–
Weighted average return on equity (%) ¹	6.22	(0.36)	Increase by 6.58 percentage points

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

In 2023, net profit attributable to equity shareholders of the parent company of the Group amounted to RMB5,652 million, representing a year-on-year increase of RMB5,977 million, which was mainly due to: first, efforts were made to improve operating efficiency, and at both the underwriting and investment ends, so that improvement in underwriting performance and year-on-year growth in investment income were achieved; second, it was due to the low base in the same period of 2022.

Unit: in RMB millions, unless otherwise stated

	31 December 2023	31 December 2022 (Restated)	Change (%)
Total assets	459,728	424,732	8.2
Total liabilities	357,549	327,236	9.3
Total equity	102,179	97,496	4.8
Net assets per share attributable to equity shareholders of the parent company (RMB)	2.20	2.09	5.3

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 2023, we focused on consolidating the leading position in domestic reinsurance market, and continued to facilitate the establishment of platforms for 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, safety production liability insurance, Chinese interest abroad projects insurance, and cyber securities 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 2023, the insurance revenue from our P&C reinsurance segment amounted to RMB43,309 million, representing a year-on-year increase of 18.7% and accounting for 42.6% of insurance revenue of the Group (before inter-segment eliminations). The increase in insurance revenue was mainly due to the fact that we seized the opportunities of rising rates and ceding in market to actively expand new business. Net profit amounted to RMB3,065 million, representing an increase of RMB3,078 million as compared with the same period last year. The increase in net profit was mainly due to the fact that we adhered to the strategy of high-quality development, actively seized opportunities in the market to develop our advantageous businesses with significant improvement in underwriting efficiency. At the same time, our provision for impairment of investments in associates was relatively sufficient in 2022 out of prudence, and as the provision for impairment decreased in 2023, we recorded 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 year ended		Change (%)
	2023	2022 (Restated)	
Insurance revenue	43,309	36,471	18.7
Interest income	2,761	2,306	19.7
Other investment return	(173)	(672)	(74.3)
Exchange gains/(losses), net	156	150	4.0
Other income	177	116	52.6
Total income	46,230	38,370	20.5
Insurance service expenses	(35,586)	(30,889)	15.2
Allocation of reinsurance premiums	(5,860)	(6,404)	(8.5)
Amounts recoverable from reinsurers	2,915	4,291	(32.1)
Finance expenses from insurance contracts issued	(2,249)	(1,636)	37.5
Finance income/(expenses) from reinsurance contracts held	426	127	235.4
Net impairment loss on financial assets	(90)	(74)	21.6
Other finance cost	(859)	(816)	5.3
Other operating and administrative expenses	(1,393)	(1,018)	(36.8)
Total insurance service expense and others	(42,697)	(36,420)	17.2
Share of profit of associates	239	(1,376)	–
Impairment losses of associates	–	(488)	–
Profit before tax	3,771	87	4,234.5
Income tax	(706)	(100)	606.0
Net profit	3,065	(13)	–

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 18.7% from RMB36,471 million in 2022 to RMB43,309 million in 2023, mainly due to the fact that we seized the opportunities of rising rates and ceding in the market to actively expand new business.

Interest income

Interest income from our P&C reinsurance segment increased by 19.7% from RMB2,306 million in 2022 to RMB2,761 million in 2023. For details of analysis on changes of interest income, please refer to relevant contents in asset management business segment.

Other investment return

Investment income from our P&C reinsurance segment increased by RMB499 million from RMB-672 million in the 2022 to RMB-173 million in 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 15.2% from RMB30,889 million in 2022 to RMB35,586 million in 2023, mainly due to the corresponding increase in insurance service expenses caused by the business scale.

Share of profit of associates

Share of profit of associates from our P&C reinsurance segment increased by RMB1,615 million from RMB-1,376 million in 2022 to RMB239 million in 2023, mainly due to the decrease in investment loss of associates in 2023.

Net profit

As a result of the foregoing reasons, net profit for our P&C reinsurance segment increased by RMB3,078 million from RMB-13 million in 2022 to RMB3,065 million in 2023.

Business Analysis

The data under the “Business Analysis” were prepared in accordance with the Old Standards.

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 2023, the reinsurance premium income from our domestic P&C reinsurance business amounted to RMB44,010 million, representing a year-on-year increase of 4.5%. The combined ratio was 99.53%, representing a year-on-year decrease of 0.23 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 year ended 31 December		Change
	<u>2023</u>	<u>2022</u>	
Loss ratio (%)	68.11	68.55	Decrease by 0.44 percentage points
Expense ratio (%)	31.42	31.21	Increase by 0.21 percentage points
Combined ratio (%)	<u>99.53</u>	<u>99.76</u>	Decrease by 0.23 percentage points

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

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

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

Unit: in RMB millions, except for percentages

Type of reinsurance arrangement	For the year ended 31 December			
	2023		2022	
	Amount	Percentage (%)	Amount	Percentage (%)
Treaty reinsurance	42,501	96.6	40,161	95.4
Facultative reinsurance	1,509	3.4	1,936	4.6
Total	<u>44,010</u>	<u>100.0</u>	<u>42,097</u>	<u>100.0</u>

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

Unit: in RMB millions, except for percentages

Form of cession	For the year ended 31 December			
	2023		2022	
	Amount	Percentage (%)	Amount	Percentage (%)
Proportional reinsurance	43,614	99.1	41,686	99.0
Non-proportional reinsurance	396	0.9	411	1.0
Total	44,010	100.0	42,097	100.0

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

Unit: in RMB millions, except for percentages

Business channel	For the year ended 31 December			
	2023		2022	
	Amount	Percentage (%)	Amount	Percentage (%)
Primary	41,017	93.2	39,598	94.1
Via broker	2,993	6.8	2,499	5.9
Total	44,010	100.0	42,097	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 agriculture, motor, commercial property, liability and engineering insurance. We actively captured the opportunities brought by the transformation and development of the market, and continued to vigorously expand emerging business sectors such as short-term health insurance, construction inherent defects insurance (IDI), construction surety bond insurance, safety production liability insurance, Chinese interest abroad projects insurance and cyber securities insurance, with total reinsurance premium income recorded at RMB2,869 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 year ended 31 December				
	2023		YoY	2022	
	Amount	Percentage (%)	Change (%)	Amount	Percentage (%)
Agriculture	12,199	27.7	11.8	10,911	25.9
Motor	10,437	23.7	23.4	8,457	20.1
Commercial property	6,682	15.2	(2.1)	6,828	16.2
Liability	6,354	14.4	11.1	5,719	13.6
Engineering	2,054	4.7	(20.0)	2,568	6.1
Others ¹	6,284	14.3	(17.5)	7,614	18.1
Total	44,010	100.0	4.5	42,097	100.0

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

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

Agriculture reinsurance. In 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 RMB12,199 million, representing a year-on-year increase of 11.8%.

Motor reinsurance. In 2023, we successfully seized business opportunities in the market, and the premium volume increased. The reinsurance premium income from motor insurance business amounted to RMB10,437 million, representing a year-on-year increase of 23.4%.

Commercial property reinsurance. In 2023, reinsurance premium income from commercial property insurance business amounted to RMB6,682 million, representing a year-on-year decrease of 2.1%, mainly due to the decrease in the scale of premiums ceded to reinsurers of certain customers.

Liability reinsurance. In 2023, we stepped up our efforts in promotion of businesses such as construction inherent defects insurance (IDI), safety production liability insurance and cyber securities insurance. The reinsurance premium income from liability insurance business amounted to RMB6,354 million, representing a year-on-year increase of 11.1%.

Engineering reinsurance. In 2023, reinsurance premium income from engineering insurance business amounted to RMB2,054 million, representing a year-on-year decrease of 20.0%, mainly due to the fact that we proactively lowered it from the perspective of business structure optimisation.

Clients and Client Services

In 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 "integration of primary insurance and 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 described 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 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 RMB23,285 million, representing a year-on-year increase of 18.7%. The combined ratio was 85.74%, representing a year-on-year decrease of 8.29 percentage points.

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

	For the year ended		
	31 December		
	2023	2022	Change
Loss ratio (%)	50.40	57.93	Decrease by 7.53 percentage points
Expense ratio (%)	35.34	36.10	Decrease by 0.76 percentage points
Combined ratio (%)	85.74	94.03	Decrease by 8.29 percentage points

Overseas P&C Reinsurance Business

In 2023, the reinsurance premium income from our overseas P&C reinsurance business amounted to RMB4,246 million, representing a year-on-year increase of 8.8%. 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 98.50%, representing a year-on-year increase of 1.15 percentage points, which was mainly due to the adverse impact brought about by 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 year ended 31 December		Change
	<u>2023</u>	<u>2022</u>	
Loss ratio (%)	73.97	68.46	Increase by 5.51 percentage points
Expense ratio (%)	24.53	28.89	Decrease by 4.36 percentage points
Combined ratio (%)	98.50	97.35	Increase by 1.15 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

Type of business	For the year ended 31 December			
	<u>2023</u>		<u>2022</u>	
	Amount	Percentage (%)	Amount	Percentage (%)
Treaty reinsurance	3,972	93.5	3,628	93.0
Facultative reinsurance	274	6.5	273	7.0
Total	<u>4,246</u>	<u>100.0</u>	<u>3,901</u>	<u>100.0</u>

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

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

Unit: in RMB millions, except for percentages

Line of business	For the year ended 31 December				
	2023		YoY	2022	
	Amount	Percentage (%)	Change (%)	Amount	Percentage (%)
Non-marine	2,789	65.7	8.2	2,578	66.1
Specialty	668	15.7	30.6	511	13.1
Liability	290	6.8	3.5	280	7.2
Others ¹	499	11.8	(6.3)	532	13.6
Total	4,246	100.0	8.8	3,901	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 risk pricing 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 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 RMB19,039 million, representing a year-on-year increase of 21.1%; the combined ratio was 81.88%¹, representing a year-on-year decrease of 11.11 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 18.8%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 year ended 31 December		Change
	2023	2022	
Loss ratio (%)	43.26	54.65	Decrease by 11.39 percentage points
Expense ratio (%)	38.62	38.34	Increase by 0.28 percentage points
Combined ratio (%)	81.88	92.99	Decrease by 11.11 percentage points

Notes: 1. Under the UK GAAP, the combined ratio of Chaucer was 86.85%, 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 year ended 31 December			
	2023		2022	
	Amount	Percentage (%)	Amount	Percentage (%)
Treaty reinsurance	8,642	45.4	6,670	42.5
Facultative reinsurance	2,920	15.3	2,128	13.5
Primary insurance	7,477	39.3	6,922	44.0
Total	19,039	100.0	15,720	100.0

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

Unit: in RMB millions, except for percentages

Line of business	For the year ended 31 December				
	2023		YoY	2022	
	Amount	Percentage (%)	Change (%)	Amount	Percentage (%)
Casualty and political risk/credit insurance	3,007	15.8	(29.9)	4,290	27.3
Marine, energy, space and aviation, nuclear insurance	3,944	20.7	21.7	3,240	20.6
Property and political violence insurance	3,877	20.4	41.5	2,739	17.4
Others ¹	8,211	43.1	50.6	5,451	34.7
Total	19,039	100.0	21.1	15,720	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 2023, Chaucer seized the rising trend of rates in the market, further clarified 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 GBP1.8 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 United Nations 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 (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 2023, our reinsurance premium income via the CNIP platform amounted to RMB166 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 managed by the Group Company through China Re Life.

In 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 reinsurance 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. We led the compilation work of the Fourth Mortality Table and the Guangdong-Hong Kong-Macao Greater Bay Area Mortality Table for Life and Health Insurance Industry of China (《中國人身保險業第四套經驗生命表及粵港澳大灣區經驗生命表》), empowering the infrastructure construction of the industry. To implement Healthy China Action and develop Inclusive Finance, we actively facilitated the product development of tax-preferential health insurance and “0 Excess” (0 免賠) medical insurance. We also promoted the integration of health insurance products with 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 grasped the underwriting 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 2023, insurance revenue from our life and health reinsurance segment amounted to RMB11,914 million, representing a year-on-year decrease of 8.0% and accounting for 11.7% of the Group’s gross insurance revenue (before inter-segment eliminations). The decrease in insurance revenue was mainly due to the decrease in margin release of contractual services of our existing financial reinsurance business. Net profit amounted to RMB1,294 million, representing a year-on-year increase of 272.9%. The increase in net profit was mainly due to the significant year-on-year increase in investment income. As we implemented the New Standard for Financial Instruments, bond prices rebounded sharply in 2023, resulting in a more significant impact of changes in the capital market on profit.

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 year ended		Change (%)
	31 December		
	2023	2022 (Restated)	
Insurance revenue	11,914	12,950	(8.0)
Interest income	4,743	4,788	(0.9)
Other investment return	(964)	(2,363)	(59.2)
Exchange gains/(losses), net	455	1,435	(68.3)
Other income	21	8	162.5
Total income	16,170	16,818	(3.9)
Insurance service expenses	(12,229)	(12,829)	(4.7)
Allocation of reinsurance premiums	(1,383)	(1,176)	17.6
Amounts recoverable from reinsurers	2,278	2,082	9.4
Finance expenses from insurance contracts issued	(3,402)	(3,799)	(10.5)
Finance income/(expenses) from reinsurance contracts held	375	(105)	–
Net impairment loss on financial assets	337	(246)	–
Other finance cost	(1,096)	(829)	32.2
Other operating and administrative expenses	(819)	(824)	(0.6)
Total insurance service expenses and others	(15,939)	(17,726)	(10.1)
Share of profit of associates	957	1,135	(15.7)
Profit before tax	1,188	227	423.3
Income tax	106	120	(11.7)
Net profit	1,294	347	272.9

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 decreased by 8.0% from RMB12,950 million in 2022 to RMB11,914 million in 2023, mainly due to the decrease in margin release of contractual services of our existing financial reinsurance business.

Other investment return

Other investment return from our life and health reinsurance segment increased by 59.2% from RMB-2,363 million in 2022 to RMB-964 million in 2023, mainly due to changes in the capital market. 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 decreased by 4.7% from RMB12,829 million in 2022 to RMB12,229 million in 2023, mainly due to the impact of loss-making contracts.

Finance expenses from insurance contracts issued

Finance expenses from insurance contracts issued from reinsurance contracts from our life and health reinsurance segment decreased by 10.5% from RMB3,799 million in 2022 to RMB3,402 million in 2023, mainly due to changes in insurance contract interests and exchange rates.

Share of profit of associates

Share of profit of associates from our life and health reinsurance segment decreased by 15.7% from RMB1,135 million in 2022 to RMB957 million in 2023, which was mainly due to the decrease in profit of associates in 2023.

Net profit

As a result of the foregoing reasons, net profit for our life and health reinsurance segment increased by 272.9% from RMB347 million in 2022 to RMB1,294 million in 2023.

Business Analysis

The data under the “Business Analysis” were prepared in accordance with the Old Standards.

In terms of business line, we overcame the impact of weak industry growth and insufficient demand, took the initiative to innovate and develop, and achieved progress of the protection-type reinsurance business by developing new business of medical insurance, while focusing on quality and efficiency improvement for existing businesses. 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

Line of business	For the year ended 31 December				
	2023		YoY	2022	
	Amount	Percentage (%)	Change (%)	Amount	Percentage (%)
Domestic protection-type reinsurance	26,857	42.5	(7.6)	29,065	43.8
Domestic savings-type reinsurance	15,203	24.0	53.1	9,928	15.0
Domestic financial reinsurance	17,321	27.4	3.6	16,724	25.2
Domestic in total	59,381	93.9	6.6	55,717	84.0
Overseas savings-type reinsurance	1,978	3.1	(72.9)	7,300	11.0
Other overseas business	1,882	3.0	(42.7)	3,286	5.0
Overseas in total	3,860	6.1	(63.5)	10,586	16.0
Total	63,241	100.0	(4.6)	66,303	100.0

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

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 2023, reinsurance premium income from the domestic life and health reinsurance business amounted to RMB59,381 million, representing a year-on-year increase of 6.6%.

In respect of the protection-type reinsurance business, the reinsurance premium income amounted to RMB26,857 million in 2023, representing a year-on-year decrease of 7.6%. Of which, reinsurance premium income of RMB12,054 million was from the yearly renewable term protection-type business¹ and RMB8,243 million was from the mid-end and long-term medical care insurance business, and the total reinsurance premium income increased by 3.3% 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 product opportunities, targeted on new customer needs, conducted on-site data analysis, actively identified new risks, reconstructed our pricing models, increased front-end risk control management to ensure controllable business risks, promoted business cooperation, and achieved long-term win-win cooperation with customers. (ii) We made efforts to deploy in new risk areas such as long-term care insurance and disability insurance, and actively created a set of closed-loop underwriting solutions that could be exported to the industry to lay a solid foundation for assisting pension finance. (iii) We closely followed the policy guidance, provided support for the development of tax-preferential health insurance products, and helped related products to be quickly launched in the market; continued to serve national strategies such as Healthy China and Inclusive Finance, and provided customised reinsurance support plans for livelihood protection products such as Hui Min Bao and Hui Jun Bao. (iv) We continued to promote industrial integration and innovation, and carried out innovative payment cooperation around special medicine, chronic disease management, dentistry, ophthalmology and other fields, realising normalised underwriting of profitable businesses. Under the combined effect of innovation-driven and stringent risk control, the quality of our business remained stable, and we achieved a combined ratio (excluding operating and administrative expenses) after retrocession of protection-type business of 97.12%, with underwriting profits of RMB610 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 reasonably grasped the opportunities of domestic savings-type business, leveraged the short-term and high-yield asset allocation window period in the first quarter and achieved larger orders. The reinsurance premium income amounted to RMB15,203 million in 2023, representing a year-on-year increase of 53.1%.

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, and innovated business models, achieving reinsurance premium income of RMB17,321 million. At the same time, we strengthened the management of existing businesses, and enhanced the efficiency of capital usage.

Overseas Life and Health Reinsurance Business

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

In 2023, the reinsurance premium income from our overseas life and health reinsurance business amounted to RMB3,860 million, representing a year-on-year decrease of 63.5%, of which the reinsurance premium income from China Re Life and China Re HK (both after intra-segment eliminations) amounted to RMB3,123 million and RMB737 million, respectively.

In respect of the overseas savings-type reinsurance business, in the face of significant fluctuation in the overseas capital markets and rising business cost, the Company balanced development and security, and proactively scaled down our business. The reinsurance premium income amounted to RMB1,978 million in 2023, representing a year-on-year decrease of 72.9%.

In respect of other overseas business, the reinsurance premium income amounted to RMB1,882 million in 2023, representing a year-on-year decrease of 42.7%. Such decrease in premium income was mainly due to the overseas financial reinsurance business in the same period last year resulting in a higher base.

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

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

Unit: in RMB millions, except for percentages

Type of reinsurance arrangement	For the year ended 31 December			
	2023		2022	
	Amount	Percentage (%)	Amount	Percentage (%)
Treaty reinsurance	63,042	99.7	66,181	99.8
Facultative reinsurance	199	0.3	122	0.2
Total	63,241	100.0	66,303	100.0

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

Unit: in RMB millions, except for percentages

Form of cession	For the year ended 31 December			
	2023		2022	
	Amount	Percentage (%)	Amount	Percentage (%)
Proportional reinsurance	63,202	99.9	66,256	99.9
Non-proportional reinsurance	39	0.1	47	0.1
Total	63,241	100.0	66,303	100.0

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

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

Unit: in RMB millions, except for percentages

Line of business	For the year ended 31 December				
	2023		YoY	2022	
	Amount	Percentage (%)	Change (%)	Amount	Percentage (%)
Life reinsurance	37,702	59.6	(0.7)	37,963	57.3
Health reinsurance	23,633	37.4	(9.6)	26,155	39.4
Accident reinsurance	1,906	3.0	(12.8)	2,185	3.3
Total	63,241	100.0	(4.6)	66,303	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 2023, we firmly grasped the top priority of high-quality development, unswervingly anchored our underwriting profit target, and achieved positive results. We strengthened our top-level design, released a new blueprint of “Value Continent”, and actively promoted the implementation of strategies, gradually enhancing our strategic traction capabilities. We focused on efficiency development, strengthened operational coordination, optimised business structure, and adhered to reform and innovation. As a result, our business development was stable and increasing, with continuous improvement of operating efficiency and significant effects of cost control, and the Company’s operating trend continued to improve, consolidate and expand. Focusing on key areas, including agricultural insurance, health insurance, and green insurance, we promoted new breakthroughs in product innovation, protection coverage expansion, and service quality improvement, etc. We centred on technology empowerment, strengthened technology application and business empowerment, and achieved effective results in digital transformation. We also further improved the construction of our risk control system, strengthened risk management and control in key areas, and consolidated the foundation for development.

In 2023, insurance revenue from our primary P&C insurance segment amounted to RMB46,558 million, representing a year-on-year increase of 8.0% and accounting for 45.7% 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 RMB376 million, representing an increase of RMB1,922 million as compared with the same period last year. The increase in net profit was mainly due to: first, we adhered to improving quality and efficiency; second, our provision for impairment of investments in associates was relatively sufficient in 2022 out of prudence, and as the provision for impairment decreased in 2023, we recorded a significant year-on-year increase in investment income.

Based on primary premium income of P&C insurance companies in the domestic market in 2023 publicly 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 year ended 31 December		
	2023	2022 (Restated)	Change (%)
Insurance revenue	46,558	43,129	8.0
Interest income	1,210	1,341	(9.8)
Other investment return	(37)	(892)	95.9
Exchange gains/(losses), net	1	77	(98.7)
Other income	162	102	58.8
Total income	47,894	43,757	9.5
Insurance service expenses	(45,587)	(42,119)	8.2
Allocation of reinsurance premiums	(2,991)	(2,906)	2.9
Amounts recoverable from reinsurers	2,544	1,840	38.3
Finance expenses from insurance contracts issued	(806)	(735)	9.7
Finance income/(expenses) from reinsurance contracts held	129	129	0.0
Net impairment loss on financial assets	(67)	(53)	26.4
Other finance cost	(220)	(116)	89.7
Other operating and administrative expenses	(515)	(516)	0.0
Total insurance service expenses and others	(47,513)	(44,476)	6.8
Share of profit of associates	23	(1,160)	–
Impairment losses of associates	–	(384)	–
Profit before tax	404	(2,263)	–
Income tax	28	(717)	–
Net profit	376	(1,547)	–

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 8.0% from RMB43,129 million in 2022 to RMB46,558 million in 2023, mainly due to relatively fast growth of premiums for cargo insurance, agriculture insurance, short-term health insurance, etc.

Interest income

Interest income from our primary P&C insurance segment decreased by 9.8% from RMB1,341 million in 2022 to RMB1,210 million in 2023. For details of analysis on changes of interest income, please refer to relevant contents in asset management business segment.

Other investment return

Investment income from our primary P&C insurance segment increased by RMB855 million from RMB-892 million in 2022 to RMB-37 million in 2023. For details of analysis on changes of investment income, please refer to relevant contents in asset management business segment.

Allocation of reinsurance premiums

Allocation of reinsurance premiums paid from our primary P&C insurance segment increased by 2.9% from RMB2,906 million in 2022 to RMB2,991 million in 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 8.2% from RMB42,119 million in 2022 to RMB45,587 million in 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 RMB1,923 million from RMB-1,547 million in 2022 to RMB376 million in 2023.

Business Analysis

The data under the “Business Analysis” were prepared in accordance with the Old Standards.

Analysis by Line of Business

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

Unit: in RMB millions, except for percentages

Line of business	For the year ended 31 December				
	2023		YoY	2022	
	Amount	Percentage (%)	Change (%)	Amount	Percentage (%)
Motor insurance	24,840	50.3	4.2	23,837	51.7
Accident and short-term health insurance	9,928	20.1	17.4	8,457	18.3
Surety insurance	4,432	9.0	(1.3)	4,492	9.7
Liability insurance	4,158	8.4	3.5	4,018	8.7
Agriculture insurance	1,760	3.6	18.0	1,491	3.2
Cargo insurance	1,406	2.8	31.7	1,067	2.3
Others ¹	2,837	5.7	3.9	2,731	5.9
Total	49,360	100.0	7.1	46,093	100.0

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

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

Motor Insurance. In 2023, primary premium income from our motor insurance amounted to RMB24,840 million, representing a year-on-year increase of 4.2%. We always upheld our underwriting profit target and stabilised our basic share of motor insurance while deepening the lean operation of motor insurance. As for the overall business philosophy, with the management of policy cost as the core, we achieved pricing upgrade, structural optimisation, cost control and healthy development. By leveraging the driving model, strengthening channel collaboration and precisely judging the sources of incremental business, we achieved diversification of development drivers. Through refined classification of motor insurance, systematic dynamic monitoring, and penetration management at all levels, we realised systematic structural management. Driven by technology and built on our motor insurance intelligent system, we realised intelligent business decision-making and digitised business management.

Accident and Short-term Health Insurance. In 2023, primary premium income from accident and short-term health insurance amounted to RMB9,928 million, representing a year-on-year increase of 17.4%, of which primary premium income from accident insurance amounted to RMB4,103 million, representing a year-on-year increase of 11.6%; primary premium income from short-term health insurance (critical illness insurance not included) amounted to RMB3,336 million, representing a year-on-year increase of 9.7%; primary premium income from critical illness insurance amounted to RMB2,489 million, representing a year-on-year increase of 43.1%. We further promoted product innovation and scenario exploration, and built a product map covering and focusing on the elderly, and benefiting national health at the same time. Striving to provide customers with insurance products that are satisfying, we deepened the construction of product marketing content and integrated AI technology applications. We actively served the national strategies, and participated in various livelihood protection businesses such as critical illness insurance for urban and rural residents, large amount insurance for urban employees, nursing care insurance and Hui Min Bao. Carrying out in-depth structural reform on the product supply side, we made effort to develop commercial health insurance centring on target customer groups with specific needs such as the elderly, new citizens, and disabled people, 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 2023, primary premium income from surety insurance amounted to RMB4,432 million, representing a year-on-year decrease of 1.3%. The cumulative bad debt rate of personal consumption loan surety insurance business was 9.45%. We strove to optimise our business structure, actively reduced the scale of surety insurance, effectively prevented business risks, and continued to resolve existing risks, promoting high-quality business development. At the same time, we adhered to focusing on inclusive finance, 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. We provided risk protection for approximately 55 thousand micro, small and medium-sized enterprises cumulatively, underwriting risk protection amounted to RMB12,290 million.

Liability Insurance. In 2023, primary premium income from liability insurance amounted to RMB4,158 million, representing a year-on-year increase of 3.5%. We actively served the national strategy of “six stabilities” and “six securities”, focusing on the development of safe production liability insurance, construction inherent defects insurance (IDI), carrier liability insurance and other business lines. We also created the industry’s first house safety liability insurance (“**Fang An Bao**”). Actively exploring the “insurance + service” risk reduction management solution for the entire life cycle of houses, we launched pilot projects in Shandong, Beijing and Zhejiang, and successfully achieved a breakthrough in the business model of “Fang An Bao”.

Agriculture Insurance. In 2023, primary premium income from agriculture insurance amounted to RMB1,760 million, representing a year-on-year increase of 18.0%. We continued to improve the operating conditions of agriculture insurance business, obtaining operating qualifications for agriculture insurance in 33 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, 202 products including 98 innovative products were developed and filed.

Cargo Insurance. In 2023, primary premium income from cargo insurance amounted to RMB1,406 million, representing a year-on-year increase of 31.7%. The relatively rapid growth in business was mainly attributable to the scale increase of efficiency traffic business and the rapid development of highway fixed-term and fixed-amount insurance.

Analysis by Business Channel

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

Unit: in RMB millions, except for percentages

Business channel	For the year ended 31 December			
	2023		2022	
	Amount	Percentage (%)	Amount	Percentage (%)
Insurance agents	27,624	56.0	26,474	57.4
Of which:				
Individual insurance agents	15,911	32.2	15,446	33.5
Ancillary insurance agencies	1,514	3.1	1,651	3.6
Professional insurance agencies	10,199	20.7	9,377	20.3
Direct sales	15,591	31.6	14,061	30.5
Insurance brokers	6,145	12.4	5,558	12.1
Total	49,360	100.0	46,093	100.0

Analysis by Region

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

Unit: in RMB millions, except for percentages

Region	For the year ended 31 December			
	2023		2022	
	Amount	Percentage (%)	Amount	Percentage (%)
Shanghai	7,011	14.2	6,683	14.5
Zhejiang	4,346	8.8	4,293	9.3
Yunnan	3,350	6.8	3,188	6.9
Shandong	2,780	5.6	2,684	5.8
Jiangxi	2,322	4.7	2,035	4.4
Inner Mongolia	2,264	4.6	2,069	4.5
Sichuan	1,948	3.9	1,729	3.8
Shaanxi	1,773	3.6	1,410	3.1
Guangdong	1,758	3.6	1,551	3.4
Henan	1,556	3.2	1,456	3.2
Others	20,252	41.0	18,994	41.1
Total	49,360	100	46,093	100.0

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

Combined Ratio

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

	For the year ended 31 December	
	2023	2022
Loss ratio (%)	68.75	68.24
Expense ratio (%) ¹	32.03	34.82
Combined ratio (%)	100.78	103.06

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

Asset Management Business

In 2023, the external environment was complex and severe. Internationally, the economy, trade and investment slowed down, with a downward trend in inflation. Interest rates in developed countries remained high. In China, the economy picked up again with stronger momentum, making solid progress in high-quality development despite challenges such as insufficient effective demand and weak social expectations. Throughout the year, the A-share and Hong Kong stock markets showed structural trends, with the high-dividend and TMT sectors relatively dominant. In the meantime, the domestic bond interest rate declined, with the curve showing a flattening trend.

As at the end of the Reporting Period, the balance of assets under the management of the Group amounted to RMB724,529 million, of which the total investment assets balance of the Group was RMB345,400 million, representing an increase of 5.9% from the end of the previous year; the balance of third-party assets under the management was RMB379,129 million, representing an increase of 270.7% from the end of the previous year.

Investment Portfolio

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

Unit: in RMB millions, except for percentages

Investment assets	31 December 2023		31 December 2022 (Restated)	
	Amount	Percentage (%)	Amount	Percentage (%)
Cash and short-term time deposits	14,597	4.2	14,799	4.5
Fixed-income investments	299,711	86.8	272,658	83.6
Time deposits	27,759	8.0	22,556	6.9
Bonds	205,125	59.5	184,199	56.5
Government bonds	24,591	7.1	16,013	4.9
Financial bond	23,021	6.7	30,412	9.3
Enterprise (corporate) bonds	120,081	34.9	121,735	37.3
Subordinated bonds	37,432	10.8	16,039	5.0
Other fixed-income investments ¹	66,827	19.3	65,903	20.2
Equity and investment funds	62,742	18.2	61,137	18.8
Investment funds ²	32,347	9.4	26,771	8.2
Stocks	25,317	7.4	27,394	8.4
Unlisted equity shares ³	1,878	0.5	3,109	1.0
Others	3,200	0.9	3,863	1.2
Other investments	28,659	8.3	28,439	8.7
Investment in associates	23,524	6.8	22,640	6.9
Others ⁴	5,135	1.5	5,799	1.8
Less: Financial assets sold under repurchase agreements	(60,309)	(17.5)	(51,002)	(15.6)
Total investment assets	345,400	100.0	326,031	100.0

- Notes:*
1. Primarily including financial assets held under resale agreements, statutory deposits, debt investment schemes, trust schemes, asset support schemes and others.
 2. Including stock funds, bond funds, equity funds, monetary funds, etc.
 3. Including assets management products, unlisted equity investments.
 4. Including investment properties, currency swaps, etc.

In terms of investment management, we adhered to the general tone of “seeking progress while maintaining stability, enhancing value” amid significant market fluctuations, and firmly established the business philosophy of “investment to be sound”. We maintained dynamic optimisation of asset allocation, and strengthened active response and refined management to proactively seize the phased opportunities for allocation and seek for deterministic 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, long-term interest rate bonds, senior credit bonds, and other categories of products, and optimised the credit structure of positions. As for overseas fixed-income investments, we leveraged the allocation value at the peak of rate cycle for US debts and high-grade corporate bonds and extended the duration to improve medium-and-long-term returns. As for secondary equity investment, we responded to market fluctuations with a dumbbell-shaped allocation strategy, where on one hand we deployed high-dividend assets with low valuations and stable dividends, actively adjusted high-dividend position structure, and enhanced the defensive attributes of portfolio; on the other hand, we centred around the layout of industry sectors with industrial trends to improve the flexibility of portfolio. 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 to prudently select our new and premium 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 management¹ with China Re AMC acting as the trustee, domestic credit bond investment accounted for 13.98% of entrusted assets under the management of China Re AMC, of which bonds with AAA rating accounted for 98.44%, and bonds with AA rating² 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, in terms of par value, among 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, domestic non-standard assets³ directly held by China Re AMC accounted for 5.95% of entrusted assets under the management of China Re AMC, of which those with an external rating of AA+ and above accounted for 80.88%. The top three industries in terms of positions held were public utility, real estate and transportation, accounting for 28.05%, 25.87% and 23.87%, 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 schemes of the trust company, the infrastructure debt investment schemes, the equity investment schemes, the project asset support schemes, and the real estate debt investment schemes.

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 multi-dimensional risk reporting system to reflect the investment risk status in a timely and comprehensive manner. In order to effectively cope with the extreme risk condition, we measured the potential loss by scenario analysis, stress test and other methods, paid close attention to the impact of market volatility on the investment income and 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 position assets, 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. Moreover, we continued to carry out rating and credit management, track asset quality, investigate and review holding risks and strengthen risk management of off-balance sheet businesses, to control the relevant risks within acceptable limits. In terms of risks in overseas markets, we strengthened our overseas market research and judgment, carried out special investigations of geo-risks, improved the management of duration and concentration, 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, so as to achieve the management objective of risk diversion.

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 2023, China Everbright Bank continued to boost the development strategy of “building a first-class wealth management bank”, upholding its stable and prudent risk management strategy. As at the end of the Reporting Period, the Group held approximately 3.93% equity interest in China Everbright Bank in aggregate. China Everbright Bank is expected to bring us robust 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 the Group for the reporting periods indicated:

Unit: in RMB millions, except for percentages

Investment income

	<u>2023</u>	<u>2022</u> (Restated)
Cash and fixed-income investments	10,547	7,605
Interest income	10,615	10,203
Realised losses	(654)	(1,100)
Unrealised gains/(losses)	451	(1,096)
Impairment losses	135	(402)
Equity and investment funds	(1,963)	(3,806)
Dividend income	2,870	2,847
Realised losses	(3,523)	(2,065)
Unrealised losses	(1,310)	(4,588)
Other investments	2,107	(1,301)
Share of profit of associates	1,960	(590)
Other gains ¹	147	161
Impairment losses	–	(872)
Less: interest expenses on financial assets sold under agreements to repurchase	(1,387)	(995)
Total investment income ²	9,304	1,503
Total investment yield (%) ⁴	2.77	0.47
Net investment income ³	14,370	11,742
Net investment yield (%) ⁴	4.28	3.66

- 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 related to non-life insurance business, rental income from investment properties.
 2. Total investment income = Investment income after deducting non-insurance investment contracts and derivative financial instruments related to life insurance business + 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 assets – loss on dilution of equity in associates.
 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. Total investment yield = Total investment income ÷ average of total investment assets as at the beginning and end of the period.
Net investment yield = Net investment income ÷ average of total investment assets as at the beginning and end of the period.

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 instrument at fair value through other comprehensive income + investments in associates + statutory deposits for insurance operations + derivative financial instruments + investment properties – financial liabilities at fair value through profit or loss – financial assets sold under repurchase agreements.

In 2023, the Group's total investment income was RMB9,304 million, representing a year-on-year increase of 519.03%. The net investment income was RMB14,370 million, representing a year-on-year increase of 22.38%. The increase in investment income was mainly because firstly, we actively seized structural opportunities to optimise the structure of equity positions, thus achieving a year-on-year increase in the return on equity and fund investments. Secondly, the domestic bond prices went up, income from cash and fixed-income investments increased. Thirdly, in 2022, the capital market experienced significant fluctuations due to the impact of geopolitical conflicts and macroeconomic pressure, which led to losses in some investment businesses, and the year-on-year base of investment income was relatively low. In 2023, the annualised total investment yield was 2.77%, representing a year-on-year increase of 2.30 percentage points. The annualised net investment yield was 4.28%, representing a year-on-year increase of 0.62 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 2023, 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”, Huatai Insurance Agency continued to deepen the improvement of quality and efficiency as well as innovation and transformation, and well achieved the annual development goals.

In 2023, revenue from insurance intermediary business amounted to RMB613 million, representing a year-on-year increase of 12.5%. Total profit amounted to RMB3.47 million, representing a year-on-year increase of 13.5%.

Solvency

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

Unit: in RMB millions, except for percentages

	31 December 2023	31 December 2022	Change (%)
The Group			
Core capital	98,039	89,921	9.0
Available capital	121,498	108,961	11.5
Minimum capital	63,548	57,363	10.8
Core solvency adequacy ratio (%)	154	157	Decrease by 3 percentage points
Aggregated solvency adequacy ratio (%)	191	190	Increase by 1 percentage point
Group Company			
Core capital	82,878	74,237	11.6
Available capital	82,878	74,237	11.6
Minimum capital	20,245	11,693	73.0
Core solvency adequacy ratio (%)	409	635	Decrease by 226 percentage points
Aggregated solvency adequacy ratio (%)	409	635	Decrease by 226 percentage points
China Re P&C			
Core capital	17,966	17,580	2.2
Available capital	29,465	28,260	4.3
Minimum capital	11,977	14,811	(19.1)
Core solvency adequacy ratio (%)	150	119	Increase by 31 percentage points
Aggregated solvency adequacy ratio (%)	246	191	Increase by 55 percentage points
China Re Life			
Core capital	31,599	30,197	4.6
Available capital	43,122	37,565	14.8
Minimum capital	20,024	18,053	10.9
Core solvency adequacy ratio (%)	158	167	Decrease by 9 percentage points
Aggregated solvency adequacy ratio (%)	215	208	Increase by 7 percentage points
China Continent Insurance			
Core capital	21,143	20,799	1.7
Available capital	23,438	23,028	1.8
Minimum capital	9,135	8,847	3.3
Core solvency adequacy ratio (%)	231	235	Decrease by 4 percentage points
Aggregated solvency adequacy ratio (%)	257	260	Decrease by 4 percentage points

- Notes:*
1. Core solvency adequacy ratio = core capital ÷ minimum capital; aggregated solvency adequacy ratio = available capital ÷ minimum capital.
 2. Due to rounding adjustments, figures shown may not be arithmetic aggregation of the figures preceding them.
 3. The relevant solvency data of China Re P&C as at 31 December 2023 have been audited by the auditors of the Company; the relevant solvency data of other entities have not been audited by the auditors of the Company. The relevant data of the Group Company, China Re Life and China Continent Insurance are the same as the data submitted to the National Financial Regulatory Administration.
 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 CBIRC, 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 the 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 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 remained stable basically.

According to the requirements of the Solvency Regulatory Rules (II) for Insurance Companies (Yin Bao Jian Fa [2021] No. 51), the “Summary of Solvency Reports” as of the end of the fourth quarter of 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.

Exchange Rate Fluctuation Risk

Substantial amount of assets and liabilities of the Group are denominated in Renminbi, but certain assets and liabilities are denominated in Hong Kong dollars, US dollars, British pounds and other foreign currencies. The fluctuations of the value of Renminbi against such currencies expose us to foreign exchange risks. We control the adverse impacts of the fluctuations of exchange rates through enhancing management of the assets and liabilities matching in different currencies, keeping foreign exchange positions under control and using foreign currency derivatives appropriately. As at 31 December 2023, the Group held foreign currency derivatives of RMB-240 million (31 December 2022: RMB68 million).

Details of Assets Charged and Bank Borrowings

As at 31 December 2023, bonds with a carrying value of RMB18,017 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 31 December 2023, the carrying value of bonds deposited in the collateral pool was RMB60,095 million (as at 31 December 2022: RMB52,129 million). The collateral is restricted from trading during the period of the repurchase transaction. The Group can withdraw the exchange-traded bonds from the collateral pool in short time provided that the value of the bonds is no less than the balance of related repurchase transactions.

As at 31 December 2023, the Group held a bank borrowing of USD200 million with a coupon rate of TermSOFR+0.85%. The maturity date of the bank borrowing is 28 December 2024.

Contingencies

As at 31 December 2023, the Group had issued the following guarantees:

- (1) As at 31 December 2023, the Group Company provided maritime guarantee of RMB1,359 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 31 December 2023, CRIH provided the letter of credit to Lloyd's to support Syndicate 1084's and Syndicate 1176's underwriting business of GBP420 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.

Major Events

Material Connected Transactions

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

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 publicly in the National Interbank Bond Market. The capital supplementary bonds issued 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 publicly in the National Interbank Bond Market. The capital supplementary bonds issued 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 Financial Regulatory Administration 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.

China Re Life completed the issuance of capital supplementary bonds

On 23 August 2023 and 4 September 2023, the Company published the announcements in relation to the “Approval of the Issuance of Capital Supplementary Bonds by China Re Life” and the “Completion of the Issuance of Capital Supplementary Bonds by China Re Life” respectively. China Re Life has successfully issued capital supplementary bonds with a total principal amount of RMB5.0 billion publicly in the National Interbank Bond Market. The capital supplementary bonds issued are ten-year fixed-rate bonds with an annual coupon rate of 3.24% for the first five years, and China Re Life has conditional redemption rights at the end of the fifth year. In the event that China Re Life does not exercise the redemption rights, the annual coupon rate of the capital supplementary bonds will be 4.24% 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 Life 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.

Redemption of the capital supplementary bonds by China Re Life

On 15 November 2018 and 29 November 2018, the Company published the announcements in relation to the “Approval of the Issuance of Capital Supplementary Bonds by China Re Life” and the “Completion of the Issuance of Capital Supplementary Bonds by China Re Life” respectively. China Re Life has successfully issued capital supplementary bonds with a total principal amount of RMB5.0 billion publicly in the National Interbank Bond Market. The capital supplementary bonds issued are ten-year fixed-rate bonds with an annual coupon rate of 4.80% for the first five years, and China Re Life has conditional redemption rights at the end of the fifth year. In the event that China Re Life does not exercise the redemption rights, the annual coupon rate of the capital supplementary bonds will be 5.80% for the remaining five years. On 29 November 2023, after filing with the People’s Bank of China and the National Financial Regulatory Administration, China Re Life has completed the exercise of its redemption right to redeem the capital supplementary bonds in full at RMB5.0 billion in the National Interbank Bond Market.

Prospects

Market Environment

Looking ahead to 2024, China's economy has strong resilience, great potential, and the long-term positive fundamentals remain unchanged. China's insurance industry still contains huge room for growth. In terms of the new logic driving the insurance industry, the business model of the insurance and reinsurance industry has accelerated its transformation from a risk bearer and solvency provider to a provider of risk reduction services and comprehensive risk solutions. In terms of the new logic of business operations, every organisation now has to answer the questions of process reengineering, management reshaping, business restructuring, and model reform in order to improve operating efficiency.

For the primary P&C insurance market, as the confidence of China's economic entities further increases, economic vitality will be released, the pace of industrial upgrading will accelerate, and the emerging engines of digitalisation, green and high-end development are also growing. With the coordinated implementation of a series of national strategies such as Healthy China, rural revitalisation, and coordinated regional development, more and more customers have demand for risk mitigation management, which will bring more room and opportunities for the development of the insurance industry. In the field of Healthy China, innovative product reserves such as new citizens, special drugs, and inclusive insurance are constantly improving, further boosting the insurance demand of various customer groups. In the field of rural revitalisation, we will fully implement the breeding industry revitalisation strategy, and steadily increase the coverage of breed production insurance. The transformation and upgrading from cost insurance to output insurance, price insurance, and income insurance will bring in development opportunities. In the field of green development, green insurance service capabilities will continuously improve. In the field of a technology-empowered nation, product and service innovation in strategic emerging industries will continue to deepen. In the field of social governance, the liability insurance development model will further deepen, and the "insurance + technology + service" innovative model will be effectively promoted.

For the primary life and health insurance market, in the short term, the industry is still in a period of deep transformation, facing challenges such as failure of the traditional spread profit model, poor sales of critical illness insurance products, and continued sharp decline in value of new businesses. In the long term, under the background of the longevity era, as the demand for health management and health services significantly increases, there will be extensive development opportunities in areas such as medical care, long-term care, and pension savings insurance.

In respect of the P&C reinsurance market, further strengthening and optimising industry supervision will help promote the further integration of the insurance industry into the larger financial landscape, achieving high-quality transformation. A new round of scientific and technological revolution and industrial transformation is accelerating, with advanced technologies such as artificial intelligence, the Internet of Things, and big data continuously penetrating into the insurance industry. The logic and value of the industry are quietly changing. In the international market, intensifying climate change, frequent natural catastrophes, rising losses, inflation and other factors are driving up the demand side of reinsurance. At the same time, improved rate conditions and a rebound in investment are also driving up the supply side. In the domestic market, the demand for reinsurance in areas such as disaster risks, emerging risks, and special risks is growing steadily, and the central role of reinsurance in risk pricing and accumulation management will become more prominent.

For the life and health reinsurance market, the experience for existing businesses of the industry continues to deteriorate, loss prevention and reduction has entered a deep-water zone, and the growth of new orders in traditional businesses such as critical illness insurance continues to be sluggish. Reinsurance needs more innovation in new products, new models, and new services, giving full play to its professional advantages, and empowering the development of primary insurance.

In respect of the development of capital market and use of insurance funds, the global economy is currently facing a cycle turning point and policy shift. Geopolitical risks and other factors are driving in-depth adjustments to capital flows and industrial layout. China's economic development is still facing strategic opportunities and risks and challenges at the same time, with favourable conditions outweighing unfavourable factors, so that the momentum of economic recovery continues to consolidate. Overall, in an environment with low interest rates amid a "shortage of quality assets", it is increasingly difficult for insurance funds to balance investment income and volatility.

Outlook of the Group

The Group will focus on its vision and goal of "building a world-class comprehensive reinsurance group", adhere to the general tone of "seeking progress while ensuring stability, enhancing value", further establish the business philosophy of "development with scale, underwriting to increase efficiency, and investment to be sound", and focus on the six major tasks of "deepening functional positioning, adhering to technology guidance, strengthening efficiency improvement, enhancing global development capabilities, improving risk prevention and control, and improving protection efficiency". We will accelerate reform and transformation, promote innovative development, enhance functional roles, and ensure the successful implementation of the "three-step" strategy.

In respect of the P&C reinsurance business, we will continue to deepen reform and innovation, deeply serve the national strategies, consolidate the leading position in the domestic market, make effort in business segments with higher growth rate such as health insurance, agriculture insurance and new liability insurance, enhance the resilience of international business operations, improve the level of refined management, strengthen risk prevention and control, and continuously promote the high-quality development of the Company to a new level.

For the life and health reinsurance business, we will actively promote supply side structural reforms of products and services by taking major development opportunities such as the health insurance development of the industry, industrial integration and digital transformation, and continue to pay attention to industry policies and risk events. Focusing on "Data+" and "Product+", we will vigorously expand business scale of the protection-type business, explore policy opportunities such as tax-preferential health insurance, long-term medical care and inclusive medical care, 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 business. We will strengthen counterparty risk management and existing business management, and develop the financial reinsurance business with innovative solutions under the principle of compliance and controllable risks. 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.

In respect of the P&C reinsurance business, we will firmly grasp the top priority of high-quality development, solidly implement the new blueprint of “Value Continent”, accelerate reform and innovation, adhere to the business approach of “demonstrating value, strengthening assessment, cultivating talents, and preventing risks”, improve operational quality and efficiency, and ensure the achievement of annual operating targets, so as to promote high-quality development of the Company. In terms of motor insurance, we will continue to deepen professional operations, make every effort to promote production-channel collaboration, make practical moves in areas such as commercial vehicle fleet operations, second-hand vehicle channel operations, and new energy vehicle head office-to-head office direct sales, and deepen the underwriting and claim linkage management strategy. In terms of P&C insurance, we will achieve breakthroughs in product innovation, customer demand integration, business operation capacity building, etc., create a “policy agricultural insurance + N” product system, promote the layout of long-term care insurance, accelerate the development of group health insurance, and continuously optimise credit guarantee insurance business and regional structure to improve efficiency levels.

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 “seeking progress while ensuring stability, enhancing value”, 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 31 December 2023, the 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 Group embedded value (“EV”) calculation as at 31 December 2023.

This section summarises the EV and the value of one year’s new business (“1-year VNB”) results as at 31 December 2023 and the corresponding results as at prior valuation date.

Unit: in RMB millions

Valuation Date	31 Dec 2023	31 Dec 2022
Embedded Value		
Adjusted Net Worth (“ANW”)	101,571	94,623
Value of In-force Business (“VIF”) before CoC	11,486	11,718
Cost of Required Capital (“CoC”)	(4,215)	(4,290)
Value of In-force Business after CoC	7,272	7,428
Embedded Value	108,843	102,051
Of which:		
ANW of the life and health reinsurance business	25,999	23,773
VIF after CoC of the life and health reinsurance business	7,171	7,299
EV of the life and health reinsurance business	33,170	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	2,102	2,438
Cost of Required Capital	(799)	(747)
Value of One Year’s New Business after CoC	1,303	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.

2. Assumptions

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

The assumptions below are used for the valuation of EV and value of one year’s new business as at 31 December 2023.

Risk Discount Rate

A 8.5% risk discount rate has been used to calculate value of in-force business and value of one year’s new business.

Investment Return Rates

The assumptions of investment return rates of main business lines used for the value of in-force business and value of one year’s new business as at 31 December 2023 is 4.5%, the future investment returns of some business lines will be adjusted appropriately. These assumptions are determined with reference to the circumstances of current capital market, current and expected future asset allocations, and the investment returns of major asset classes.

Policyholder Dividend

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

Mortality and Morbidity

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

Claim Ratio

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

Discontinuance Rates

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

Expenses

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

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

Tax

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

3. Sensitivity

We have performed a series of sensitivity tests on alternative assumptions for value of in-force business and value of one year's new business of the life and health reinsurance business of the Group as at 31 December 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	7,171	1,303
Risk discount rate increased by 100 basis points	6,125	1,122
Risk discount rate decreased by 100 basis points	8,401	1,504
Annual investment return rates increased by 50 basis points	8,958	1,594
Annual investment return rates decreased by 50 basis points	5,376	1,011
Mortality and morbidity rates increased by 10%	7,156	1,303
Mortality and morbidity rates decreased by 10%	7,200	1,303
Discontinuance rates increased by 10%	7,010	1,282
Discontinuance rates decreased by 10%	7,347	1,326
Expenses increased by 10%	6,998	1,285
Expenses decreased by 10%	7,343	1,321
Combined ratio of short-term reinsurance contracts increased by 1 percentage point on absolute basis	7,065	1,255
Combined ratio of short-term reinsurance contracts decreased by 1 percentage point on absolute basis	7,430	1,334

4. Movement Analysis

The table below shows the movement analysis of the EV of the Group for the period from 31 December 2022 to 31 December 2023.

Unit: in RMB millions

No.	Item	Amount	Details
1	EV of life and health reinsurance business as at 31 December 2022	31,072	EV as at 2022 year end before model change
2	Model change	-34	EV model improvement
3	Modified EV of life and health reinsurance business as at 31 December 2022	31,038	EV as at 2022 year end after model change
4	Expected return on EV	2,856	Expected return on EV in the year of 2023
5	Impact of new business	1,463	Impact of new business in the year of 2023

No.	Item	Amount	Details
6	Impact of market value adjustments and other adjustments	48	Changes from asset market value adjustments and other adjustments
7	Economic experience variances	-2,094	Difference between actual investment income and expected investment income in the year of 2023
8	Operating experience variances	143	Difference between actual operational experience and expected operational results in the year of 2023
9	Change in assumptions	75	Adjustments to assumptions at 31 December 2023
10	Others	-360	
11	Capital injection and shareholder dividend payment	0	Capital injection to China Re Life and dividend paid to the Group Company by China Re Life
12	EV of life and health reinsurance business as at 31 December 2023	33,170	
13	EV of other business of the Group as at 31 December 2022	70,979	
14	Profit from other business in the year of 2023	5,477	
15	Impact of market value adjustments and other adjustments	7	Changes from asset market value adjustments and other adjustments
16	Others	-195	
17	Capital injection and shareholder dividend payment	-595	Capital injection to subsidiaries, dividend paid to the Group Company by subsidiaries and dividend paid to shareholders by the Group
18	EV of other business of the Group as at 31 December 2023	75,673	
19	EV of the Group as at 31 December 2023	108,843	

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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

During the Reporting Period, save as disclosed below, the Board complied with Rules 3.10(1) and 3.10(2) of the Hong Kong Listing Rules in relation to the appointment of at least three independent non-executive directors (at least one of whom must have appropriate professional qualifications or accounting or related financial management expertise), Rule 3.10A of the Hong Kong Listing Rules in relation to the appointment of independent non-executive directors representing one-third of the Board, and Rules 3.21, 3.25 and 3.27A of the Hong Kong Listing Rules in relation to the majority of independent non-executive directors in the audit committee of the Board and the nomination and remuneration committee of the Board.

Reference is made to the announcement of the Company dated 29 August 2023. As the qualifications of Ms. Ye Mei and Mr. Ma Ho Fai as independent non-executive Directors are yet to be approved by the National Financial Regulatory Administration, since 29 August 2023, the number of independent non-executive Directors of the Company failed to meet the requirements of having at least three independent non-executive directors on the Board which comprise not less than one-third of the Board under Rules 3.10(1) and 3.10A of the Hong Kong Listing Rules, and the composition of the audit committee of the Board and the nomination and remuneration committee of the Board did not meet the requirement of a majority of independent non-executive directors as stipulated in Rules 3.21, 3.25 and 3.27A of the Hong Kong Listing Rules. The Company has applied to the Stock Exchange and has acquired the approval to extend the grace period for the Company to re-comply with the requirements under Rules 3.10(1), 3.10A, 3.21, 3.25 and 3.27A of the Hong Kong Listing Rules to 31 March 2024. For details, please refer to the announcement of the Company dated 4 December 2023. After Ms. Ye Mei formally took office as an independent non-executive Director of the Company on 20 December 2023, the composition of the independent non-executive Directors of the Company has complied with the relevant requirements under Rules 3.10(1) and 3.10A of the Hong Kong Listing Rules. For details, please refer to the announcement of the Company dated 20 December 2023. Upon the appointment of Ms. Ye Mei as a member of the audit committee, a member of the risk management committee and a member and the chairlady of the related-party transactions control committee of the Board on 27 December 2023, the composition of the audit committee of the Board has complied with the relevant requirement under Rule 3.21 of the Hong Kong Listing Rules. For details, please refer to the announcement of the Company dated 27 December 2023. Upon the appointment of Ms. Ye Mei as a member of the nomination and remuneration committee of the Board on 29 February 2024, the composition of the nomination and remuneration committee of the Board has complied with the relevant requirements under Rules 3.25 and 3.27A of the Hong Kong Listing Rules. For details, please refer to the announcement of the Company dated 29 February 2024.

SECURITIES TRANSACTIONS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

IMPORTANT EVENTS SINCE THE END OF THE FINANCIAL YEAR

Approval of the Articles of Association by the National Financial Regulatory Administration

According to the poll results of the Company's 2022 annual general meeting held on 27 June 2023, in order to comply with the latest party constitution, party rules, laws and regulations, and new industry regulatory regulations, and taking into account the actual situation of the Company, the Company has amended the Articles of Association. Please refer to the circular of the Company dated 12 May 2023 for details of the amendments. The Company has received the "Approval of the Amendments to the Articles of Association of China Reinsurance (Group) Corporation" (Jin Fu [2024] No. 54) from the National Financial Regulatory Administration, which has approved the amendments to the Articles of Association as resolved at the 2022 annual general meeting. Please refer to the announcement of the Company dated 2 February 2024 for details. The amended Articles of Association shall take effect from the date of approval by the National Financial Regulatory Administration. For the full text of the Articles of Association, please refer to the website of Hong Kong Stock Exchange (www.hkexnews.hk) or the Company's website (www.chinare.com.cn).

FINAL DIVIDEND

The Board recommends the payment of final dividend for the year ended 31 December 2023 of RMB0.042 per share (tax inclusive), totalling approximately RMB1,784 million (the "**2023 Final Dividend**"). The undistributed profit available for distribution to shareholders of the parent company as at 31 December 2023 determined in accordance with the China Accounting Standards amounted to RMB5,762 million. The 2023 Final Dividend is subject to the approval of shareholders of the Company at the 2023 annual general meeting, and is expected to be paid on Friday, 23 August 2024 to the shareholders of the Company whose names appear on the register of members of the Company as at Wednesday, 10 July 2024 and will be denominated and declared in Renminbi, while the dividend for H shares will be paid in Hong Kong dollars, which shall be calculated at the average central parity rate of Hong Kong dollars against Renminbi in the interbank foreign exchange market for the last five business days up to and including the date of the 2023 annual general meeting published by China Foreign Exchange Trade System as authorised by the People's Bank of China. The above profit distribution plan will not result in a lower indicator of the Company's relevant solvency adequacy ratio than the regulatory requirements.

Notice of the 2023 annual general meeting will announce the date of the 2023 annual general meeting of the Company and details of relevant book closure, as well as the arrangement of book closure for the final dividend.

REVIEW OF ANNUAL RESULTS

The consolidated financial statements for the year ended 31 December 2023 of the Group were audited by PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers. The audit committee of the Company has also reviewed the audited annual results of the Group for the year ended 31 December 2023. The figures in respect of the Group's results for the year ended 31 December 2023 as set out in this annual results announcement have been agreed by the auditor of the Company, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2023.

PUBLICATION OF ANNUAL REPORT

The annual report of the Company for the year ended 31 December 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), and will be dispatched to the H shareholders of the Company in the manner as they elect to receive corporate communications in due course.

DEFINITIONS

“Articles of Association”	the articles of association of the Company as adopted at the shareholders' meeting held on 26 June 2015, 24 October 2017, 28 June 2018, 27 June 2023, and approved by the former China Banking and Insurance Regulatory Commission on 9 July 2015, 2 March 2016 and 16 January 2019 and by the National Financial Regulatory Administration on 29 January 2024
“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
“CBIRC”	China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會)
“Central Huijin”	Central Huijin Investment Ltd.
“Chaucer”	the collective name of China Re International Holdings Limited, Chaucer Insurance Company Designated Activity Company and China Re Australia HoldCo Pty Ltd

“China Continent Insurance”	China Continent Property & Casualty Insurance Company Ltd. (中國大地財產保險股份有限公司), a subsidiary of the Company incorporated in the PRC on 15 October 2003. The Company holds 64.3% of its shares
“China Everbright Bank”	China Everbright Bank Co., Ltd. (中國光大銀行股份有限公司), a joint stock limited liability company incorporated in the PRC
“China Re AMC”	China Re Asset Management Company Ltd. (中再資產管理股份有限公司), a subsidiary of the Company incorporated in the PRC on 18 February 2005. The Company holds 70% of its shares, and China Re P&C, China Re Life and China Continent Insurance hold 10% of its shares respectively
“China Re HK”	China Reinsurance (Hong Kong) Company Limited (中國再保險(香港)股份有限公司), a subsidiary of China Re Life licensed and incorporated by Hong Kong Insurance Authority on 16 December 2019
“China Re Life”	China Life Reinsurance Company Ltd. (中國人壽再保險有限責任公司), a wholly-owned subsidiary of the Company incorporated in the PRC on 16 December 2003
“China Re P&C”	China Property and Casualty Reinsurance Company Ltd. (中國財產再保險有限責任公司), a wholly-owned subsidiary of the Company incorporated in the PRC on 15 December 2003
“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”, “Group Company” or “China Re”	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 C1 to 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” 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 C3 to the Hong Kong Listing Rules
“Reporting Period”	since 1 January 2023 until 31 December 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, 27 March 2024

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. Yang Changsong and Mr. Li Wenfeng, and the independent non-executive Directors are Ms. Jiang Bo, Mr. Dai Deming and Ms. Ye Mei.